GRIT TO GLORY

A 40-YEAR JOURNEY

V-Guard Industries Limited
Annual Report 2016-17

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of V-Guard Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the V-Guard Industries Limited Annual Report 2016-17.

Contents

GRIT TO GLORY

The 40-year story of V-Guard Industries Limited has been marked by sweeping changes.

Changes in governments, economic policies, trade cycles, consumer preferences, tariffs and disposable incomes.

There is just one reason why V-Guard survived and succeeded.

Grace under pressure.
Grit amidst challenges.

The result is India's fastest growing consumer electrical company.

V-Guard, India's fastest growing Consumer Electrical Company.

Standing for trust, quality, convenience and values.

And demonstrating that when you address challenges with grit, the result is glory.

BRAND

The V-Guard brand enjoys a positive and enduring recall for the ability to develop products that address unmet consumer needs, deliver service outperformance and are extensively trusted. Besides, the company's brand in the minds of its trade partners is that of fair and ethical practices.

RESEARCH AND DEVELOPMENT

V-Guard's 100-member R&D Centre is committed to innovate products around a single-minded objective to enhance customer delight. The R&D wing was conferred the coveted DSIR recognition of 'In-house R&D Centre' in 2012-13, a distinction enjoyed by select electrical and electronics manufacturing companies in India.

VISION

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

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.

BACKGROUND

In 1977, Mr. Kochouseph Chittilappilly commissioned a small unit in Kerala to manufacture voltage stabilizers with ₹100,000 borrowed from his father. Over the decades, V-Guard has emerged as a respected pan-India brand synonymous with voltage stabilizers and modern value-enhancing products.

PRODUCTS

The company's product range comprises Voltage Stabilizers, Inverter and Inverter Batteries, Electric Water Heaters, Solar Water Heaters, Domestic Pumps and Motors, Agricultural Pumps, Domestic Switch Gears, House Wiring Cables, Induction Cooktops, Mixer Grinders, Solar Inverters, Fans and Gas Stoves.

Our 40-year journey

1977
Kochouseph Chittilappilly commenced V-Guard Stabilizer manufacture in Kerala

1980
Launched stabilizers for air-conditioners

1992
Launched pumps

1996
Launched water heaters

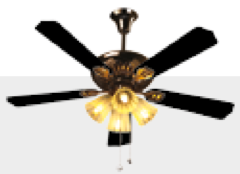
1997
Launched wiring cables

1999
Commissioned cable manufacturing unit in Coimbatore

2002
Launched solar water heaters

2006
Launched electric fans

2007
Opened more non-South India branches



ELECTRIC FAN

Factory: Kala Amb, Himachal Pradesh

Locational advantages: Excise Duty & IT exemption

Installed capacity: Ceiling fans (peak capacity 3000 units a month).

Production: 34% capacity utilization in 2016-17

Initiatives: Produced premium decorative models.

PUMPS

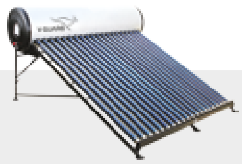
Factory: Coimbatore.

Locational advantages: Raw material availability, skilled labour availability, market proximity

Installed capacity: Single phase pumps and motors (3200 units / month).

Production: Average capacity utilization 95% in 2016-17

Initiatives: Addressed demand spike through alternative sourcing. Appreciable decline in quality issues. New liquid paint booth installed to enhance productivity.



SOLAR WATER HEATER

Factory: Perundurai, Erode (Tamil Nadu).

Locational advantages: Uninterrupted power and water supply, proximity to key markets, good road connectivity.

Installed capacity: 90,000 units per annum

Certifications: MNRE -approved channel partner for SWH manufacturing

HOUSE WIRING CABLE

Factory: Kashipur (Uttarakhand)

Installed capacity: 75 lakhs coils per annum

Locational advantages: Tax holidays and proximity to Non-South markets

Factory: Chavadi (Tamil Nadu)

Installed capacity: 104.4 lakhs coils per annum

Locational advantages: Proximity to South markets

WATER HEATER

Factory: Kala Amb, Himachal Pradesh

Locational advantages: Excise Duty & IT exemption

Installed capacity: 5.5 lakhs units per annum

A new unit for water heaters has been established in Sikkim during the year 2016-17

AWARDS

- Superbrand Award for Stabilizers, 2015-16
- Golden Leaf Award for Architectural Excellence, State level (Corporate office) by Indian Institute of Architects, 2011
- Rotary Binani Zinc CSR Award for Corporate Social Responsibility by Rotary Club of Metropolis, NIPM Kerala Chapter, 2011
- Commendation Certificate from Energy Management Centre, Kerala for 'Star-labelled equipment', 2010
- Social Safety Award by National Safety Council, 2010
- Excellence in Business by Times of India/The Economic Times, 2009
- Industry Excellence Award 1998-99

Awards for our wires and cables divisions

- Two Platinum Awards in National level QC Contest Organized ABK AOTS DOSOKAI, Delhi
- Two Platinum Awards in SMED Contest organized by ABK AOTS DOSOKAI, Chennai
- Two Gold Category Awards in Quality Circle Contest organized by QCFI Coimbatore Chapter
- Two Gold and Two platinum Awards in Poka Yoke Contest organized by ABK AOTS DOSOKAI, Chennai

2008
Initial public offer; company listed on BSE and NSE

2009
Launched DUPS and battery; commissioned LT cable factory (Coimbatore); commissioned wire & cable factory (Kashipur); commissioned water heater and fans factory (Kala Amb)

2012
Mithun K. Chittilappilly appointed as Managing Director; turnover crossed ₹1000 cr; launched induction cooktops and switch gears

2013
Set up new solar water heater plant; launched mixer grinders

2014
Turnover crossed ₹1500 cr.

2016
Launched gas stove.

Pan-Indian personality

V-Guard desired to evolve from a South Indian company to a pan-Indian entity

South Indian by origin and presence.

At V-Guard, even as we continued to grow in South India, we found this description limiting.

In 2007, we resolved to enter the markets beyond South India.

The challenges were considerable. We had no experience of working outside our traditional geographies. Not many dealers knew of our company outside South India. We needed additional resources to invest in brand building.

At V-Guard, we created a new distribution network from scratch and promoted the brand through electronic media. We recruited people familiar with those markets.

The proportion of revenues from non-South Indian markets increased. Our complete dependence on South India declined. In the space of just ten years ending 2016-17, the proportion of revenues from non-South markets has strengthened to 35% per cent of our overall income;

We are pleased to state that in the last few years our brand positioning has substantially evolved as well we are now perceived as a pan-Indian brand even as a large portion of our revenues continue to be derived from South India.

Better still, V-Guard has evolved into one of the most attractive proxies of India's electronic and electrical sector.

Grit to glory.

Balance Sheet integrity

Our dream was to replace the debt on books with net cash

At V-Guard, we began to run our business differently. We created a larger portfolio, widened and deepened our distribution, strengthened our terms of trade, located new manufacturing facilities in tax-efficient locations, increased the proportion of manufactured products within our throughput to capture a larger value-chain, moderated our cost structure and used our accruals to repay debt.

Until the first half of 2015-16, we had debt on our books, which was completely liquidated by the end of that financial year. The company's cash pool had grown to ₹104.6 crs as on March 31, 2017. The time has come when the company is financing its capital expenditure and working capital needs from within.

Grit to glory.

Getting younger

V-Guard is a 40-year-old company that became younger even as it got older

Even as recently as the turn of this decade, V-Guard was perceived as a middle-aged brand in a young sector.

The world was being increasingly influenced by a Millennial mindset; India was getting younger; young earners were spending higher.

At V-Guard, we consciously transformed our internal demographics.

We recruited young professionals, plugged senior management gaps, enhanced HR function automation through an intranet portal, replaced the sourcing of strategic hires from consultants to captive lead generation and implemented the Balanced Scorecard for a scientific performance appraisal.

Grit to glory.

Project Tez

How V-Guard is enhancing its trade partner service through Sales Force Automation

Over the years, as V-Guard grew, the company recognised that it was being challenged by the need to derive a precise understanding of marketplace trends and moods.

The company needed to engage wider, deeper and more frequently with its trade partners.

To make this a reality, the company launched a sales force automation initiative. This exercise will make it possible for all trade information to be captured in an electronic tablet connected through the internet to the ERP.

These are the perceived benefits: sales engagement will be faster; information access about marketplace realities will be virtually in real-time; the company's responsiveness to marketplace realities correspondingly quicker.

Going ahead, we believe that Project Tez will enhance our trade partner morale, make it possible for the company (and its trade partners) to capture every demand upturn and enrich our recall around immediate and outstanding service.

Grit to glory.

Project Udaan

How V-Guard is redefining the art of Supply Chain Management

In a business marked by a large number of products warranting the use of an even larger number of components from diverse vendors, there was a premium on the need to enhance the science in component ordering, aggregation, storage and access.

The company believed that superior supply chain management could potentially eliminate inefficiencies, liberate resources and generate incremental margins. The result is that project Udaan was initiated in 2014.

This supply chain initiative has transformed the way in which we plan production, sales, material procurement and finished goods delivery.

The project has delivered substantial gains, moderated inventories, strengthened working capital management and enhanced overall competitiveness.

Grit to glory.

Project Parivarthan

How V-Guard is driving its Customer Service

At V-Guard, we always believed that customer service was core to our existence.

The challenge lay in either maintaining or enhancing service quality in line with enhanced distribution, sales footprint, portfolio growth and revenue increase.

The result is that V-Guard transformed its conventional service delivery model.

The company engaged Authorised Service Providers pan-India. The new service system was structured around Siebel-CRM. Besides, a centralized call-center was established to address customer complaints.

The technicians of Authorise Service Providers were given adequate training. All complaints are addressed within 48 hours of receipt; customer feedback is derived through a Happy Calling facility with the objective to enhance service quality.

Grit to glory.

Manufacturing focus

How V-Guard is expanding its manufacturing footprint

The Company entered the electrical business through in house manufacture of products.

V-Guard commenced manufacturing operations by setting up a unit for House Wiring Cables in 1999 at Coimbatore; it started a unit for single phase pumps in Coimbatore thereafter.

For a number of years, the company's manufacturing operations were based out of South India. As the company's ambitions became progressively pan-Indian, there was a growing need to commission manufacturing facilities across the country.

The company responded to this priority.

The company expanded its House Wiring Cable capacity by commissioning another unit at Kashipur in 2009; it established production units for Fans and Electric Water Heaters that same year in Kala Amb, both in North India.

The company commenced a state-of-the-art production facility with adequate storage facility for Solar Water Heater in 2012 at Perundurai, Tamil Nadu.

To address the requirements of non-south Indian customers, the company established a unit to manufacture Electronic Voltage Stabilizer and Electric Water Heater in Sikkim.

Today, V-Guard is pan-India in its manufacturing footprint across eight locations.

Grit to glory.

Product development

How V-Guard is creating products around innovation

At V-Guard, we believe that consumers seek the different.

At V-Guard, we evolved our product creation to address the emerging needs of customers.

An increasing number of consumers did not seek the conventional any longer. There was a growing need for products to be modern and technology-driven.

V-Guard responded to this challenging consumer need.

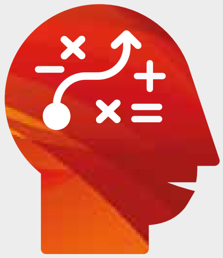
The company's conviction was showcased in Verano, its IoT-enabled water heater.

Which could be connected to internet. Which could be activated from a remote location. Which could adequately warm water just when needed. Which could send an 'I am not well' message to the user's smartphone when it needed repairs.

Even as this product has been launched in only select geographies, consumer responses have been remarkable.

Helping transform the brand of the company from a manufacturer of the usual to the cutting-edge unusual.

Grit to glory.



Sales Force Automation

The big question that we asked was not 'How do we get our sales team to work harder?' It was 'How do we get our sales team work *smarter*?'

CHALLENGES

V-Guard worked with more than 5000 trade partners about six years ago, addressing various product people, categories, geographies and partners.

There was a need to implement a uniform sales and commercial policy across the country with a standard operating protocol for all channel-related activities.

The absence of a uniform system made it challenging and time-consuming to enter new geographies.

INITIATIVES

V-Guard provided a tablet to each member of its pan-India sales team as part of a sales force automation experiment conducted in 2016-17; the project was so successful that the company rolled this project out pan-India starting early 2017-18 by empowering every single frontline sales executive with a hand-held technology product.

We believe that the combination of a grassroot executive in semi-urban and rural India empowered with a 'connected' technology product will enhance sales force effectiveness on the one hand and corporate profitability on the other.

The company coupled sales force automation with the implementation of standard operating protocols to streamline different processes; this will evoke a standardised pan-India response, resulting in predictable and informed decision-making.

BENEFITS

Once fully implemented, V-Guard will derive a clear transaction picture - nature of product purchase, time, location, price, sales combination – to facilitate data-mining and informed action.

Customer responsiveness will increase; it will become possible to address their issues and account- statement generation at the customer's location.

Dealer productivity will strengthen; it will become possible to advise dealers on what is selling better; order management cycles will decline; product gaps in the marketplace will be plugged faster.

The company believes that a consequently superior product mix will enhance corporate margins, moderate cost of sales, enhance the customization of schemes around local markets and facilitate quicker identification of emerging market preferences.

STRENGTHS

At V-Guard, we possess a number of strengths that will enhance the effectiveness of our sales force automation programme.

Age: A prudent mix of experience and enthusiasm is reflected in the average age of 29 for the sales force .

Active tracking: A team of 700 sales persons track 10 customers each a day, making it possible to keep relationships fresh and active.

Measurement: We have created a metric to measure revenue and profitability per sales person.

Warehousing: We increased the number of warehouses to go near to the markets.

Mindset: We have evolved sales force mindset from 'What quantity did we sell?' to 'What profit that we generate?'; we tracked profitability right down to each branch and product.

Footprint: we enhanced coverage from 205 distributors and 3040 direct dealers to 676 and 5975 respectively over 5 years.

Responsiveness: We increased our response in a market where a combination of the right product, right price and speed drives success.

Backbone: We enhanced direct product manufacture from 10 per cent to 40 per cent, enhancing product supply availability and predictability.

Profit curve: We demonstrated the capability to transform our presence in a new region or branch to the desired break-even point and subsequent profitability across shortening tenures.

This will evoke a standardised pan-India response, resulting in predictable and informed decision-making.

Dear Shareholders

It has been 40 years since I started V-Guard. If we have succeeded across these last four decades, then it is because of three defining ideas. These three defining drivers have been Quality, Transparency and Responsibility.

Customer satisfaction represents the DNA of V-Guard. When I started the Company in 1977, my objective was to make the best possible voltage stabiliser.

We desired that the customers who bought our product should never need to buy one again, unless they needed more of the same for their growing needs. We desired that when people spoke of our company, product or management, they should do so with respect. We desired that when people compared our product with competing alternatives, there should be absolutely no doubt regarding our qualitative superiority.

QUALITY

The first pillar of V-Guard is quality.

From the start, I was convinced that a satisfied customer is the best ambassador and vice versa. I had a gut feeling that with unfailing commitment to quality and customer satisfaction we could grow and go a long way. We were convinced that we needed a quality culture to create a quality product. This quality culture needed to extend to everything we did. This meant that even as we focused on quality manufacture, we would need to focus on dependable, extensive distribution, responsible branding and trusted relationships.

The foundation of our quality emphasis was the power of our relationships. We believed that a quality culture would be woven around the right cultural mindset; this mindset inevitably came down to one word that became the defining point of our company – the values of V-Guard.

Even though we were not a large company in those days, there was one element of our culture that was

We have enhanced shareholder value in the most convincing manner. Besides, the Company was valued by the market in excess of ₹7,300 crore as on 31 March 2017, the growth rate is one of the highest within the domestic sector.

absolutely non-negotiable: trust. We would keep growing as long as employees trusted our management, as long as vendors trusted our credibility, as long as customers trusted our product and as long as the regulatory agencies trusted our compliance commitment.

This reputation that V-Guard would play completely by the book went around. The first constituency that brought into this was our employee base; some of them told me that they never selected to look for alternative jobs or careers because here was a company that had reconciled the ethical with the entrepreneurial; we were demonstrating that it was possible to grow fast and sustainably without this coming at the expense of our stakeholders. The result is that at V-Guard ordinary people began to achieve extraordinary things; humility translated into performance.

The word spread that product-to-product our voltage stabiliser was better, our management more accessible and that if any customer had a genuine issue, we resolved immediately. Orders came in for more voltage stabilisers, we increased production, we generated higher revenues and profits, and we recruited more people to manage the business. However, this too was not enough. Rather than rest in our laurels we expanded, the product folder and wings to pan-India. This is how V-Guard has grown in scope and scale over the decades – by being pragmatic yet never shying away from dreaming big.

TRANSPARENCY

The second pillar of V-Guard's success has been transparency in every area of operation – from finance management to maintaining the product quality. You cannot cheat the government or your customers forever. In fact, the reason for the exit of many contemporary business firms from the market has been non-transparency with regard to maintaining product quality as well as finance management. At V-Guard, we have instilled a culture of transparency. The result has been that we have been able to grow sustainably through good times and bad. Transparency pays!

This sense of transparency got manifested in various little things: paying correct taxes to the government when vast majority of businessmen used to evade it to speed up their growth, exceeding customer expectations in terms of endurance and delivery; delivering on schedule even if it meant carrying the stabiliser boxes on my scooter and transporting them personally; engaging first-hand with customers to understand their needs; being available if by chance a product needed service or support; striving constantly to ensure that not one unfavourable appraisal came against our name. Being down-to-earth can work wonders.

At V-Guard, this trust was reinforced through a set of values. We would prefer to lose business than create a sub-standard product; we would be fair in our dealings with stakeholders; we would honour our statutory obligations; we would contribute to the well-being of the geographies that sustained us.

RESPONSIBILITY

At V-Guard, we believe we are in business to enhance value for all our stakeholders.

Over the last decade, we have enhanced shareholder value in the most convincing manner. Besides, the Company was valued by the market in excess of ₹7,300 crore as on 31 March 2017, the growth rate is one of the highest within the domestic sector.

V-Guard has been a responsible corporate entity. The company invested ₹2.39 cr in community responsibility initiatives in FY17, amounting to 2 per cent of the pre-tax profit. This spending covered several projects touching many lives.

IN CONCLUSION

The first 40 years of V-Guard have been momentous. The company has enhanced pride for the "make in India' label. The larger the company has become, the faster it has grown. I am optimistic that due to the effective interplay of the principal drivers – Customer, People and Society – we will continue to enhance value for all those associated with our company.

Given it's the 40th year in existence; V-Guard has made a bonus issue of shares in the ratio of 2:5 with the objective of sharing wealth. In additional to that a final dividend of 70% was recommended.

We thank all the stakeholders of the Company for their continued support over the years. We believe that the best is yet to come.

Warm Regards

Kochouseph Chittilapilly
Chairman

Dear members

In the last four decades, V-Guard has emerged as one of the fastest growing electrical, electronics and appliances manufacturers of Indian origin.

When we embarked on our growth journey a few years ago, we realised that in a competitive market we would need to increase profits from within, by eliminating operating inefficiencies. Hence, it was imperative that we continued to scrutinise how efficiently our various manufacturing facilities and distribution networks were operating. The result was that V-Guard got segregated into different 'Business Units' within one unique cohesive entity. Thereafter, we needed each of these 'Business Units' (representing each product) to assess their performances on the basis of one overarching parameter – return on capital employed. We also needed to ensure in-house raw material availability so as to improve economies-of-scale, shopfloor efficiency and qualitative excellence.

RE-CODING THE DNA

At V-Guard, what we needed was a cultural transformation.

We created a culture where each product-based business delivered a RoCE of 20-25% to the corporate pool each quarter.

We began asking our branch managers what gross margins they were reporting during each month of a particular quarter.

We began to 'create' a Balance Sheet for each branch.

We created a strategic sourcing team that appraised global suppliers for better quality, rates and delivery schedules, increasing international sourcing from 10% to 30%.

We invested in SAP that would make all improvements scalable, profitable and sustainable.

We launched transformation initiatives in the area of customer service, supply chain management and sales function to strengthen business efficiency.

The result is that normally companies grow slower when they become larger; V-Guard reported the reverse; we grew faster in percentage terms on larger revenues without compromising margins. The result was that it took V-Guard 35 years to achieve its first ₹1,000 crore in revenues; it took the Company just five years to achieve the next ₹1,000 crore.

V-Guard's growth was not merely quantifiable in terms of scale; the Company improved its financial health as well. Return on capital employed strengthened from 18-25% while return on equity increased from 25% (FY2014) to 31% (FY2017).

NEXT FRONTIER

The big question at V-Guard is 'What next?'

We intend to grow our revenues at a CAGR of 15% over the next few years. This means that even as it took us five years to achieve our second ₹1,000 crore in revenues, we expect to reach the ₹3,000 crore-mark within the next three years.

We are optimistic of growing faster even as we grow larger: within our existing product categories, we address a market size of ₹75,000 crore; even as we are an organised branded player, we account for a market share of not more than 2-3%; our brand is considerably larger than our market share indicates and we believe that the time has come for this gap to be decisively plugged.

We will resolve to be number one, two or a strong number three; we will vacate spaces where we do not occupy these positions, protecting our capital.

We will reinvent our corporate brand; we will invest aggressively in each of our product brands, designs and packaging to appeal to the millennial generation without compromising on our enduring attributes of ethics and reliability.

> We created a culture where each product-based business would need to deliver a RoCE of 20-25% to the corporate pool each quarter.

We will exit B2B product segments and increasingly focus on B2C segments.

We will evolve in line with transforming marketplace dynamics, introducing products that are technically advanced for consumers. Our recently-launched Verano, Internet of Things (IoT)-enabled water heater, is an instance of the kind of products we expect to increasingly launch.

We will increasingly manufacture products within: from 15% of our requirements in 2007 to an estimated 45% and higher across the foreseeable future.

NATIONAL OPTIMISM

I am pleased to report that V-Guard's transformation comes at an opportune time.

Today's India is on the move; the introduction of the Goods and Services Tax in 2017 will moderate the pricing difference between products made by organised and unorganised companies from an erstwhile 10-15% to 3-4%.

We also believe that India is at the cusp of a demand explosion; if in the next forty years India achieves even half of what China has achieved, even that would mean a number of years of sustained sectoral outperformance.

At V-Guard, we believe that our consistent focus on three themes – home, consumer and technologies – will translate into incremental gains that will enhance value in the hands of our stakeholders.

With regards

Mithun K Chittilapilly
Managing Director

BOARD OF DIRECTORS

Cherian N Punnoose
Vice-Chairman

A K Nair
Director

Joshna Johnson Thomas
Director

Kochouseph Chittilappilly
Chairman

Mithun K Chittilappilly
Managing Director

Ramachandran Venkataraman
Director & COO

Ullas K Kamath
Director

C J George
Director

V-Guard. Our performance ambition

At V-Guard, our performance ambition is to create one of the most respected Indian electrical, electronic and appliance brands.

Overall goal
Grow revenues 15 per cent compounded annually through organic initiatives

Probable goal contributors
We will stay patiently within focused categories rather than spread thin

We will develop new businesses patiently, knowing that gains will come after they achieve scale.

We will plan with the perspective of generating sustainable long-term gains over fleeting short-term growth

We will deploy our cash surplus to seek inorganic opportunities attracting immediate complementary capabilities, customers or technologies

'Fit for growth' foundation

- Competent teams (attractive compensation, high retention)
- Stable margins
- Strong customer orientation (sales force automation, call centre, CRM and franchisee-driven service)
- Brand transformation (new corporate identity to unfold)
- Widening and deepening distribution (timely product availability)
- Internal efficiency (superior supply chain)

Profitable growth

Total income: Grew 15 per cent in 2016-17

Operating profit margin: Grew 70 bps to 10.6 per cent in 2016-17

Consistent value creation

Market capitalisation: Grew from ₹501.59 cr as on 31 March 2011 to ₹7,363.51 cr as on 31 March 2017

Financial mechanics

Debt-equity ratio: 0.01 as on 31 March 2017

Interest cover: 99.05x as on 31 March 2017

Focused investments

- **Technology-driven** product development
- **Brand** spending
- **People** recruitment
- **Deeper and wider** distribution spread
- **Global material** procurement
- **In-house manufacture**

V-Guard. How we successfully transformed our business model

From a single product company to a multiproduct company.

From a South India company to pan-Indian company.

From a modest Balance Sheet to a net cash- positive company.

From the manufacture of back-end products to consumer-facing products.

From a middle-aged company to a younger and exciting organisation.

From a dealer-centric business approach to a consumer-centric business model.

From an individual-driven company to a process-driven institution.

From a largely outsourcing strategy to a balance of outsourcing and in-house manufacture.

How V-Guard has enhanced stakeholder value

An investor who acquired 100 shares in our IPO in 2008 would have seen her investment grow from ₹8,200 to ₹2,42,760 as on 31 March 2017

7
BSE Sensex CAGR, %, six years

39.7
Profit after tax, ₹cr, 2010-11

151.8
Profit after tax, ₹cr, 2016-17

25
CAGR %, six years

501.59
Market capitalization, ₹cr, 2010-11

7363.51
Market capitalization, ₹cr, 2016-17

56
CAGR %, six years

Strategy leading to value

Enhancing shareholder value - the building blocks

Grow markets: At V-Guard, we believe that success is derived not from merely servicing existing markets, but in our ability to grow markets. The company has consistently demonstrated this portfolio-accretive capability across the last decade. Besides, the company has prudently exited some categories following sluggish response.

Social consciousness: At V-Guard, we believe that we are in business to make the world a better place; we also recognise the debt of those who invested across the centuries in society, giving companies like ours a readymade social and cultural platform on which to scale operations. In view of this, we consider corporate social responsibility to be intrinsic to our business model.

Compliance-driven: At V-Guard, we consider governance as the bedrock of our sustainable growth; the core of our governance lies in ensuring full compliances and a complete discharge of responsibilities towards internal and external stakeholders.

Capital allocation: At V-Guard, we believe that in a business that is likely to remain capital-hungry on the one hand and margins-accretive on the other, the priority will be to reinvest accruals in the business. A responsible and pre-determined capital allocation policy protects capital and maximizes returns within the company's preferred risk appetite. Over the foreseeable future, the cash corpus could be invested in funding the company's inorganic growth.

Outsourcing: At V-Guard, we selected to outsource the manufacture of our products to small-scale industries. This strategy was vindicated by the fact that this arrangement liberated our company to focus on market expansion and capitalize on the fiscal concessions enjoyed by our vendors. During the last few years, the company enhanced the proportion of direct manufacture (especially in locations enjoying multi-year fiscal concessions) to capitalise on procurement economies, graduate to sophisticated technology-driven products and enhance business confidentiality.

Lifestyle focus: At V-Guard, we believe that as disposable incomes grow, consumers will become more aspirational and will gravitate towards superior lifestyle.

Product selection: At V-Guard, we select to manufacture products belonging to some of the fastest growing and deeply relevant categories. These categories are attractive based on their market size (estimated ₹75,000 cr in which the company accounts for only 2-3 per cent market share), sustained growth potential and increasing lifestyle relevance. We have selected to introduce brand extensions in contiguous product spaces; we also engaged distributors to market contiguous products and categories that enhance distribution synergies.

Portfolio rejuvenation: At V-Guard, we believe that periodic portfolio rejuvenation helps grow our business: a broader base on which to build revenues, enhance brand excitement and make it possible for our trade partners to account for a larger share of consumer wallet.

Solutionization: At V-Guard, we recognise that consumers have gradually evolved from seeking mere functional value from consumer products to seeking solutions. In line with this emerging trend, the company's products have adapted: the company's products enhance convenience in addition to product function; the Verano IoT-enabled water heater makes it possible to activate the product remotely using a smartphone so that water is adequately heated by the time of use.

Policy alignment: At V-Guard, we believe that value is maximized when there is a complete alignment between national policy and corporate intent. India represents one of the most exciting consumer product and appliance opportunities in the world backed by growing disposable incomes and aspirations. At V-Guard, we have invested extensively in business competencies and capabilities.

Range: At V-Guard, we believe that success is derived from the ability to deliver what consumers seek. In our business, diverse consumers have different product and convenience needs; the company possesses a large product portfolio which addresses a variety of customer needs, at various price points. The ability to provide a wide product range is backed up with timely service and maintenance, which enhances brand relevance and consumer loyalty, leading to increasing offtake – a virtuous cycle.

Technology investments: At V-Guard, we believe that in a business marked by evolving preferences, there is a premium on the ability to invest in the right technologies that resist obsolescence. Over the years, we have made such investments, resulting in asset and product effectiveness. Even as this trend is nascent within the company, we believe that our subsequent product launches will be woven around this priority. The launch of the IoT-enabled water heater is a step in this direction, enhancing brand salience, trade excitement, revenues and value-addition.

Operational efficiency: At V-Guard, we believe that in competitive manufacturing-led businesses, business advantage is derived from maximizing operating efficiencies. At our company, we invested in a number of programmes to enhance efficiencies through the use of SAP, supply chain management, sales force automation and customer service. These programmes have delivered sizable gains translating into enhanced competiveness; we believe that the gains from these initiatives are scalable and sustainable.

Governance: At V-Guard, we believe that in a young sector with excellent long-term prospects, the fastest-growing company is not necessarily the one with the largest cash pool or asset size but the one with the richest intellectual capital. Over the years, the company invested in one of the most competent professional teams within the sector (strategic, technology, finance, commercial, marketing, human resources and branding). The result is that even as a number of companies are still growing their teams, V-Guard possesses a well-rounded organization (all critical positions plugged). We also believe that business sustainability is derived from doing the right things coupled with doing things right. Over the years, the company strengthened its governance: it invested in the right Board of Directors for prudent strategic direction, invested in processes, technologies, compliances, certifications, credible accounting practices and business transparency. The result is a position of trust and respect across stakeholders.

Strategic business units: At V-Guard, we were once a voltage stabiliser company that entered complementary areas. Our company is a coming together of 15 different businesses. These businesses were centrally managed; in the last few years, we have spun these businesses across respective heads (electronics, electricals, and others), enhancing focus, recruitment, brand strategy and revenue growth. Our strategic business unit (SBU) approach means that each business is self-contained with all business supports; each has a separate statement of performance basis which analysis is done. We believe this SBU-based verticalization approach is scalable; we will keep adding relevant businesses addressing sunrise opportunities.

Business mix: At V-Guard, some of our businesses are mature; others are nascent. The mature businesses are in large mature spaces; even as the nascent businesses belong to large business spaces, the nature of our differentiated product serves as a niche, translating into a large addressable opportunity without yielding margins. We focus on nurturing fledgling business until they scale; thereafter, we seek to grow other fledgling businesses, a continuum that makes it possible to continuously rejuvenate revenues. In the three years ending FY17, the Company reported a cash profit of ₹269 crs. after having expensed ₹70 crs towards capex.

Distribution and service-driven: At V-Guard, we believe that as India's consumption extends from saturated metro markets to the second and third- tier cities, the ability to distribute products with speed and economy will be increasingly critical. In view of this, the company is building its channel presence wide and deep across India, enhancing throughput, revenues and market share. The company is present across all states and comprises 670 distributors, 6,000 direct dealers and about 25,000 retail outlets.

Brands: At V-Guard, we have invested extensively in brands and their respective positioning. The result is that V-Guard products enjoy a distinctive recall: product integrity, sensitive service, superior consumer value and convenient availability/accessibility. Branding investment in FY 17 was ₹95 crs or 4.4 per cent of revenues. The Company invested an aggregate ₹362 crs in brand building in the five years ending FY17.

Balance Sheet: At V-Guard, we believe that a robust Balance Sheet represents a sustainable competitive advantage that makes it possible to moderate business development costs and enhance marketplace competitiveness. Over the years, we right-sized our Balance Sheet through debt repayment, asset lightness, superior working capital efficiency and stronger terms of trade. The result is that we had net cash of ₹104.6 crores as on March 31, 2017.

How we are enhancing shareholder value

Growing pan-India product demand

- Relevant / growing categories
- Thoughtfully-engineered products
- Outsourced / captive manufacture
- Frugal engineering
- Prudent branding
- Brand extensions
- Pan-India product availability

=

- Pricing power
- Consistent margins
- Free cash flows
- Net cash on books

=

- Business de-risking
- HSE commitment
- Corporate social responsibility

=

ENHANCED STAKEHOLDER VALUE AT V-GUARD

=

Shareholders
- Aggressive revenue and profit growth
- Consistently steady margins
- Sound business health

People
- Employee and vendor engagement
- Personal and professional development
- Fair and equitable wages / opportunities

Customers
- Periodic product introductions
- Products woven around 'thoughtful engineering'
- Multi-year product integrity
- Outstanding service

Communities
- Ethical conduct
- Environmentally safe products/operations
- Corporate social responsibility

Business
- Profitable growth
- Free cash flow-driven
- Business sustainability

Society
- Contribution to exchequer
- Employment-driver

Corporate social responsibility at V-Guard

Overview

Our corporate responsibility is not limited to our business processes and their direct impact. Good cooperative relationships with the communities in the areas where we are active are indispensable for our business operations and help create our business success. Here, we establish business contacts, capitalise on local knowhow and maintain a dialogue with our neighbours. Hence, we do more than simply conduct business in these communities; we also take measures that protect the environment and promote social progress. Our social responsibility focuses on six areas in which our core competencies enable us to benefit others the most and achieve noticeable improvements:

PROMOTING EDUCATION AND DEVELOPING SKILLS

- Primary education and good parenting
- Skill development initiatives for the visually-challenged
- Skill development initiatives for the rural youth
- Swanthanam
- Government school-strengthening projects
- Training electricians
- 'BIG IDEA' skill development programme

Healthcare

- V-Support
- Government hospital infrastructure development project
- Dialysis for economically-disadvantaged patients
- Prevention and control of diabetes
- Online cancer awareness programme
- Supporting charitable medical clinics
- Ambulance services to community-based organisations and government hospitals

Infrastructure

- Beautification of highways
- Providing a cesspool truck
- Sensitising people on sanitation and healthcare issues
- Supporting orphanages
- Creating a 'barrier-free' India
- Bolstering libraries

Womens' empowerment

- Entrepreneurship development project for women

CSR HIGHLIGHTS, FY2016-17

- Promoted education and developing skills;

Primary education and good parenting

- Supported 400 deserving children with school bags, study material, tuitions, health checkups, life-skill training, non-residential vacation camps, counseling and celebration of festive occasions in the areas of Palakkad, Coimbatore and Chellanam, among others
- Provided students with solar lanterns, tables and chairs, lights and fans and cycles
- Honed the child-rearing skills of parents, informed them on child rights and provided vocational training, amongst others

Skill development initiatives for the visually-challenged

- Helped the Society for the Rehabilitation of the Visually Challenged (SRVC) to enhance the employability of visually-challenged individuals by making them tech-literate, improving their communication skills and providing them with 'smart' canes

Skill development initiatives for the rural youth

- Offered skill development courses in Hubli, Bagalkot and Bellary districts of Karantaka in association with Deshpande Foundation

Swanthanam

- Supported governmental agencies and schools working with differently-abled children in Ghaziabad, Varanasi and Ernakulam, amongst others

Government school strengthening project

Lent a helping hand to schools which were not adequately equipped in terms of infrastructure, for example, Government H.S.S Vennala, Kochi, Morazha South ALP School, Kannur, Mylampatti Panchayath Middle School, Coimbatore, Government Middle School, Doman, Jammu, Government Middle School Shivaji Nagar, Gurgaon, amongst others

Training electricians

- Provided training to electricians and apprised them of the latest developments in terms of modern requirements, energy savings and safety measures in association with the International Copper Association of India

'BIG IDEA' – skill development programme

- Stimulating entrepreneurship, enhancing communication skills and promoting teamwork by asking students to create business models, conduct market research and undertake feasibility studies.

HEALTHCARE

V-Support

- Came up with V-Support, a monetary assistance programme created for the benefit of economically-disadvantaged individuals suffering from life threatening diseases and accident victims

Government hospital infrastructure development project

- Operationalised the government hospital infrastructure development project to provide ambulances, furniture and water heaters, amongst others, according to the needs of the hospitals in Kashipur and Ernakulam, amongst others

Dialysis for economically-disadvantaged patients

- Carried out dialyses for free or at subsidised rates with CHAI and its seven member institutions in the states of Andhra Pradesh, Telangana, Chhattisgarh, Uttar Pradesh, and Maharashtra

Prevention and control of diabetes

- Implemented projects for the prevention and control of diabetes in association with CHAI across six states via 10 member institutions in rural areas and suburban areas in the hinterlands of the Company's facilities

Online cancer awareness programme

- Leveraged the strength of social media in association with the Malabar Cancer Centre to effect the early detection of cancer and increase the odds of prognosis and survival

Supporting charitable medical clinics

- Joined hands with the Pushpvihar Ayyappa Sewa Samithi to provide healthcare services to marginalised people at the Sree Dharmasatha Clinic

Ambulance services to community-based organisations and government hospitals

- Delivered ambulances to community-based organisations and government hospitals for providing emergency medical care and other healthcare services to underprivileged people living in rural and urban communities

INFRASTRUCTURE

Beautification of highways

- Planted trees on both sides of National Highways in and around Kochi, Coimbatore, Kanpur and Bhubaneswar, among others, to prevent soil erosion, maintain ecological balance, increase the green cover and beautify roads, among others

Providing a cesspool truck in Rangponagar

- Supplied a cesspool emptier truck to dispose sewage safely in Rangponagar, Sikkim – a place littered with homemade cesspits which have led to contamination of drinking water and spread of diseases

MISCELLANEOUS

Sensitising people on sanitation and healthcare issues

- Carried out a sensitisation programme in C.G Pudur, a tribal village, and raised awareness on the importance of sanitation and cleanliness

Supporting orphanages

- Equipped underfunded orphanages like the Marialaya Children's Home, with more accommodation, games rooms, libraries, play areas, widening the scope for extracurricular activities and boosting inmate well-being

Creating a 'barrier-free' India

- Organised a painting competition to create awareness on the rights of the physically disabled, highlight the challenges pertaining to accessibility faced by them in public places and devising solutions for the same

Bolstering libraries

- Provided ill-equipped libraries with necessary infrastructure and books

Womens' empowerment

- Helped marginalised women gain an upper hand in life by building capacities, promoting entrepreneurism and creating a support system

MANAGEMENT DISCUSSION & ANALYSIS

1. Economic Review & Outlook

India continues to deliver strong economic growth, which came in at 7.1% during 2016-17 as per advance estimates of the Central Statistics Office (CSO). The Economic Survey further expects the economy to register growth in the range of 6.75% to 7.5%. Further, the World Bank expects India to remain at the forefront of global economic growth, expanding at 7.2% in 2017-18.

Over the last few years, the India has delivered substantial improvements across key economic parameters – by rationalizing fiscal deficit and current account deficit, reducing inflation from previously elevated levels and maintaining a relatively stable currency. These achievements have resulted in strong inflows of foreign capital from both FDI and FII routes, apart from the ongoing NRI remittances into the country, setting the framework for the country to pursue future growth-oriented initiatives.

The government continues to undertake several positive measures to boost the business climate. The focus has been on transitioning the economy to a more formal structure and expanding the tax base. Introduction of Goods & Services Tax (GST), expanding FDI limits in key sectors, restructuring subsidy delivery mechanisms, financial inclusion of a large population base, domestic manufacturing focus through Make in India, critical infrastructure development and aggressively targeting the parallel economy are some of the key areas where progress has been made.

In addition to these initiatives, India needs rapid resolutions in some key areas such as turning around private capital expenditure and addressing the baking system's asset quality issues. Recent public proposals and programs are clearly directed at finding solutions.

Meanwhile, consumption demand in seeing several key areas has remained resilient and remains a key driver of the Indian economy. With consumption growth trends expected to remain strong in the medium to long term, as a growing number of Indians attain higher levels of affluence, we remain positive on the opportunities that lie ahead of V-Guard Industries.

2. Sector Overview

India continues to maintain its #1 position among 63 countries covered by the Nielsen Consumer Confidence Index that measures perceptions of local job prospects, personal finances, immediate spending intentions and related economic issues of real consumers around the world. Global market estimates suggest that average household incomes in India could triple over the next two decades, making the country a highly lucrative growth market.

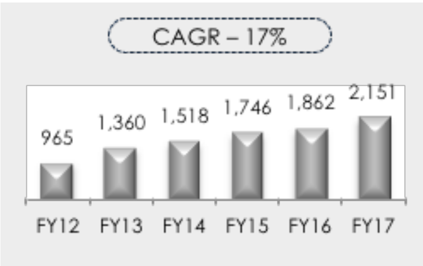
Demand in the consumer electronics and electrical segments is dependent primarily on rising disposable incomes, discretionary spending, rural demand expansion, construction activity, power availability, consumer credit and weather patterns. Many of these factors have created a positive trend over the last few years in the sector which, along with policy support, has expanded visibility for strong brands and high quality products.

During the year 2016-17, consumers' discretionary spending remained relatively subdued, more specifically in the second half of the year following demonetization drive of the government. However, other factors such as improving power situation, expanding distribution, strong agricultural growth, credit availability and technological innovations are all trends that remain intact and likely to provide to consumer demand in the coming years.

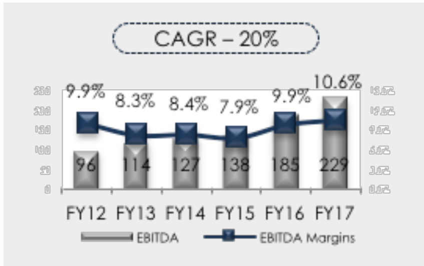
3. Review of Operations

Financial Performance (FY12-17)

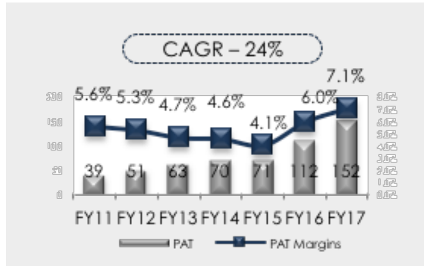
Revenue



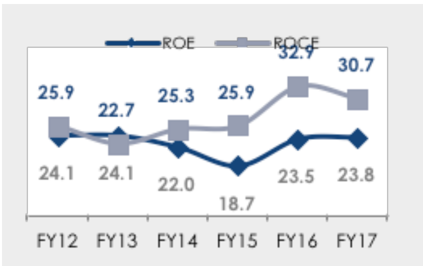
EBITDA and Margins



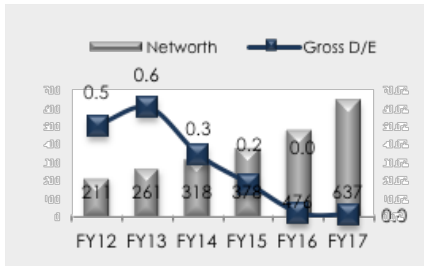
PAT and Margins



ROE & ROCE

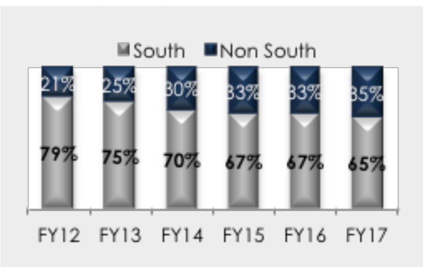


Networth & Debt-Equity Rations

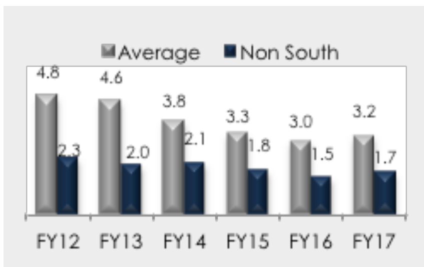


Operational Performance (FY12-17)

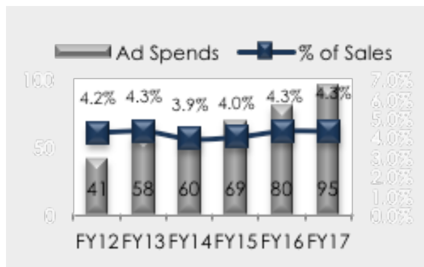
Expanding Geographic Presence



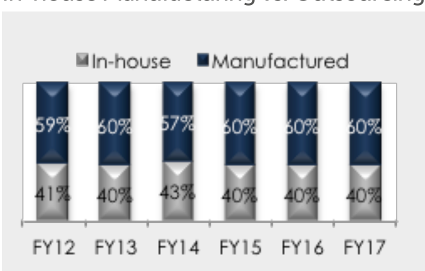
Revenue per Distributor



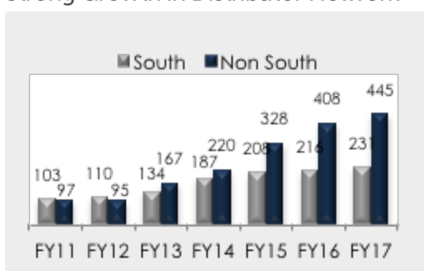
Ad Spends and as a % of Sales



In-house Manufacturing vs. Outsourcing



Strong Growth in Distributor Network



Key ratios	FY17	FY16
Gross Margin	31.3%	29.5%
Staff Cost as % of revenue	6.4%	6.0%
EPS (₹ per share)	**3.54**	**2.63**

Key Ratios	31 March 2017	31 March 2016
Inventory (days)	68	57
Debtor (days)	54	55
Creditor (days)	54	42
Working Capital Turnover (days)	68	70
RoE (%)	24%	24%
RoCE (%)	31%	33%
Debt / Equity (x)	0.01	0.02

4. Dividend

The Board has recommended a final dividend of ₹0.70 per equity share for the financial year ended on 31st March, 2017, payable subject to approval at the ensuing annual general meeting.

This will result in a total payout for the year 2016-17 (including dividend distribution tax) of ₹35.78 crore (Rs. 25.33 crore in 2015-16) translating into a dividend payout of 23.6% (compared to 22.7% in the previous year) on net profit.

V-Guard believes in maintaining a fair balance between dividend distribution and cash retention. Cash retention is required for future growth, probable acquisitions and to meet any unforeseen contingency.

Commemorating 40th foundation day of the Company, the Board made a bonus issue of 2 equity shares of Re.1 for every 5 shares held.

5. Segment-wise Review

Key Ratios	FY2017 (₹ in crore)	Contribution (%)	FY2016 (₹ in crore)	Contribution (%)	YoY growth (%)
Electronics	671.3	31.2%	562.7	30.2%	19.3%
Electrical / Electro-mechanical	1,409.92	65.6%	1,238.8	66.5%	13.8%
Others	69.41	3.2%	60.74	3.3%	14.3%
GRAND TOTAL	2,150.6	100.0%	1,862.3	100.0%	15.5%

a. **Electronics**

V-Guard's electronics segment comprises voltage stabilizers and UPS systems. The segment grew at 19.3% in 2016-17 and contributed 31.2% to the total revenues. Our sales in the electronics segment sales are largely dependent on the power situation in the country and the demand for consumer electronics such as air conditioners, refrigerators and televisions.

V-Guard is a market leader in the voltage stabilizer segment in many regions across the country. The Company manufactures stabilizers for air conditioners, LED TVs, refrigerators, treadmills etc.. While all categories have been growing well, the LED TV segment has been a significant growth driver over the last few years. The Company competes with locally dominant players in many states and has gained a significant share of the organized market. Growth has been driven by expansion into non-South markets and shift of demand to the organized sector. Another demand driver is the greater penetration into Tier II and Tier III cities that still have less reliable power availability. Hotter weather conditions are also supporting the sales of white goods, and of voltage stabilizers. The quality of power and fluctuations continue to be a major issue in many parts of the country and hence we expect this product category to continue to grow over the next few years. During the year, we have made an investment of ₹12.5 crore to setup new manufacturing unit for stabilizers at our Sikkim facility. The commercial production commenced in March 2017.

The Digital UPS segment saw a revival in 2016-17. The Company has undertaken various product development initiatives and diversified the portfolio. There has also been a sustained improvement in pricing of the product. During the year 2016-17, the Company launched a very innovative 'smart' series , controlled by an intuitive smart phone app which can also be configured to run iron box and other heavy appliances. The Company has a couple of more launches planned in the current year as well. This category is expected to be one of the key growth drivers for the Company, especially in the non-South markets, and its contribution to overall revenues is expected to go up.

b. **Electricals**

V-Guard's electricals segment comprises house wiring cables, pumps, electric water heaters, switchgears, kitchen appliances and fans. Electricals revenues grew at 13.8% in 2016-17 and contributed 65.6% to total revenues. Drivers for growth are home construction activity, weather conditions, consumption spending and interest rates.

The cables and wires is the largest category for the Company. The segment is dependent primarily on new housing demand. The Company focuses mainly on retail sales of house-wires to individual home owners and institutional sales to developers are very limited and restricted to distributors in the South markets. The Company undertakes extensive branding initiatives and has a well-entrenched distribution network which ensures timely supply of the product, and acts as key differentiators in this commoditized product category.. During 2016-17, the revenue growth in the wires and cables segment was subdued on account of the continued weakness in construction activity throughout the country.. The Company took a deliberate call to not push too much inventory into the channel given that construction activity continues to be muted and impacted by demonetization and other factors. Planning for the future, the Company undertook the second phase of expansion of house-wiring cable plant at Chavadi, Coimbatore. The plant commenced commercial production in May, 2017. The total capacity of house-wiring cable at Chavadi and Kashipur units is now increased to 8.7 lakhs coils per month. Further, the Company has undertaken backward integration and set up an in-house PVC compounding unit at Chavadi in Coimbatore which is expected to improve margins. The unit commenced commercial production in August, 2016.

Sale of pumps is linked to agricultural activity, monsoon season and changes in the water table. The Company sells both residential/single phase pumps as well as agricultural pumps, though majority of the sales currently are from residential. The Company started the agricultural pumps division five years ago and had SKU's ranging from 0.5-7.5 HP which have now been extended up 40 HP.. The pumps segment has been one of the fastest growing categories for the Company during 2016-17. A significant portion of the growth has come from expansion into non-South geographies. After a few challenging years, there has been a clear revival in this segment, predominantly led by rural demand.

Water heater is another important segment for the Company. The Company has established itself as the number one pan-India brand in this category within a very short span of time, in terms of volume and value. Sales growth was impacted in 2016-17 on account of the demonetization drive which took place in the key selling quarter for the product. Further, sales in key markets in Tamil Nadu were impacted by political uncertainty and cyclone during the third quarter. During 2016-17, the Company setup a manufacturing unit for Electric water heaters in Sikkim. The unit commenced commercial production in March 2017. The total investment planned for this unit is ₹25 crores. The Company has planned some new launches in the current financial year and is optimistic about the future prospects of the segment.

The fans segment is one of the turnaround categories in the portfolio. V-Guard's product range includes ceiling fans as well as table, pedestal and wall fans. The Company has been constantly innovating to launch variants with better aesthetic designs and improved its positioning in the market to more premium variants. This has led to a relatively strong performance in the segment in 2016-17. Further, the operations are profitable from being loss-making few years ago. Currently, the company is a smaller player and ongoing growth in this category may be supported by expectations of warm weather conditions and expansion into new markets.

Switchgear has strong adjacency to the key electrical products such as wires and fans and has synergy with the distribution network, allowing positive leverage for growth. Leveraging on the strong network, the Company will be extending the switchgear range to some more non-South markets. The Board of Directors has approved the proposal to acquire 74% stake in Guts Electromech Limited, a Hyderabad-based company engaged in manufacture and marketing of various kinds of domestic switchgears and circuit breakers. This provides the Company greater operational control on the manufacturing side and product development capability to launch new variants and reduce our time to market. We are confident of scaling this business significantly and profitably.

The kitchen appliances business currently comprises of induction cooktops, mixer grinders and the recently introduced gas cook top. These are highly scalable categories having large market sizes. The Company will look to introduce more products in the appliances category over the next few years. With the launch of these products in south India, the Company has also managed to improve its distribution reach to other channels as well. The Company plans to extend availability of these products to non-South geographies during the current financial year. Such a methodology has worked efficiently for the company in the past, allowing deep brand entrenchment in a highly competitive market.

c. Other Products

The solar water heater business is performing well. The Company has extended the product to the non-South markets during the year and received a good response. Technology improvement is driving costs down, resulting in improved payback period for customers. Growing concerns ßfor the environment may also drive demand growth. Over the longer term, demand drivers could remain strong with customers' preference potentially shifting from electric water heaters.

6. Financial Performance

The Company has delivered a good performance as we crossed an important milestone with revenue going past ₹2,000 crore in 2016-17. The Company recorded a top-line growth of 15.5% YoY to ₹2,151 crore, despite the setback on account of demonetization and other adverse factors like weather which impacted sales during the year. The growth was broad based across all product categories. The electronics segment grew 19.3% YoY led by strong growth in the stabilizers and Digital UPS segment. Growth in the electricals segments came in at 13.1% YoY, impacted by the revenue weakness in the wires segment on account of soft commodity prices during the first half. Pumps and fans delivered strong growth. The new product categories are scaling up well, recording a growth of 26.4% YoY. These products will be extended into the non-South markets in the current fiscal year.

The various supply chain initiatives undertaken resulted in a robust operational performance. Gross margin expanded by 120 basis points YoY to 31.3% while EBITDA margins were up 70 basis points to 10.6%. PAT grew by 36% YoY to Rs152 crore in FY2017 on higher margins, reduction in finance cost, higher other income and lower effective tax rate.

The Company spent ₹95 crore or 4.4% of sales in FY2017 on advertisement and promotional activities to increase its pan-India visibility. Non-south markets recorded a robust growth of 21% YoY in 2016-17 as the Company continued to increase its penetration and garner market share. Non-south markets now acco unt for 35% of total revenue and offer significant potential and operational leverage. The Company consolidated its dominant position in southern markets recording a growth of 13% YoY despite the impact on account of demonetization, the socioeconomic situation in Tamil Nadu and cyclone in Chennai and suburban areas, which had impacted sales in the third quarter.

The balance sheet continues to be robust. The net worth of the Company stood at ₹637.1 crore as on 31st March, 2017 as compared to ₹470.8 crore as on 31st March, 2016. The Company has generated strong cash flow from operations to the tune of ₹121 crore during 2016-17. The net cash position as on 31st March, 2017 is ₹104.6 crore. The Company has driven an improvement over its working capital cycle over the last few years. The working capital cycle stood at 68 days in 2016-17 led by a significant improvement in creditor days as the Company has negotiated better terms with its suppliers. Further, it is also achieving better pricing power in the non-South markets. Inventory management has been another key focus area.

7. Outlook

The Company is on a strong footing. This is our 40th year of business and we remain extremely confident of our future prospects. We continue to grow on the same prudent principles that have governed us thus far and will stay attuned to the change in consumer preferences. The Company is confident of achieving a 15% CAGR growth over the next few years.

The Company currently has 676 distributors, 5,975 channel partners and over 25,000 retailers. The potential touchpoints in the consumer electricals industry is 60,000 across India currently, with approximately two-thirds in the non-South markets. With its existing network, the Company has a presence in 50% of its retail outlets. It envisages adding 15,000 retailers across the country over the next five years with higher addition in the non-South region. The Company is also looking to use online platforms like salesforce.com for more effective sales and distribution.

The Company will maintain its thrust on advertising and promotions to increase its brand visibility and penetration in the non-South markets. The non-South markets currently account for 35% of the revenue. Two-thirds of the Company's distribution network has already been established in the non-South region. This provides significant potential for revenue growth and operating leverage to expand on existing investments. The Company envisages the non-South markets to contribute to 50% over the next five years.

The Company will be extending its kitchen appliances and switchgears portfolio to the non-South markets during the current financial year. The Company is also looking to launch modular switches in South India in the current year, which is a natural extension of the wire accessories and switchgear segment. Further, efforts towards innovation, R&D and product development will continue to be made in order to roll out differentiated offerings in a competitive industry.

The cash positive balance sheet provides an opportunity to pursue inorganic opportunities, if valuations favor. We are looking at companies having product range synergy with V-Guard, providing manufacturing capabilities or strong regional players where V-Guard can expand its geographic footprint.

8. Strengths, Opportunities and Threats

Strengths

- Strong brand equity created through aggressive and promotion spends have helped the Company expand its visibility and garner market share in the non-South markets
- Investments in a well-entrenched distribution network of over 676 distributors, 5,975 channel partners and over 25,000+ retailers, in a sector influenced by intermediaries, is aiding expansion in non-south markets
- Comprehensive portfolio catering to the mass consumption market in India
- Asset light model outsourcing ~60% of its products from a range of vendors enables the Company to focus on product development and utilize cash flows for brand building activitiies, resulting in reduced working capital requirement and higher return ratios

Opportunities

- Strong construction demand driven by Government ambitious target of housing for all by 2022 will require 111 million housing units, increase penetration into Tier II and III cities and add to the demand
- Shortening replacement cycles for fans, heaters and kitchen appliances segment due to increased disposable income and easy availability of credit
- Present in segments which have highly unorganised markets and will benefit immensely from the shift from the unorganized segment to organized players and drive consolidation
- Cuts in interest rates will help stimulate demand for household electricals
- Perception about electrical products changing rapidly from a mere utility to an object of home décor
- Non-South markets account for only 35% of the Company's current revenues providing significant scope to expand and gain market share
- New product categories like kitchen appliances, switchgears and solar water heaters offer promising growth prospects

Threats

- Seasonality in revenues since sales of several product categories are dependent on summer months
- Slowdown in the real estate market could impact sales of several product segments
- Volatility in raw material prices could impact margins in case cost escalations cannot be passed on to consumers
- Increase in competitive intensity with the entry of MNC players

9. Risks and Risks Mitigation

V Guard has an efficient Enterprise Risk Management System (ERMS) which scans the internal and external environment to identify risks during every quarter and decide on the corresponding mitigation plans. The company has developed systems and processes to map the risks across segments, products and geographies and respond effectively to counter them and achieve organizational goals.

10. Human Resources

The Company firmly believes that the human capital built up by it over the years is its most valuable asset and is the key resource for the continuing growth and development of the Company. All efforts are made to empower them continuously. The Company has steadily built up human resources and trained them well to take on enlarged operations so as to take advantage of the opportunities thrown open by the market.

The Company has reinforced the capabilities of its workforce through the launch of numerous in-house training programmes and job-specific training drills throughout the year. With several new products categories recently launched and the rapid expansion into the non-South markets, the Company has hired several senior and mid-level resources to support the next level of growth.

To motivate the employees and enable them to participate in the long-term growth and financial success of the organization, with a common objective of maximizing the shareholder value, the Company has an Employee Stock Option Scheme (ESOS 2013) that would not only enable the Company to attract and motivate employees by rewarding performance but also to retain best talent and enable the employees to develop a sense of ownership within the organization.

As of 31st March, 2017, V-Guard had 1944 employees on its payroll as compared to 1823 a year earlier, an increase of 6.6% year on year.

11. Audit & Internal Control System

The Company is committed to good corporate governance practices and has well defined systems and processes covering all corporate functions and units. The Company also has an Internal Audit function to provide reasonable assurance regarding the effectiveness and efficiency of operations, safe guarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations. The Audit Committee of the Board oversees the Audit function through regular reviews of the audit findings and monitoring corective actions taken on the same.

Corporate Information

Board of Directors

Shri. Kochouseph Chittilappilly
Chairman
Shri. Cherian N Punnoose
Vice Chairman
Shri. Mithun K Chittilappilly
Managing Director
Shri. Ramachandran V
Director & Chief Operating Officer
Shri. C J George
Director
Shri. A K Nair
Director
Shri. Ullas K Kamath
Director
Smt. Joshna Johnson Thomas
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
Shri. Ullas K Kamath
Member

Nomination & Remuneration Committee
Shri C J George
Chairman
Shri. Cherian N Punnoose
Member
Shri. A K Nair
Member
Smt. Joshna Johnson Thomas
Member

Stakeholders Relationship & Share Transfer Committee
Shri. C J George
Chairman
Shri. Cherian N Punnoose
Member
Shri. Mithun K Chittilappilly
Member

CSR Committee
Shri. Kochouseph Chittilappilly
Chairman
Shri. Cherian N Punnoose
Member
Shri. Mithun K Chittilappilly
Member

Chief Financial Officer

Shri. Sudarshan Kasturi

Company Secretary

Smt. Jayasree K

Listed at

The National Stock Exchange of India Ltd.
BSE Ltd.

Plant Locations

Wires & Cables Division, Coimbatore
KG Chavadi,
Palakkad Main Road,
Coimbatore - 641105

Wires & Cables Division, Kashipur
6th KM Stone,
Moradabad Road,
Khasra No – 86, Village Basai,
Udhamsing
Nagar Dist, Kashipur

Pump Division - Coimbatore
22/113 E, Karayampalayam Road,
Mylampatti Post,
Coimbatore - 641062

Solar Water Heater Division - Perundurai
KK 12,13,14,15, Sipcot Industrial Growth Centre
Perundurai, Erode (Dt),
Coimbatore – 638052

Water Heater & Fan Division – Kala Amb
Village Bankebada, Near Moginand High School
Nahan Kala Amb Road,
Moginad PO
Tehsil Nahan, District Sirmour
Himachal Pradesh – 173030

Stabilizer Divisions - Sikkim
Unit 1. Plot No.2240/5424, Majhitar,
Rangpo, East Sikkim,
Sikkim- 737136
Unit 2. Plot no. 2200, SMIT Road, West Pandam,
Duga Ilaka (Majhitar)
East Sikkim – 737136, Sikkim

Water Heater Division – Sikkim
Rangpo Namchi Raod,
Mamring,
South Sikkim – 737132, Sikkim

Statutory Auditors

M/s S R Batliboi
& Associates LLP
Chartered Accountants

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 Limited
CITI Bank
ICICI Bank Limited
Yes Bank Limited
Federal Bank Limited
Axis Bank Limited

DIRECTORS' REPORT

Dear members

Your Directors have great pleasure in presenting the Twenty First Annual Report of the Company on the business and operations together with the Audited Financial Statements for the Financial Year ended March 31, 2017.

1. Financial Summary

(Rs. in crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from operations (Gross)	2,179.19	1,877.11
Less: Excise Duty	28.56	14.83
Revenue from operations (Net)	**2,150.63**	**1,862.28**
Operating expenditure	1,935.58	1,684.27
Operating profit before Depreciation, Interest, Tax & Exceptional Item	215.05	178.01
Finance Cost	2.10	8.92
Depreciation and amortization expense	16.24	15.36
Other Income	13.46	7.23
Profit Before Tax & Exceptional Item	**210.17**	**160.96**
Profit Before Tax	**210.17**	**160.96**
Tax Expense:		
a) Current Tax	60.40	51.05
b) Deferred Tax	-2.03	-1.77
Profit After Tax	**151.80**	**111.68**
Basic EPS (Rs.)	3.59	2.66
Diluted EPS (Rs.)	3.54	2.63

2. Company's Performance

During the Financial Year 2016-17, the Company has registered a net revenue from operations of ₹2,150.63 crores, as compared to ₹1,862.28 crores in the previous year, an increase of 15% year-on-year. Profit Before Tax for the year under review was ₹210 crores, higher by 30%, as compared to ₹161 crores in the previous year. Profit After Tax for the year under review was ₹152 crores, grown by 36% over ₹112 crores of the previous year. Segment wise performance of products of the Company is detailed under the Section Management Discussion and Analysis Report which forms part of this Annual Report.

3. Details of New Projects

During the year under review the Company has expanded its manufacturing facility of Electronic Voltage Stabilizer at Rangpo in Sikkim by putting up an additional unit, and the enhanced production at full capacity after expansion is 20 Lakhs units per annum. Considering the increased demand for Electric Water Heater, a new manufacturing unit was commissioned in the state of Sikkim during the year under review.

As the demand for the product, House Wiring Cable has been increasing each year, the Board had decided to increase the production capacity at Chavadi, Coimbatore. The project of expansion of House Wiring Cable manufacturing facility has been completed and enhanced production capacity per month is 8.7 lakhs coils. Increased manufacture of House Wiring Cable has necessitated to go for backward integration, by setting up a unit of PVC Compounding, one of the major raw-materials and the unit started commercial production during the year under review.

4. Changes to the Share Capital

During the year under review, the Company had increased the Authorized Capital of the Company from ₹35 crores to ₹40 crores pursuant to the approval of members in the Annual General Meeting held on July 26, 2016 and subsequently, the Company had increased the Authorized Capital of the Company from ₹40 crores to ₹50 crores pursuant to the approval of members in the Extraordinary General Meeting held on March 6, 2017.

During the year under review, the Company has sub-divided the Equity Shares of face value of ₹10/- to Re.1 pursuant to the approval of shareholders in the Annual General Meeting held on July 26, 2016. The sub-division of shares was made effective from September 1, 2016.

During the year under review, the Company has allotted 6,75,790, 17,06,920 and 89,465 number of shares at Re.1, ₹48.50 and ₹99.90 respectively under ESOS 2013 of the Company. Both the number and prices of shares allotted have been adjusted in line with the face value of shares after sub-division.

The Board of Directors of the Company has made a bonus issue of shares in the ratio of 2:5 to all the eligible shareholders by capitalizing an amount of ₹12.13 crores from the free reserves as on March 31, 2016, pursuant to the approval of shareholders in the Extraordinary General Meeting held on March 6, 2017.

The Paid-up Capital of the Company as on March 31, 2017 has increased to ₹42,46,54,461/- due to allotment of shares under ESOS and Bonus issue.

5. Dividend

The Board of Directors are pleased to recommend a final Dividend of ₹0.70 per share (70 Paise per Equity Share of Re.1 each). The final Dividend, if declared as recommended, would involve an outflow of ₹35,77,73,931/-, including Dividend Distribution Tax, if approved by the Shareholders at the ensuing Annual General Meeting. Dividend would be payable to all the Shareholders/beneficial owners whose names appear in the Register of Members as on July 24, 2017.

The Register of Members and Share Transfer Books will remain closed from July 25, 2017 to July 31, 2017 (both days inclusive).

6. Transfer of Unpaid Dividend to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 124(5) and (6) of the Companies Act, 2013, your Company has transferred an amount of ₹3,75,480/- which was lying in the Unpaid Dividend Account of the Financial Year 2008-09 to IEPF. Unclaimed Dividend in respect of the Financial Year 2009-10 will be due for transfer to IEPF on August 25, 2017.

7. Fixed Deposit

The Company has not accepted any deposit within the meaning of Chapter V of the Companies Act, 2013 and the Rules framed thereunder.

8. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the report.

No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of report.

9. Change in the Nature of Business, if any

There was no change in the nature of business of the

Company during the Financial Year 2016-17.

10. Postal Ballot

The Board of Directors had sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Sections 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) in respect of the Special Resolutions set out in the Postal Ballot Notice dated March 27, 2017. The detailed voting results are given in the section, 'Report on Corporate Governance' forming part of this Annual Report.

11. Significant or Material Orders passed by Regulators / Courts / Tribunals

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future during the year under review.

12. Business Responsibility Report

As per Regulation 34(2)(f) of the Listing Regulations, a separate section, 'Business Responsibility Report,' describing the initiatives taken by your Company from environmental, social and governance perspective, forms part of this Annual Report.

13. Board of Directors and its Committees

A. Composition of the Board of Directors

The Board of Directors of the Company comprises of eight Directors, of which three are Executive and five are Non-Executive Directors, which includes, four Independent Directors. The composition of the Board of Directors is in compliance with the provisions of Regulation 17 of the Listing Regulations and Section 149 of the Companies Act, 2013.

B. Change in Office of Directors and Key Managerial Personnel of the Company during the year under review and details of Directors seeking appointment/re-appointment at the 21st Annual General Meeting

The members of the Company in their 20th Annual General Meeting held on July 26, 2016, approved the re-appointment of Mr. Ramachandran Venkataraman, as Whole Time Director for a period of four years with effect from June 1, 2016 to May 31, 2020. In the said meeting, the members also approved the re-appointment of Mrs. Joshna Johnson Thomas, as a Non-Executive Director, liable to retire by rotation.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Mithun K Chittilappily, Managing Director, is liable to retire by rotation in the ensuing Annual General Meeting and being eligible, offers for re-appointment.

The Notice dated July 3, 2017 of the ensuing Annual General Meeting includes the proposal for re-appointment of Director and his brief resume, specific information about the nature of his expertise, the names of the Companies in which he hold directorship and membership/chairmanship of the Board Committees, as stipulated in Listing Regulations.

The Board of Directors of the Company at their meeting held on May 19, 2017 appointed Mr. Sudarshan Kasturi, Senior Vice-President - Finance of the Company as Chief Financial Officer & KMP of the Company with effect from June 1, 2017, considering the superannuation of Mr. A Jacob Kuruvilla on May 31, 2017.

C. Declaration by Independent Directors

Pursuant to sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, the Independent Directors of the Company viz. Mr. Ullas K Kamath, Mr. Cherian N Punnoose, Mr. A K Nair and Mr. C J George have given declaration to the Company that they qualify the criteria of independence, as required under the Companies Act, 2013 and the Listing Regulations.

D. Number of Meetings of the Board of Directors

During the Financial Year 2016-17, the Board of Directors of the Company, met ten times, on May 4, 2016, June 16, 2016, July 26, 2016, August 8, 2016, September 21, 2016, October 21, 2016, January 30, 2017, February 27, 2017, March 17, 2017 and March 28, 2017.

A separate meeting of the Independent Directors of the Company was held on March 28, 2017 and the Directors reviewed and assessed the matters enumerated under Schedule IV(VII)(3) to the Companies Act, 2013 and Regulation 25(4) of the Listing Regulations. All the Independent Directors except Mr. C J George attended the said meeting.

E. Committees of the Board

The Sub-Committees of the Board comprises of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship and Share Transfer Committee and Corporate Social Responsibility (CSR) Committee.

The terms of reference of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship and Share Transfer Committee were aligned with the requirements of the Companies Act, 2013 and Listing Regulations. A detailed note on the said Committees of the Board of Directors is given in the section, 'Report on Corporate Governance' forming part of this Annual Report.

The CSR Committee of the Company comprises of three members, Mr. Kochouseph Chittilappilly, Mr. Cherian N Punnoose and Mr. Mithun K Chittilappilly. Mr. Kochouseph Chittilappilly, is the Chairman of the Committee and the members of the Committee met three times during the year under review, on May 4, 2016, October 21, 2016 and January 30, 2017. The Committee recommended to the Board the amount of CSR to be spent for the financial year and the various CSR programs/activities to be carried out by the Company, for its consideration and approval.

F. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors, has carried out an annual performance evaluation of Board, Sub-Committees of Board and individual directors, based on the criteria laid down in the Nomination Remuneration and Evaluation Policy of the Company read with SEBI Guidance Note dated January 5, 2017.

The performance evaluation of the Board was carried out on a questionnaire template on the basis of criteria such as effective role played by the Board in decision making, evaluating strategic proposals, discussing annual budgets, assessing the adequacy of internal controls, review of risk management procedures etc.

The performance evaluation of various Sub-Committees of the Board was carried out on the basis of criteria such as constitution of the Sub-Committees in accordance with the provisions of the Companies Act, 2013 and Listing Regulations, effective functioning of the Committees as per the terms of reference, periodical suggestions and recommendations given by the Sub-Committees to the Board etc.

The performance evaluation of individual directors was carried out both by the Nomination and Remuneration Committee and the Board based on criteria such as active participation in the Board deliberations, role played in evaluation of strategic proposals, contributions made for adoption of better corporate governance practices by the Company etc.

A separate meeting of Independent Directors of the Company was held during the year under review, in which the members evaluated the performance of the Chairman based on criteria such as giving guidance to the Board and ensuring the independence of the Board etc. The performance of the non-independent directors was also evaluated based on their contribution made to the growth of the Company, strategic initiatives and Board deliberations.

G. Directors' Responsibility Statement

In terms of the requirements of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company, hereby state and confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards had been followed. Proper explanation relating to material departures, if any, is provided wherever applicable;

ii) such accounting policies were selected and applied consistently and had made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for the period;

iii) proper and sufficient care were taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts were prepared on a going concern basis; and

v) the internal financial controls to be followed by the Company were laid down and such internal financial controls were adequate and were operating effectively.

vi) proper systems to ensure compliance with the provisions of all applicable laws were devised and such systems were adequate and operating effectively.

14. Audit Related Matters

A. Statutory Auditors

M/s. S R Batliboi & Associates LLP, Chartered Accountants, Kochi, with firm registration number – 101049W/E300004, who are the Statutory Auditors of the Company will hold office, up to the conclusion of the ensuing Annual General Meeting. The Board of Directors upon the recommendation of the Audit Committee proposes the re-appointment of M/s. S R Batliboi & Associates, LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of 26th Annual General Meeting as per the provisions of Section 139 of the Companies Act, 2013, subject to ratification of members at every Annual General Meeting within the period of the tenure of re-appointment.

The Auditors' Report for the Financial Year 2016-17, does not contain any qualification, reservation or adverse remarks.

B. Cost Auditors

M/s. Ajeesh & Associates, Cost Accountants, Ernakulam, were appointed as the Cost Auditors of the Company for the Financial Year 2016-17 and the Audit Report will be considered by the Board of Directors. There were no qualifications, reservations or adverse remarks made by Cost Auditors in their Report for the Financial Year 2015-16.

The Board of Directors in their meeting held on May 19, 2017, has approved the appointment of M/s. RA & Co. Cost Accountants, Mumbai, (Firm Registration No. 000242) as the Cost Auditors of the Company for the Financial Year 2017-18 and also fixed the audit fee payable to them. As per the provisions of the Section 148 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, audit fee payable to the Cost Auditors is to be ratified by the members of the Company. Your Directors have proposed a resolution in item no. 5 of the Notice dated July 3, 2017 for the ensuing Annual General Meeting, for approval of the audit fee.

C. Secretarial Auditors

The Board of Directors, pursuant to the provisions of Section 204 of the Companies Act, 2013, appointed M/s. Keyul M Dedhia & Associates, Company Secretaries, Mumbai, as the Secretarial Auditor of the Company, to carry out the Secretarial Audit for the Financial Year 2016-17. Secretarial Audit Report, issued by M/s. Keyul M Dedhia & Associates, Auditors in Form No. MR -3 forms part of this Report and is annexed herewith as Annexure-2. The Auditors have observed that in some instances there were delay in submitting disclosures received from designated employees under SEBI (Prohibition of Insider Trading) Regulations, 2015. Clarification for the above observation is that the delay in filing was due to oversight and disclosures were made subsequently.

15. Policy Matters

A. Nomination Remuneration and Evaluation Policy

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company has formulated and recommended to the Board a policy, containing the criteria for determining qualifications, positive attributes and independence of a Director and it highlights the remuneration for the Directors, Key Managerial Personnel and other employees, ensuring that it covers the matters mentioned in Section 178(4) of the Act. Nomination Remuneration and Evaluation Policy approved by the Board is given in Annexure 1 to this Report.

B. Vigil Mechanism/Whistle Blower Policy

Your Company had, before coming into force of Companies Act, 2013, voluntarily adopted a Whistle Blower Policy, to enable its employees and Directors to report any genuine grievances, illegal or unethical behavior, suspected fraud or violation of laws, rules and regulations, conduct, to the Ombudsman or Vigil Officer. The Whistle blower also has access to the Audit Committee Chairman. The policy has been circulated amongst the employees of the Company working at various locations, divisions/units. During the year under review, the Company has not received any instances of genuine concerns from Directors or employees.

The said policy has been amended in line with the provisions of Companies Act, 2013 and Listing Regulations and it provides for adequate protection to the whistle blower against victimization or discriminatory practices. The Policy is available on the website of the Company at www.vguard.in., in the page 'Investor Relations'.

C. Corporate Social Responsibility Policy

The Board of Directors of the Company has adopted a policy on Corporate Social Responsibility, pursuant to the provisions of Section 135 of the Companies Act, 2013, read with The Companies (Corporate Social Responsibility Policy) Rules, 2014. The said policy is posted on the web site of the Company www.vguard.in. During the year under review, the Board of Directors amended the CSR policy of the Company to include Government Aided Schools in the list of beneficiaries.

In terms of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on Corporate Social Responsibility activities of the Company is given in Annexure 3 to this report.

D. Risk Management Policy

The Company has developed and implemented a risk management framework detailing various risks associated with the business of the Company, the process of identification of risks, monitoring and mitigation of identified risks etc. As per the risk profile, the various risks associated with the Company are classified as marketing risks, product risks, inventory risks, compliance risk, financial risks, project risks and Organisation risks. The Board has constituted a Risk Management Committee to monitor and review the risks identified by various product risk groups and suggest measures to mitigate the risks identified. A detailed note on Risk Management is given under the section Management Discussion and Analysis Report, which forms part of this Annual Report.

E. Dividend Policy

As per Regulation 43A of Listing Regulations the top 500 listed Companies shall formulate a Dividend policy. Accordingly, the Board of Directors of the Company during the year under review has adopted Dividend Policy for determining circumstances and parameters under which Dividend pay-out could be made on periodical basis. The policy highlighted the factors to be considered by the Board of Directors before or at the time of recommending/declaring of Dividend. The said policy is given in Annexure-5 to this report and posted on the web site of the Company www.vguard.in.

16. Other Matters

A. Internal Financial Controls

The Company has Internal Control Systems commensurate with the nature of its business, size and complexities. Every quarter, Audit committee reviews the adequacy and effectiveness of internal control system and monitors the implementation of the audit recommendations. During the year under review, the Internal Audit Division of the Company, has tested key controls in operational, financial and IT processes to provide assurance regarding compliance with the existing policies and standard operating procedures etc. and no significant weaknesses/deviations were identified in design or operation of the controls.

Further, the Statutory Auditors of the Company also carried out audit of the Internal Financial Controls over Financial Reporting of the Company as of March 31, 2017 and issued their report which forms part of the Independent Auditor's report.

B. Financial Position and Performance of Subsidiaries, Joint Ventures and Associates

The Company has no subsidiary, associate or has not entered into any joint venture and hence not required to disclose any information.

C. Any revision made in the Financial Statements or Board's Report

The Company has not revised the Financial Statements or Board's Report in respect of any of the three preceding financial years.

D. Employee Stock Option Scheme 2013

During the Financial Year 2013-14, the Company had granted 91,73,220 options to eligible employees to be vested over a period of three years in accordance with the Employee Stock Option Scheme (ESOS) 2013. Vesting of options for the first two years had been completed and during the year under review, considering the parameters for vesting of options, 23,40,270 number of options were vested to eligible employees, being the vesting for the last year of the grant. Out of the options granted, total number of 20,70,190 options were cancelled till the Financial Year 2016-17.

The Company had made a grant of 9,06,280 number of options to eligible employees during the Financial Year 2015-16 with a vesting period of three years from grant. During the year under review, considering the parameters for vesting, 2,92,730 number of options were vested to eligible employees and 6,310 number of options were cancelled.

The Nomination and Remuneration Committee made several grants under ESOS 2013, during the year under review to various eligible employees and the options granted will be vested over a period of four years from the date of grant. 27,00,000 and 3,00,000 numbers of options were granted on May 4, 2016 at fair market value of ₹96.25 and face value of Re.1 respectively. Further 1,85,360 number of options were granted on June 16, 2016, at face value of Re.1.

The Company had obtained the approval of members for grant of options to the extent of 1,12,00,000 under ESOS 2013, by way of a special resolution passed through Postal Ballot process in May, 2013. With a view to attract new talents and retain existing talents and also to provide industry standard compensation, the Nomination and Remuneration Committee has granted options under ESOS to eligible employees from time to time. The options for which approval of members had sought has been completely utilized for making various grants from time to time.

As equity based compensation schemes are an effective tool to reward the employees including the professional Directors in the growth pace of the Company and helps in retaining the existing key resources and attract new talents who are required for the future growth, with the approval of the members at their 20th Annual General Meeting held on July 26, 2016, the Board has created further options to the extent of 22,50,000 for making grant(s) under ESOS 2013 to eligible employees from time to time. Subsequent to the approval of the members of the Company, the Nomination and Remuneration Committee has granted 20,77,830 numbers of options from time to time. As the Board desires to provide equity based compensation to employees at various levels, it has been decided to increase the number of options available for further grant under ESOS 2013 and approval of the members was sought through Postal Ballot Process for creation of options to the extent of 2,00,000 number of options.

During the year under review, the Company has sub-divided its equity shares from face value of ₹10/- to Re.1 effective from September 1, 2016. The number of options granted before the date of sub-division has been adjusted in line with the face value of shares after sub-division.

During the year under review, the Board of Directors has made a bonus issue of shares in the ratio of 2:5 with the approval of the members of the Company. As per the provisions of Employee Stock Option Scheme approved by the members of the Company, the Nomination and Remuneration Committee has made a fair and reasonable adjustment in the number of options and to the exercise price in case of corporate action of bonus issue. Accordingly, the Committee has granted additional options in respect of all outstanding options which were granted at face value and fair market value and are to be vested and exercised in the ratio of 2:5 and revised the exercise price in case of all options which were granted at fair market value. Options to the extent of 33,66,710, convertible into equivalent number of equity shares with face value of Re.1 each were granted to eligible employees as part of making fair and reasonable adjustment for corporate action of bonus issue.

Details of stock options pursuant to SEBI (Share Based Emplyee Benefits) Regulations, 2014 is given in the Annexure – 4, which forms part of this Report.

E. Code of Conduct

As prescribed under Regulation 26(3) of the Listing Regulations, a declaration signed by the Managing Director affirming compliance with the Code of Conduct by the Directors and Senior Management of the Company for the Financial Year 2016-17 is described in 'Report on Corporate Governance' forming part of this Annual Report.

F. Extract of Annual Return

Extract of the Annual Return in Form No. MGT-9 forms part of the Board's Report and is annexed herewith as Annexure - 6

G. Management Discussion and Analysis Report

As per requirements of Listing Regulations, a detailed review of the developments in the industry, performance of the Company, opportunities and risks, internal control systems, outlook etc. of the Company is given under the head Management Discussion and Analysis Report, which forms part of this Annual Report.

H. Particulars of Loans, Guarantees and Investments

During the year under review, the Company had accorded approval to give loan up to an amount of ₹5.40 crores, to Mr. Gopal Singh Cintury for the construction of factory building at West – Pandam Block, Duga Ilaka, East Sikkim, which has been taken on lease by the Company for setting up of manufacturing unit for stabilizers .

I. Related Party Transactions

During the year under review, the Company has not entered into any contract or arrangements with related parties as per the provisions of Section 188(1) of the Companies Act, 2013.

J. Corporate Governance

Your Company has complied with the Corporate Governance norms as stipulated under the Listing Regulations. A detailed report on Corporate Governance forms part of this Annual Report. A certificate from Statutory Auditors confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

K. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to conversation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is furnished in Annexure 7 and forms part of this Report.

L. Remuneration details of Directors, Key Managerial Personnel and Employees

The details of remuneration of Directors, Key Managerial Personnel and the Statement of employees in receipt of remuneration exceeding the limits prescribed under Section 134 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any amendment thereof has been provided in Annexure 8 to this Report.

M. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed in providing and promoting a safe and healthy work environment for all its employees. It has zero tolerance towards sexual harassment at the workplace and has adopted a policy for 'Prevention and Redressal of Sexual Harassment at the Workplace' in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for prevention and redressal of complaints of sexual harassment at workplace, along with a structured reporting and redressal mechanism. The Company has also constituted an Internal Complaints Committee, to inquire into complaints of sexual harassment and recommend appropriate action. The policy has been circulated amongst the employees of the Company and the same is exhibited in the notice Board of all the business locations/divisions of the Company. During the year under review, the Company has not received any complaint of sexual harassment. The Company has also conducted awareness programs during the year under review for its employees.

17. Event(s) occurred after the Balance Sheet Date

The Board of Directors of the Company in their meeting held on May 19, 2017, accorded approval for acquiring 74% equity stake for cash consideration of ₹6.18 crores in GUTS Electro-mech Ltd., a Company having its registered office at Hyderabad and is engaged in manufacturing and selling of switch gears, circuit breakers, relays, current transformers and similar electromechanical products. Its plants are located at Hyderabad and Haridwar and has achieved a turnover of ₹29.93 crores during the Financial Year 2015-16. The equity investment is made mainly to secure supply for switch gear business vertical of the Company.

The Board has also nominated Dr. George Sleeba and Mr. A Jacob Kuruvilla, to represent the Company on the Board of GUTS Electromech Ltd., on reconstitution of its Board. The transaction will be completed during the Financial Year 2017-18 after obtaining approval from various statutory authorities.

18. Listing of Shares

The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The listing fee for the Financial Year 2017-18 has already been paid to the credit of both the Stock Exchanges.

19. Acknowledgement

The Board wishes to place on record its sincere appreciation to the Company's customers, vendors, central and state government bodies, auditors, legal advisors, consultants, registrar and bankers for their continued support to the Company during the year under review. The Directors also wish to place on record their appreciation for the dedicated efforts of the employees at all levels. Finally, the Board expresses its gratitude to the members for their continued trust, co-operation and support.

For and on behalf of the Board of Directors

S/d	S/d
Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Chairman	*Managing Director*
(DIN:00020512)	(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 1

Nomination, Remuneration & Evaluation Policy

I. PREAMBLE

As per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) every listed company shall constitute a Nomination and Remuneration Committee and such Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

Further Sections 134 & 149 of the Companies Act, 2013 requires every listed company to have a formal evaluation mechanism to evaluate the performance of the Board, its Committees and Individual Directors. Section 178 of the Companies Act further provides that Nomination & Remuneration Committee of the Company shall carry out evaluation of every Director's performance.

In compliance of the above requirements, V-Guard Industries Limited being a Listed Company has constituted a Nomination and Remuneration Committee and the Committee has formulated a Nomination, Remuneration and Evaluation Policy to provide a framework and set standards for the nomination and remuneration of the Directors, Key Managerial Personnel and Other employees and evaluation of the Directors. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

II. Definitions

a) Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time;

b) Board means Board of Directors of the Company;

c) Director means a director appointed to the Board of the Company and includes Whole-time Directors, Non-Executive Directors(s) and Independent Directors.

d) Key Managerial Personnel (KMP) means
   (i) Managing Director
   (ii) Whole-time Directors
   (iii) Chief Financial Officer
   (iv) Company Secretary and
   (v) Such other officer as may be prescribed

e) Nomination & Remuneration Committee of the Company means a sub-committee of the Board constituted in accordance with the provisions of Section 178(1) of the Act and Regulation 19 of Listing Regulations and consists of three Independent Directors and one Non-Executive Director as members.

f) Senior Management means to include all members other than the Directors and KMPs of the Company who are the members of its core management team including Functional Heads.

III. Objectives of Nomination & Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

a) Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board.

b) Identifying individuals suitably qualified to be appointed as Directors, KMPs and Senior Management Personnel of the Company.

c) Recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

d) Recommending to the Board to provide any kind of reward to KMPs and Senior Management Personnel linked to their performance and achievement relating to the Company's operations.

e) Ensuring that level and composition of remuneration is reasonable and sufficient and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

f) Assessing the independence of independent directors.

g) Evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board members.

h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, subject to the provisions of law and their service contracts.

i) Devising a policy on Board diversity.

j) Developing a succession plan for the Board, KMPs and Senior Management and to regularly review the plan.

k) Such other key issues or matters as may be referred by the Board or as may be necessary in view of the Listing Regulations and provisions of the Act and Rules made thereunder.

IV. Policy for appointment, removal and retirement of Director, KMP and Senior Management

A) Appointment criteria and qualifications

i) The Committee shall identify and ascertain the qualification, expertise, industry experience, integrity, back ground and other qualities of the persons for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position concerned.

ii) The Committee shall assess the criteria of independence fulfilled by the appointee in case of recommending a person for appointment / re-appointment as Independent Director.

iii) The Committee shall consider the extent to which the person proposed to be appointed as Director, is likely to contribute to the overall effectiveness of the Board and work constructively with the existing directors and enhance the efficiencies of the Company.

iv) The Committee shall consider the nature of existing positions held by the appointee including directorships or other relationships and the impact it may have on the appointee's ability to exercise independent judgement.

v) The Committee shall consider the appointment of any person who has attained the age of 70 years as Whole-time Director, only with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for such appointment.

vi) The Committee shall ensure that the new Directors, KMPs and Senior Management are provided adequate training about the operations of the Company and reviewing the training procedures from time to time.

vii) The Committee shall ensure that formal letter of appointment is given to the independent directors at the time of their appointment.

B) Term / Tenure

i) The Committee shall recommend the appointment or re-appointment of any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

ii) The Committee shall recommend appointment or re-appointment of any person as independent director for a term upto five consecutive years and also ensuring that no independent director is holding office for more than two consecutive terms.

iii) Recommending to the Board, appointment of KMPs / Senior Management as per the provisions of the Act and policy of the Company.

C) Removal

The Committee may recommend, to the Board due to reasons of any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder and the same recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations.

D) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position or otherwise, even after attaining the retirement age, for the benefit of the Company.

V. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

A) Remuneration for Whole-time / Non-Executive / Independent Directors

i) The remuneration including commission payable to Whole-time Directors will be determined by the Committee in accordance with the provisions of the Articles of Association of the Company and the Act and recommended to the Board for approval, subject to the approval of the shareholders of the Company and Central Government, wherever required. The Whole-time Directors shall be eligible for a monthly fixed pay which includes HRA and commission on net profits as variable pay and other benefits like employer's contribution to PF, pension scheme etc and other perquisites like LTA, reimbursement of medical expenses, car, use of telephone, club fees etc.

ii) The Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.

iii) If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act.

iv) Increments to the existing remuneration structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.

v) Where any insurance is taken by the Company on behalf of its Directors, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to them. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

vi) Non-Executive Directors and Independent Directors may be paid remuneration by way of commission at the rate not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of the Company.

vii) Non-Executive and Independent Directors shall receive remuneration by way of fees for attending the meetings of Board and sub-committees of the Board, in which they hold membership / chairmanship as the case may be. Sitting fee payable shall be fixed and approved by the Board within the limits as prescribed in the Act.

viii) Independent Directors are not entitled to any stock option of the Company.

B) Remuneration for Key Managerial Personnel and Other Employees

i) The Committee shall take into account the qualification, industry experience, integrity of the appointee, existing remuneration level for similar positions in other companies operating in the same sector etc. while fixing the remuneration payable to the KMPs and Senior Management Personnel. The remuneration payable shall be structured in such way that it consists of fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

ii) The Committee may also consider giving ESOP to KMPs & Senior Management.

VI. Performance Evaluation of Board

As per the provisions of Section 134 and 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the performance of the Board of a Company is to be evaluated annually by the Nomination and Remuneration Committee and a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors shall be mentioned in the Board's report.

The Company's Board consists of optimum combination of Executive and Non-Executive Directors and performance evaluation of the Board as a whole, each individual director and sub-committees of the Board is to be carried out, to ensure that with the efficient performance of the Board, the Company's objectives are achieved and stakeholders' expectations are met.

A) In each Financial Year the Board will undertake the following activities:

i) The Board shall discuss the operating and financial performance, strategic proposals, risk management and key appointments and standards of conduct.

ii) The Board shall ensure that the Company has adopted best governance practices in all spheres of its operations which results in enhanced value for the stakeholders.

iii) The Board as a whole will discuss and analyse its own performance during the year.

iv) The Board shall review the performance of Independent Directors, excluding the Director being evaluated.

v) The Board shall review from time to time the necessity of forming any sub-committees of the Board and delegating certain of its powers, duties and responsibilities to such sub-committees.

vi) The Board shall review the terms of reference of the sub-committees to ensure that these are in line with the provisions of the Act, Listing Agreement or such other regulations that may in force.

vii) The Board shall review the adequacy of number of meetings and provide suggestions for improving Board deliberations.

viii) The Board shall ensure that minimum information is made available to the Board as specified in Schedule to the Listing Regulations.

ix) The Board shall ensure that as per the provisions of the Act and Listing Regulations, matters which are to be discussed and decided in Board meeting are placed and decided at the Board Meeting.

x) The Board shall from time to time review those matters which have a bearing on the operations / performance of the Company and needs to be compulsorily informed to the exchange.

B) Independent Directors of the Company shall hold at least one meeting in a year and consider the following:

i) Review the performance of non-independent Directors and the Board as a whole.

ii) Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

iii) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

C) Criteria for evaluation of the performance of the Board

The Board will assess its performance with regard to the following aspects:

i. Analysing the operational activities and financial indicators of the Company.

ii. Understanding the enterprise risk and suggesting mitigation procedures for the risks identified.

iii. Analysis of the budgets and strategic proposals of the Company and its periodical review.

iv. Ability to take appropriate decisions for the proposals placed before the Board.

v. Reviewing the future roadmap of the Company and giving suggestive measures.

vi. Awareness about the industry in which the Company operates

vii. Monitoring of all statutory compliance.

viii. Implementation of various policies approved by the Board.

ix. Preparedness in dealing with unforeseen crises

x. Planning for top management succession

xi. Contribution to Board deliberations with regard to important policy matters and strategic proposals.

D) EVALUATION CRITERIA FOR INDEPENDENT DIRECTOR:

1. Personal Traits

i. Highest personal and professional ethics, integrity, values and Independence.

ii. Inquisitive and objective perspective, practical wisdom and mature judgment.

iii. Contribution to Board deliberations.

2. Other Criteria

i. Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings.

ii. To act in the best interest of minority shareholders of the Company.

iii. Absence of personal and business relationships that would pose a conflict of interest with the best interests of the Company.

iv. Compliance with the definition of Independent Director as provided in the Companies Act 2013 & Listing Regulations.

v. Monitoring the implementation of Corporate Governance guidelines and conflict of interest policy adopted by the Company.

E). EVALUATION CRITERIA FOR INDIVIDUAL DIRECTORS

Individual Director's performance will be evaluated considering the following:

i. Active participation in the Board deliberations and attendance in meetings.

ii. Contribution in practice of Corporate Governance by the Company.

iii. Leadership through vision and values.

iv. Strategic thinking and decision making.

v. Providing guidance to the Management.

vi. Contribution to resolution of divergent views.

F). EVALUATION CRITERIA FOR CHAIRMAN

i. Ensuring effectiveness in conduct of Board Meetings & Share Holder Meetings.

ii. Ensuring that matters are discussed at the Board Meetings in a structured way in order to achieve a balanced decision.

iii. Proactive role in the Board & Committee Evaluation.

iv. Acting as a facilitator of the Agenda for the Board Meetings and monitoring finalisation of Minutes.

For and on behalf of the Board of Directors

S/d	S/d
Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Chairman	*Managing Director*
(DIN:00020512)	(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 2

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
V-Guard Industries Limited
Corporate Identification Number: L31200KL1996PLC010010
42/962, Vennala high School Road, Vennala, Kochi, Kerala- 682 028.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by V-Guard Industries Limited (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our limited verification of the Company's Books, Papers, Minute Books, Forms and Returns filed with applicable regulatory authority(ies) and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2017 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

We herewith report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2017, as per the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder with respect to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit period)**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

(vi) We relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for the compliance of the following laws applicable specifically to the Company:

1. The Bureau of Indian Standard Act, 1986 and rules made thereunder.
2. The Essential Commodities Act, 1955.
3. Household Electrical Appliances (Quality Control) Order, 1981.

We have also examined compliance with the applicable clauses:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

Based on the aforesaid information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s, Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have not found material observation or instances of non-compliances in respect of the same subject to the following observation:

In some instances, there were delays by the designated employees of the Company in submitting the disclosures under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the disclosures were received in old format.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors about scheduled Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a reasonable system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officer, majority decisions were carried through while dissenting member's views, if any, were captured and recorded as part of the Minutes. Based on the representations made by the Company and its Officers, the Company has proper system in place which facilitates/ ensures capturing and recording of any dissenting views of Board Members.

Based on the representation made by the Company and its Officers explaining to us in respect of internal systems and mechanisms established by the Company which ensures compliances of other, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the Audit period:

a. The members have passed a Special Resolution in the Annual General Meeting held on 26th July, 2016, under Section 180(1)(c) of the Act, for borrowing monies, which may exceed the aggregate of the paid up capital of the Company and free reserves, such that the total outstanding amount so borrowed does not exceed ₹750 crore at any point of time.

b. The members have passed a Special Resolution in the Annual General Meeting held on 26th July, 2016, for granting authority to Board of Directors of the Company for making investments notwithstanding the limits prescribed under Section 186 of the Companies Act, 2013 and the amount of investments made and to be made and outstanding at any time shall not exceed ₹750 crore.

c. The members have passed a Special Resolution in the Annual General Meeting held on 26th July, 2016, to authorize the Board of Directors to create, issue, offer, grant and allot to or for the benefit of such person(s), additional options, exercisable into not more than 225000 equity shares of the company under Employee Stock Option Scheme 2013.

d. The members have passed a Special Resolution in the Annual General Meeting held on 26th July, 2016, to authorise the Board of Directors to grant stock options under Employee Stock Option Scheme 2013, as amended from time to time, to identified employees, during any one year, equal to or exceeding 1% of the issued, subscribed and paid-up capital of the Company at the time of grant of option.

e. The members have passed an Ordinary Resolution in the Annual General Meeting held on 26th July, 2016, to sub-divide equity shares of the Company from the face value of ₹10/- per share to face value of Re.1/- per equity share.

f. The members have passed an Ordinary Resolution in the Annual General Meeting held on 26th July, 2016, to approve alteration of Capital Clause of Memorandum of Association consequent to sub-division of equity shares of the Company from the face value of ₹10/- per share to face value of ₹ 1/- per equity share.

g. The members have passed an Ordinary Resolution in the Annual General Meeting held on 26th July, 2016, to increase in the Authorised Share Capital from ₹35,00,00,000/- to ₹40,00,00,000/- and consequent alteration in Capital Clause of Memorandum of Association of the Company.

h. The members have passed an Ordinary Resolution in the Extraordinary General Meeting held on 6th March, 2017 for increase in Authorised Share Capital from ₹40,00,00,000/- to ₹50,00,00,000/-.

i. The members have passed an Ordinary Resolution in the Extraordinary General Meeting held on 6th March, 2017 for issue of bonus shares in the ratio of 2:5 for a sum not exceeding ₹12.14 crores out of the Free Reserves.

j. The members have passed a Special Resolution by way of Postal Ballot, for amending Object Clause of Memorandum of Association of the Company.

k. The members have passed a Special Resolution by way of Postal Ballot, to alter the Liability Clause of Memorandum of Association of the Company.

l. The members have passed a Special Resolution by way of Postal Ballot, under Section 180(1)(a) of the Act, for creation of charge, mortgage and hypothecation on the assets of the Company for an outstanding aggregate value not exceeding ₹750 crore.

m. The members have passed a Special Resolution by way of Postal Ballot, to authorize the Board of Directors to create, issue, offer, grant and allot to or for the benefit of such person(s), additional options, exercisable into not more than 200000 equity shares of the company under Employee Stock Option Scheme 2013.

For **Keyul M. Dedhia & Associates**
Company Secretaries

Keyul M. Dedhia
Proprietor
FCS No: 7756 COP no. 8618
May 19, 2017, Mumbai

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'Annexure A'

To,
The Members,
V - Guard Industries Limited
Corporate Identification Number: L31200KL1996PLC010010
42/962, Vennala high School Road, Vennala, Kochi, Kerala- 682 028.

Sub: Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test-check basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we follow provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and we rely on Statutory Auditors' Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance on test-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Keyul M. Dedhia & Associates**
Company Secretaries

Keyul M. Dedhia
Proprietor
FCS No: 7756 COP no. 8618
May 19, 2017, Mumbai

Annexure – 3

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs undertaken or proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

   The CSR initiatives of V-Guard is based on activities relating to education & skill development, health care, support in Nation building and promotion of sports, arts and culture. The projects undertaken during the Financial Year 2016-17 were within the broad framework of Schedule VII to the Companies Act, 2013.

   Details of the CSR policy and projects or programs undertaken by the Company are available on the website of the Company at www.vguard.in/csr.

2. The composition of the CSR committee: The Company has constituted a CSR Committee of the Board, consisting of Mr. Kochouseph Chittilappilly, Mr. Cherian N Punnoose & Mr. Mithun K Chittilappilly. The constitution is in line with the provisions of Section 135(1) of the Companies Act, 2013. Mr. Kochouseph Chittilappilly is the Chairman of the Committee.

3. Average net profit of the company for last three financial years for computation of CSR: ₹11,937 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹238.74 Lakhs

5. Details of CSR spent during the financial year:

   a. Total amount spent for the Financial Year: ₹238.91 Lakhs

   b. Amount unspent: Nil

   c. Manner in which amount spent during the Financial Year is detailed below:

Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise (Rs)	Amount spent on the projects or programs Subheads : (1) Direct Expenditure (2) Overheads (Rs.)	Cumulative Expenditure upto the reporting period (Rs.)	Amount Spent: Direct or through implementing Agency(Rs.)
1	**V-Guard Edu-care and Skill Development Programs** Providing education support to the students, infrastructure development of Govt. School, Colleges and technical/vocational training to unprivileged category of persons for building up their own livelihood.	Promoting education, including special education and employment enchancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Kochi, Angamaly, Chellanam, Ernakulam, Kannadi, Palakkad and Kanjirappilly, Kottayam (Kerala) K.G Chavadi, Ettimadai, Uppilipalayam, Coimbatore (Tamil Nadu) Ramanagara, Bangalore Adargunchi village, Hubli (Karnataka), Khurda, (Orrissa) Ludhiana,(Punjab) Upper Mamring village (Sikkim) Muthi (Jammu) Varanasi, Gazhiyabad (U.P)	60,12,358.00	60,12,358.00	60,12,358.00	Direct: 43,19,208.00 Agency: 16,93,150.00

Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise (Rs)	Amount spent on the projects or programs Subheads : (1) Direct Expenditure (2) Overheads (Rs.)	Cumulative Expenditure upto the reporting period (Rs.)	Amount Spent: Direct or through implementing Agency(Rs.)
2	**V-Guard Health Care Programs** Activities aimed at strengthening the infrastructure of various Government Hospitals and Hospitals that are run for charity purpose. The activities also included supplying medical equipments / ambulances to hospitals, health centres of aforesaid nature. Conducted awareness programs on lifestyle diseases and medical camps at various parts of the Country. The Company also provided financial assistance to patients from financially poor backgrounds.	promoting preventive, curative health care.	Attapadi, Palakkad, Cheruvathur, Kannur, Rajapuram, Kasarkode, Kodeyeri Kannur Karuvelappadi, Kochi, (Kerala) Theni, (Tamil Nadu) Bidadi, Bangalore (Karnataka) Vijayawada (Telangana) Hyderabad(A.P) Narayanpur(Chhattisgarh) Faridhabad (UP) Kashipur (Uttarakhand) Ranchi (Jharkhand) Jaipur (Rajasthan) Kanpur (U.P) Kolkata (Bengal) Ludhiana,(Punjab) Bhopal (M.P) Gauhati (Assam)	1,34,51,566.00	1,34,51,566.00	1,34,51,566.00	Direct: 1,01,37,816.00 Agency: 33,13,750.00
3	**V-Guard Build India & Relief** Initiatives to protect the natural environment and creating awareness among the public on the importance of preservation of the ecosystem. Activities related to support of orphanages by way of financial assistance /contributions for meeting the basic human needs.	1) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, Agro forestry, conservation of natural resources and maintaining quality of soil, air and water. Measures reducing inequalities faced by socially and economically backward groups.	Ernakulam, Kerala, K.G Chavadi, Bhubaneswar, Kanpur and Rangpo Nagar Panchayat, Sikkim	28,01,095.00	28,01,095.00	28,01,095.00	Direct: 25,51,095.00 Agency: 2,50,000.00
4	**V-Guard Sports, Arts & Cultural Programme** Badminton Coaching	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	Kottayam, Kerala	10,00,000.00	10,00,000.00	10,00,000.00	Agency: 10,00,000.00
	Subtotal			2,32,65,019.00	2,32,65,019.00	2,32,65,019.00	
	Administrative Expenses				6,26,041.00	6,26,041.00	
	Total CSR spent				2,38,91,060.00	2,38,91,060.00	

Details of Agency

(1) Basic Charitable Trust, Kottayam

(2) Catholic Health association of India, Telengana

(3) Cochin Bypass Beautification Society, Kochi

(4) Pushpvihar Ayyapa Sewa Samithi, New Delhi

(5) Malabar Cancer Center, Kannur

(6) Siliguri Tigers Round Table 274

(7) Deshapande Educational Trust, Hubli

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report.

   Not Applicable. Please refer to item no. 5(b) above.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

   We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

For and on behalf of CSR Committee

Sd/-	Sd/-	Sd/-
Kochouseph Chittilappilly	**Cherian N Punnoose**	**Mithun K Chittilappilly**
Chairman	***Member***	***Member***
(DIN: 00020512)	(DIN: 00061030)	(DIN: 00027610)

May 19, 2017
Kochi

For and on behalf of Board of Directors

Sd/-	Sd/-
Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Chairman	***Managing Director***
(DIN: 00020512)	(DIN: 00027610)

May 19, 2017
Kochi

Annexure – 4

DETAILS OF STOCK OPTIONS PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

1. **Disclosure in terms of Guidance note on accounting for employee share-based payments issued by ICAI**
   Disclosed in the notes to financial statements - Refer to Note 28.5 of Standalone Financials Statements 2016-17, which forms the part of this Annual Report

2. **Material Changes in the Scheme**
   No material change has been carried out during the financial year under review. The Company has sub-divided its share from ₹10 to Re. 1 and made a bonus issue of shares in the ratio of 2:5 during the financial year under review. A fair and reasonable adjustment was made in respect of options unvested and outstanding and vested and exercisable. The exercise prices were adjusted to give effect to the sub-division and bonus. The Scheme was primarily adopted as per the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999, and the same was aligned as per the provisions and requirements under the SEBI (Share Based Employee Benefits) Regulations, 2015.

3. **Diluted EPS on issue of shares pursuant to ESOS:** ₹3.54

4. (i) Summary

Sr. No.	Particulars	ESOS 2013	
1	Details of the Shareholders Approval	May 14, 2013 and July 26, 2016	
2	Total number of Options approved under the scheme	1,34,50,000 no. of options	
3	Vesting requirements	Options will vest over a period of three years for Grant 1 and Grant 2. In respect of Grants 3 to 7, which were made during the Financial Year 2016-17, options will vest over a period of four years, and will be vested subject to fulfillment of terms and conditions attached to each grant.	
4	Exercise Price / Pricing Formula	The Company has granted options at Market price and at face value as follows:	
		No. of Options	Particulars
		1,11,96,310	At Market Price
		41,46,380	At Face Value
5	Maximum Term of the Options granted	The total term of options for the grants 1 and 2 will be 9 years and for the grants 3 to 7 will be 10 years. (Exercise period will be for a period of 6 years from each year of vesting).	
6	Source of Shares	Primary	
7	Variation in terms of options	No Variation	
8	Method used for Accounting of ESOS	Intrinsic Value method	
9	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock option, the difference between employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and EPS of the Company is as follows.		
	Profit as reported (Rs. In lakhs)	15,180.00	

Sr. No.	Particulars	ESOS 2013
	Add - Intrinsic Value Cost (Rs. In lakhs)	529.60
	Less - Fair Value Cost (Rs. In lakhs)	948.99
	Profit as adjusted (Rs. In lakhs)	14,760.61
	Earning per share (Basic) as reported	3.59
	Earning per share (Basic) adjusted	3.49
	Earning per share (Diluted) as reported	3.54
	Earning per share (Diluted) adjusted	3.45
10	For Options granted during the year weighted average exercise prices and weighted average fair value of the options shall be disclosed seperately for options whose exercise price either equals or is less than the market price of the stock	
	Weighted average exercise price of Options whose	**Rs.**
	Exercise price equals market price	113.22
	Exercise price is greater than market price	NIl
	Exercise price is less than market price	1.00
	Weighted average fair value of options whose	**Rs.**
	Exercise price equals market price	344.73
	Exercise price is greater than market price	NIl
	Exercise price is less than market price	150.98

4. (ii)

Employee-wise details of options granted during the financial year 2016-17 to:		
(i)	**Senior managerial personnel**	
	Name of employee	**Total number of Options**
	Mr. Ramachandran V	57,44,718
	Mr. Deepak Augustin	
	Mr. Sudarshan Kasturi	
(ii)	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	
	Name of employee	**Number of Options**
	Mr. Ramachandran V	56,00,000
(iii)	Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	
	Name of employee	**Number of Options**
	Mr. Ramachandran V	56,00,000

4. (iii)

A description of the method and significant assumption used during the year to estimate the fair values of options.		
a)	The fair value has been calculated using the Black Scholes Option Pricing model. The assumptions used in the model are as follows	Weighted Average Assumptions
	Price of the underlying shares in market at the time of Option grant (Rs.)	127.31
	Expected Volatility %	31.57
	Riskfree Rate %	7.30
	Exercise Price (Rs.)	75.63
	Expected Life (In Years)	5.99
	Expected Dividend %	0.44
b)	The Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the Options.	
c)	The volatility used in the Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the options and is based on the daily volatility of the Company's stock price on NSE.	

Note: Additional options granted on account of bonus issue made have not been considered on the above calculations.

5. Options Movement During the year

Sr. No.	Particulars	ESOS 2013 Grant I	ESOS 2013 Grant II	ESOS 2013 Grant III	ESOS 2013 Grant IV	ESOS 2013 Grant V (A)	ESOS 2013 Grant V(B)	ESOS 2013 Grant VI	ESOS 2013 Grant VII
1	Options Outstanding at the Beginning of the year	44,52,890 number of options of ₹48.50 each and 7,90,460 number of options of Re.1/- each.	6,84,470 number of options of ₹99.90 each and 2,21,810 number of options of Re. 1/- each	NIL	NIL	NIL	NIL	NIL	NIL
2	Options Granted during the year	Nil under grant I	Nil under grant II	27,00,000 number of options @ ₹96.25 and 3,00,000 number of options @ Re. 1/-.	1,85,360 number of options @ Re.1/- each	936,090 number of options @ Re.1/- each.	8,00,000 number of options @ ₹170.50 and 2,00,000 options @ Re. 1/-	82,840 number of options @ Re. 1/-each	58,900 number of options @ Re. 1/-each
3	Options Vested during the year	17,90,730 number of options @ ₹48.50 and 5,49,540 number of options @ Re.1/- each	2,21,100 number of options @ ₹99.90 each and 71,630 options @ Re. 1/- each.	NIL	NIL	NIL	NIL	NIL	NIL
4	Options Exercised during the year	17,06,920 number of options were exercised @ ₹48.50 and 6,04,160 number of options were exercised @ Re.1/- each.	89,465 number of options were exercised @ ₹99.90 and 71,630 number of options were exercised @ Re. 1/-each.	NIL	NIL	NIL	NIL	NIL	NIL
5	Total number of shares arising as a result of exercise of options	23,11,080	1,61,095	NIL	NIL	NIL	NIL	NIL	NIL

Sr. No.	Particulars	ESOS 2013 Grant I	ESOS 2013 Grant II	ESOS 2013 Grant III	ESOS 2013 Grant IV	ESOS 2013 Grant V (A)	ESOS 2013 Grant V(B)	ESOS 2013 Grant VI	ESOS 2013 Grant VII
6	Options Cancelled during the year	3,95,850 and 1,21,710 number of options granted @ ₹48.50 and @ Re.1/- respectively were cancelled.	4,770 and 1,540 number of options granted @ ₹99.90 and @ Re. 1/- respectively were cancelled.	NIL	NIL	NIL	NIL	NIL	NIL
7	Options Lapsed during the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
8	Additional options on adjustment of bonus issue @ 2:5	9,40,048 and 25,836 number of options were added on account of bonus issue for outstanding options at fair market value and face value respectively.	2,36,094 and 59,456 number of options were added on account of bonus issue for outstanding options at fair market value and face value respectively.	10,80,000 and 1,20,000 number of options were added on account of bonus issue for outstanding options at fair market value and face value respectively.	74,144 number of options were added on account of bonus issue for outstanding options at face value.	374,436 number of options were added on account of bonus issue for outstanding options at face value.	3,20,000 and 80,000 numbers of options were added on account of bonus issue for outstanding options at fair market value and at face value respectively.	33,136 number of options were added on account of bonus issue for outstanding options at face value.	23,560 number of options were added on account of bonus issue for outstanding options at face value.
9	Options Outstanding at the end of the year with adjusted exercisable price after cosndiering bonus adjustment	32,90,168 number of options of ₹34.64 each and 90,426 number of options of Re. 1/- each.	8,26,329 number of options of ₹71.36 each and 2,080,96 number of options of Re. 1/- each.	37,80,000 options of ₹68.75 each and 4,20,000 number of options of Re. 1/- each.	2,59,504 number of options of Re. 1/- each	13,10,526 options of Re. 1/- each.	11,20,000 options of ₹121.80 each and 2,80,000 options of Re.1/ each.	11,59,76 options of Re. 1/-	82,460 options of Re. 1/-
10	Options Exercisable at the end of the year	32,90,168 number of options of ₹34.64 each and 90,426 number of options of Re. 1/- each.	1,84,289 number of options of ₹71.36 each	Nil	Nil	Nil	Nil	Nil	Nil
11	Money realised by exercise of options (Rs.)	8,33,89,780	9009183.5	Nil	Nil	Nil	Nil	Nil	Nil
12	Loan repaid by the trust during the year from the exercise price received	NA	NA	NA	NA	NA	NA	NA	NA

Note: The disclosures made above are available on the Company's, website, www.vguard.in under the section "Investor Relations"

For and on behalf of the Board of Directors

S/d	S/d
Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Chairman	*Managing Director*
(DIN:00020512)	(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 5

DIVIDEND POLICY

Preamble

Distribution of profit by a Company among its shareholder is termed as payment of Dividend. A Company may either distribute, entire profits earned by it, among its shareholders or distribute a certain percentage of its profit and retain the balance in business for purposes like expansion, diversification and inorganic investments. A formal dividend policy, helps the Board of a Company, to arrive at a balanced dividend pay-out ratio, taking into account, factors such as profit made during the relevant financial year, expansion programmes, other strategic plans etc.

Objective of the Policy

This policy formulated by the Board of Directors (the Board) of V-Guard Industries Ltd., (the Company) will act as an aid to declare dividend and its pay-out by the Company in compliance with the provisions of Companies Act, 2013 (the Act) (including any statutory re-enactment made from time to time) read with applicable rules framed thereunder, as may be in force for the time being.

The objective of the policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all the stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profit retained in the business for various purposes. The Board, will refer to this policy, while declaring / recommending dividend and would endeavour to maintain a consistent approach to dividend pay-out plans and also provide greater clarity on the dividend pay-out philosophy of the Company.

Final Dividend

Payment of dividend which is approved by the shareholders of a Company in their Annual General Meeting, based on the recommendation of Board of Directors, subsequent to adoption of audited annual financial statements of a Financial Year is the final dividend for that particular Financial Year.

Process for approval of payment of Final Dividend

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Based on the profits arrived at as per the audited financial statements;
- Shareholders to approve in Annual General Meeting;
- Once in a financial year.

Interim Dividend

The Board of the Company may declare interim dividend during a Financial Year, based on the profits of any particular quarter or half year or in exceptional circumstances.

Process of approval of payment of Interim Dividend

- Board may declare Interim Dividend at its discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- One or more times in a financial year.

Declaration of Dividend

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of

i) Current financial year's profit:
   a) after providing for depreciation in accordance with law.
ii) The profits for any previous financial year(s):
   a) after providing for depreciation in accordance with law;
   b) remaining undistributed; or
iii) out of i) & ii) both.

The Board may, while declaring or recommending Dividend, transfer to reserves such amount as may be considered appropriate. However, transfer of amount of reserves, before declaring or recommending Dividend is not mandatory, as per the provisions of the Act.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

Factors to be considered while declaring or recommending Dividend

While declaring or recommending Dividend, the Board shall take into account, the external and internal factors and arrive at an optimum percentage for distributing the profits of the Company.

The Board may consider the external factors such as economic, business and market conditions and if the conditions are not favourable, the Board may decide to retain larger part of profits to build up reserves. The Board may also consider the restrictions imposed by the Companies Act, with regard to declaration of Dividend.

Apart from the external factors, the Board may also consider various internal factors, while declaring Dividend. The Board may take into account, the present and future capital requirements for both existing and new units, business acquisition plans and any other matters that the Board may deem fit.

Dividend Range

The Company aims in ensuring sustainable wealth creation for its shareholders and with this objective, would distribute an optimum level of profits among the shareholders and retain the balance for meeting the expansion requirements. The Board will endeavour to maintain a Dividend pay-out in the range of 15-25% of the Company's Profit After Tax on standalone financials.

The Board may, at its discretion, consider declaring or recommending special dividends, at times, when the Company has huge cash surpluses, which is not deployed or earmarked for expansion programmes or makes extraordinary profits, from sale of assets or investments.

Review

The Board, may review this policy on periodical basis, considering various external and internal factors.

For and on behalf of the Board of Directors

S/d	S/d
Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Chairman	*Managing Director*
(DIN:00020512)	(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 6

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L31200KL1996PLC010010
ii)	Registration Date	12.02.1996
iii)	Name of the Company	V-GUARD INDUSTRIES LIMITED
iv)	Category	Company limited by shares
v)	Sub-Category of the Company	Indian Non Government Company
vi)	Address of the Registered office and contact details	42/962, Vennala High School Road, Vennala, Kochi-682028 Ph:0484-3005000; Fax:0484-3005100; e-mail: mail@vguard.in
vii)	Whether listed company	Listed at BSE Ltd., and National Stock Exchange of India Ltd.
viii)	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Pvt. Ltd., Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028. Ph: 0422-2314792; e-mail: coimbatore@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	House Wiring Cables	31300	28.40
2	Stabilizer	31901	20.30
3	Electric Water Heater	29305	10.00
4	Pump	2812	12.50

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1	N.A	N.A	N.A	N.A	N.A

III. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS A PERCENTAGE OF TOTAL EQUITY)

(i) Category - Wise Shareholding

Category Code	Category of shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change
		Number of shares held in demeteri-alized form	Number of shares held in physical form	Total Number of shares	% of Total number of shares	Number of shares held in demeteri-alized form	Number of shares held in physical form	Total Number of shares	% of Total number of shares	% of change during the year
(A)	Promoters									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	10686845	0	10686845	35.52	128807830	0	128807830	30.33	-5.19
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other - Promoter group									
	Individuals	9080015	0	9080015	30.18	127127210	0	127127210	29.94	-0.24
	Trust	0	0	0	0.00	20808000	0	20808000	4.90	4.90
	Sub Total (A)(1)	**19766860**	**0**	**19766860**	**65.70**	**276743040**	**0**	**276743040**	**65.17**	**-0.53**
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Foreign Portfolio Investor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**19766860**	**0**	**19766860**	**65.70**	**276743040**	**0**	**276743040**	**65.17**	**-0.53**
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	2467690	0	2467690	8.20	42568748	0	42568748	10.02	1.82
(b)	Financial Institutions / Banks	1964	0	1964	0.01	149873	0	149873	0.04	0.03
(c)	Central Government	0	0	0	0	0	0	0	0	0.00
(d)	State Government	0	0	0	0	0	0	0	0	0.00
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0.00
(g)	Foreign Portfolio Investors	5023219	0	5023219	16.70	53178471	0	53178471	12.52	-4.17
(h)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0.00
(i)	Any Other (Specify)	0	0	0	0	0	0	0	0	0.00
	Sub Total (B)(1)	**7492873**	**0**	**7492873**	**24.91**	**95897092**	**0**	**95897092**	**22.58**	**-2.32**
[2]	Non-Institutions									
(a)	Bodies Corporates									
	1) Indian	88106	1800	89906	0.30	1923427	12600	1936027	0.46	0.16
	2) Overseas	0	0	0	0	0	0	0	0	0

Category Code	Category of shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change
		Number of shares held in demateri-alized form	Number of shares held in physical form	Total Number of shares	% of Total number of shares	Number of shares held in demateri-alized form	Number of shares held in physical form	Total Number of shares	% of Total number of shares	% of change during the year
(b)	Individuals									
	Individual shareholders holding nominal share capital upto ₹1 lakh.	1857001	117763	1974764	6.56	34221504	1237098	35458602	8.35	1.79
	Individual shareholders holding nominal share capital in excess of ₹1 lakh	541024	0	541024	1.80	9846779	124600	9971379	2.34	0.54
(c)	Any Other (Specify)									
	1) Clearing Member	11852	0	11852	0.04	1005500	0	1005500	0.24	0.20
	2) Market Maker	168	0	168	0.00	0	0	0	0.00	0.00
	3)Non Resident Indians Repatriable	157112	0	157112	0.52	2711934	0	2711934	0.64	0.12
	4)Non Resident Indians Non Repatriable	27300	0	27300	0.09	435177	0	435177	0.11	0.02
	5)Trusts	0	0	0	0.00	600	0	600	0.00	0.00
	6) Hindu Undivided Family	21531	0	21531	0.07	469154	0	469154	0.11	0.04
	7) Unclaimed Shares	1665	0	1665	0.00	23310	0	23310	0.00	0.00
	8) Foreign Portfolio Investor (Individual)	189	0	189	0.00	2646	0	2646	0.00	0.00
	Sub total (B)(2)	**2705948**	**119563**	**2825511**	**9.39**	**50640031**	**1374298**	**52014329**	**12.24**	**2.86**
	Total Public Shareholding(B)=(B)(1)+(B)(2)	**10198821**	**119563**	**10318384**	**34.30**	**146537123**	**1374298**	**147911421**	**34.83**	**0.54**
	Total (A)+(B)	**29965681**	**119563**	**30085244**	**100.00**	**423280163**	**1374298**	**424654461**	**100.00**	
(C)	Shares held by Custodians and against for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Sub total (C)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	GRAND TOTAL (A)+(B)+ (C)	**29965681**	**119563**	**30085244**	**100.00**	**423280163**	**1374298**	**424654461**	**100.00**	

Note: The figures shown for the beginning for the year is before taking into effect the sub-division of shares.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		Number of shares	% of Total number of shares	% of Shares pledged / encumbered to total shares	**Number of shares	% of Total number of shares	% of Shares pledged / encumbered to total shares	
1	Kochouseph Chittilappilly	7366518	24.49	0.00	82323252	19.39	0.00	-5.10
2	Sheela Kochouseph	3320327	11.04	0.00	46484578	10.95	0.00	-0.09
3	Mithun K Chittilappilly*	5110318	16.99	0.00	71551452	16.85	0.00	-0.14
4	Arun K Chittilappilly*	3969697	13.19	0.00	55575758	13.09	0.00	-0.11
5	K Chittilappilly Trust*	0	0.00	0.00	20808000	4.90	0.00	4.90
	TOTAL	19766860	65.70	0.00	276743040	65.17	0.00	-0.53

*Member of Promoter Group as defined under SEBI (ICDR) Regulations 2009, which is amended from time to time. During the financial year under review, shares were transferred to K Chittilappilly Trust, one of the entiities under promtoer group.

**During the Financial Year under review, the Company had sub-divided the face value of equity shares from ₹10/- to Re.1 effective from September 1, 2016 and made a bonus issue of shares in the ratio of 2:5. Change in shareholding of promoters and promoter group at the end of the Financial Year is mainly on account of sub-division of shares and bonus issue.

(iii) Change in share holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of shares	% of total shares of the Comany	Number of shares	% of total shares of the Comany
1	**Kochouseph Chittilappilly**				
	At the beginning of the year	7366518	24.49	7366518	24.49
	Date wise Increase/ Decrease in promoter share holding during the year specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.)				
	Stock Split on 28.03.2016	73665180	24.40	73665180	24.40
	Increase on 17.03.2017 -Bonus shares	29466072	6.94	103131252	24.29
	Decrease on 31.03.2017 - Transfer through off market to K Chittilappilly Trust	-20808000	4.90	82323252	19.39
	At the end of the year			82323252	19.39
2	**Sheela Kochouseph**				
	At the beginning of the year	3320327	11.04	3320327	11.04
	Date wise Increase/ Decrease in promoter share holding during the year specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.)				
	Stock Split on 31.08.2016	33203270	11.00	33203270	11.00
	Increase on 17.03.2017 -Bonus shares	13281308	3.13	46484578	10.95
	At the end of the year			46484578	10.95
3	**Mithun K Chittilappilly**				
	At the beginning of the year	5110318	16.99	5110318	16.99
	Date wise Increase/ Decrease in promoter share holding during the year specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.)				
	Stock Split on 31.08.2016	51103180	16.93	51103180	16.93
	Increese on 04.01 2017 - Purchase	5000	0.00	51108180	16.91
	Increase on 17.03.2017 -Bonus shares	20443272	4.81	71551452	16.85
	At the end of the year			71551452	16.85
4	**Arun K Chittilappilly**				
	At the beginning of the year	3969697	13.19	3969697	13.19
	Date wise Increase/ Decrease in promoter share holding during the year specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.)				
	Stock Split on 31.08.2016	39696970	13.15	39696970	13.15
	Increase on 17.03.2017 -Bonus shares	15878788	3.74	55575758	13.09
	At the end of the year			55575758	13.09
5	**K Chittillapilly Trust**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase/ Decrease in promoter share holding during the year specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.)				
	Increase on 28.03.2017 - Acquisition from Mr. Kochouseph Chittilappilly through off market transfer	20808000	4.90	20808000	4.90
	At the end of the year			20808000	4.90

(iv) Shareholding Pattern of top 10 Shareholders (Other than Directors, Promoters and Holders of GDR and ADR'S)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NALANDA INDIA EQUITY FUND LIMITED				
	At the beginning of the year	1304485	4.34	1304485	4.34
	Increase on 31.08.2016 / Stock Split	13044850	4.32	13044850	4.32
	Increase on 17.03.2017 / Bonus	5217940	1.23	18262790	4.30
	At the end of the year			18262790	4.30
2	DSP BLACKROCK MICRO CAP FUND ##				
	At the beginning of the year	0	0.00	0	0.00
	Increase on 29.04.2016 / Purchase	1196000	3.98	1196000	3.98
	Increase on 13.05.2016 / Purchase	19615	0.01	1215615	4.04
	Increase on 29.07.2016 / Purchase	6381	0.00	1221996	4.06
	Increase on 31.08.2016 / Stock Split	12219960	4.05	12219960	4.06
	Increase on 21.10.2016 / Purchase	67076	0.02	12287036	4.07
	Decrease on 04.11.2016 / Sale	-25160	0.01	12261876	4.06
	Decrease on 18.11.2016 / Sale	-24815	0.01	12237061	4.05
	Decrease on 25.11.2016 / Sale	-520528	0.17	11716533	3.88
	Increase on 17.02.2017 / Purchase	19800	0.01	11736333	3.88
	Increase on 24.02.2017 / Purchase	59029	0.02	11795362	3.90
	Decrease on 03.03.2017 / Sale	-101245	0.03	11694117	3.87
	Decrease on 16.03.2017 / Sale	-852745	0.28	10841372	3.57
	Increase on 17.03.2017 / Bonus	4336547	1.02	15177919	3.57
	Decrease on 17.03.2017 / Sale	-61481	0.01	15116438	3.56
	Decrease on 24.03.2017 / Sale	-224171	0.05	14892267	3.51
	Decrease on 31.03.2017 / Sale	-154083	0.04	14738184	3.47
	At the end of the year			14738184	3.47
3	NALANDA INDIA FUND LIMITED				
	At the beginning of the year	789964	2.63	789964	2.63
	Increase on 31.08.2016 / Stock Split	7899640	2.62	7899640	2.62
	Increase on 17.03.2017 / Bonus	3159856	0.74	11059496	2.60
	At the end of the year			11059496	2.60
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND				
	At the beginning of the year	763398	2.54	763398	2.54
	Decrease on 06.05.2016 / Sale	-7436	0.00	755962	2.51
	Decrease on 13.05. 2016 / Sale	-15471	0.00	740491	2.46
	Decrease on 10.06.2016 / Sale	-1582	0.00	738909	2.45
	Decrease on 17.06.2016 / Sale	-3587	0.00	735322	2.44
	Decrease on 24.06.2016 / Sale	-7581	0.03	727741	2.42
	Decrease on 30.06.2016 / Sale	-2124	0.00	725617	2.41

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Decrease on 01.07.2016 / Sale	-10527	0.03	715090	2.38
	Decrease on 08.07.2016 / Sale	-8880	0.03	706210	2.35
	Decrease on 15.07.2016 / Sale	-10286	0.03	695924	2.31
	Decrease on 22.07.2016 / Sale	-9000	0.03	686924	2.28
	Decrease on 29.07.2016 / Sale	-13937	0.05	672987	2.23
	Decrease on 05.08.2016 / Sale	-17087	0.06	655900	2.17
	Increase on 19.08.2016 / Purchase	994	0.00	656894	2.17
	Decrease on 26.08.2016 / Sale	-2850	0.00	654044	2.17
	Decrease on 31.08.2016 / Sale	-14342	0.05	639702	2.12
	Increase on 31.08.2016 / Stock Split	6397020	2.12	6397020	2.12
	Decrease on 09.09.2016 / Sale	-134924	0.45	6262096	2.07
	Decrease on 16.09.2016 / Sale	-133904	0.05	6128192	2.03
	Decrease on 23.09.2016 / Sale	-69803	0.02	6058389	2.01
	Decrease on 07.10.2016 / Sale	-23226	0.01	6035163	2.00
	Decrease on 14.10.2016 / Sale	-20921	0.01	6014242	2.00
	Decrease on 21.10.2016 /Sale	-54125	0.02	5960117	1.97
	Decrease on 28.10.2016 / Sale	-218500	0.07	5741617	1.90
	Decrease on 04.11.2016 / Sale	-75239	0.02	5666378	1.88
	Decrease on 02.12.2016 / Sale	-100000	0.03	5566378	1.84
	Decrease on 30.12.2016 / Sale	-62710	0.02	5503668	1.82
	Decrease on 06.01.2017 / Sale	-65660	0.02	5438008	1.80
	Decrease on 03.02.2017 / Sale	-237726	0.08	5200282	1.72
	Decrease on 10.02.2017 / Sale	-88415	0.03	5111867	1.69
	Decrease on 10.03.2017 / Sale	-77429	0.02	5034438	1.66
	Decrease on 16.03.2017 / Sale	-60000	0.02	4974438	1.64
	Increase on 17.03.2017 / Bonus	1989773	0.66	6964211	1.64
	Decrease on 24.03.2017 / Sale	-57264	0.01	6906947	1.63
	Decrease on 31.03.2017 / Sale	-163317	0.04	6743630	1.59
	At the end of the year			6743630	1.59
5	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND ##				
	At the beginning of the year	0	0.00	0	0.00
	Increase on 29.07. 2016 / Purchase	75757	0.25	75757	0.25
	Increse on 05.08.2016 / Purchase	8234	0.00	83991	0.28
	Increase on 31.08.2016 / Purchase	29000	0.10	112991	0.37

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase on 31.08.2016 /Stock Split	1129910	0.37	1129910	0.37
	Increase on 28.10.2016 /Purchase	240000	0.08	1369910	0.45
	Increase on 04.11.2016 / Purchase	240000	0.08	1609910	0.53
	Increase on 20.01.2017 / Purchase	47833	0.02	1657743	0.55
	Increase on 27.01.2017 / Purchase	775532	0.26	2433275	0.81
	Increase on 03.02.2017 / Purchase	2089115	0.69	4522390	1.50
	Increase on 10.02.2017 / Purchase	558538	0.18	5080928	1.68
	Increase on 03.03.2017 / Purchase	230000	0.07	5310928	1.75
	Decrease on 10.03.2017 / Sale	-220897	0.07	5090031	1.68
	Decrease on 16.03.2017 / Sale	-218483	0.07	4871548	1.53
	Increase on 17.03.2017 / Bonus	1948618	0.46	6820166	1.61
	Decrease on 17.03.2017 /Sale	-214195	0.05	6605971	1.56
	Decrease on 24.03.2017 / Sale	-220805	0.05	6385166	1.50
	At the end of the year			6385166	1.50
6	INDIA MIDCAP (MAURITIUS) LTD. ##				
	At the beginning of the year	0	0.0	0	0.00
	Increase on 29.04.2016 / Purchase	508000	1.69	508000	1.69
	Increase on 06.05.2016 / Purchase	705	0.04	508705	1.69
	Decrease on 24.06.2016 / Sale	-10576	0.00	498129	1.65
	Decrease on 29.07.2016 / Sale	-5000	0.00	493129	1.63
	Decraese on 12.08. 2016 / Sale	-3028	0.00	490101	1.62
	Decraese on 19.08.2016 / Sale	-3000	0.00	487101	1.61
	Decrease on 26.08.2016 / Sale	-3361	0.00	483740	1.60
	Decraese on 31.08.2016 / Sale	-14330	0.05	469410	1.56
	Increase on 31.08.2016 / Stock Split	4694100	1.56	4694100	1.56
	Decrease on 02.09.2016 / Sale	-351172	0.12	4342928	1.44
	Decrease on 09.09.2016 / Sale	-44928	0.01	4298000	1.42
	Decrease on 16.09.2016 / Sale	-34228	0.01	4263772	1.41
	Decrease on 23.09.2016 / Sale	-43772	0.01	4220000	1.40
	Decrease on 30.09.2016 / Sale	-38200	0.01	4181800	1.39
	Decrease on 07.10.2016 / Sale	-10808	0.00	4170992	1.38
	Decrease on 21.10.2016 / Sale	-4200	0.00	4166792	1.38
	Decrease on 28.10.2016 / Sale	-48792	0.02	4118000	1.36
	Decrease on 04.11.2016 / Sale	-14753	0.00	4103247	1.36
	Decrease on 11.11.2016 / Sale	-23247	0.01	4080000	1.35
	Decrease on 18.11.2016 / Sale	-25000	0.01	4055000	1.34
	Increase on 30.12.2016 / Purchase	25000	0.01	4080000	1.35
	Decease on 03.02.2017 / Sale	-14273	0.00	4065727	1.35
	Decease on 03.03.2017 / Sale	-41842	0.01	4023885	1.33

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase on 17.03.2017 / Bonus	1609554	0.38	5633439	1.33
	At the end of the year			5633439	1.33
7	PRIYA SARAH ARUN CHITTILAPPILLY				
	At the beginning of the year	307667	1.02	307667	1.02
	Increase on 31.08.2016 / Stock Split	3076670	1.02	3076670	1.02
	Increase on 17.03.2017 / Bonus	1230668	0.29	4307338	1.01
	At the end of the year			4307338	1.01
8	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE ADVANTAGE FUND				
	At the beginning of the year	180748	0.60	180748	0.60
	Increase on 29.04.2016 / Purchase	38311	0.13	219059	0.73
	Increase on 08.07.2016 / Purchase	10000	0.00	229059	0.76
	Increase on 31.08.2016 / Stock Split	2290590	0.76	2290590	0.76
	Increase on 07.10.2016 / Purchase	144660	0.05	2435250	0.81
	Increase on 28.10.2016 / Purchase	50000	0.02	2485250	0.82
	Increase on 16.12.2016 / Purchase	100000	0.03	2585250	0.86
	Increase on 13.01.2017 / Purchase	120000	0.04	2705250	0.90
	Increase on 03.03.2017 / Purchase	96890	0.03	2802140	0.92
	Increase on 17.03.2017 / Bonus	1120856	0.26	3922996	0.92
	At the end of the year			3922996	0.92
9	ICICI PRUDENTIAL LONG TERM EQUITY FUND TAX SAVINGS				
	At the beginning of the year	1107779	3.68	1107779	3.68
	Increase on 08.04.2016 / Purchase	125	0.00	1107904	3.68
	Decrease on 13.05.2016 / Sale	-14775	0.05	1093129	3.63
	Decrease on 20.05.2016 / Sale	-16462	0.05	1076667	3.58
	Decrease on 27.05.2017 / Sale	-73437	0.24	1003230	3.33
	Decrease on 03.06.2016 / Sale	-34113	0.11	969117	3.22
	Decrease on 17.06.2016 / Sale	-25943	0.09	943174	3.13
	Decrease on 24.06.2016 / Sale	-11499	0.04	931675	3.10
	Decrease on 08.07.2016 / Sale	-10000	0.04	921675	3.06
	Decrease on 15.07.2016 / Sale	-108096	0.34	813579	2.70
	Decrease on 29.07.2016 / Sale	-44777	0.15	768802	2.55
	Decrease on 26.08.2016 / Sale	-3886	0.00	764916	2.53
	Increase on 31.08.2016 / Stock Split	7649160	2.53	7649160	2.53
	Decrease on 21.10.2016 / Sale	-39925	0.01	7609235	2.52
	Decrease on 28.10.2016 / Sale	-436064	0.14	7173171	2.37
	Decrease on 04.11.2016 / Sale	-78502	0.03	7094669	2.35
	Decrease on 18.11.2016 / Sale	-41746	0.01	7052723	2.33

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Decrease on 25.11.2016 / Sale	-417183	0.14	6635540	2.20
	Decrease on 02.12.2016 / Sale	-603724	0.20	6031816	2.00
	Decrease on 09.12.2016 / Sale	-319322	0.11	5712494	1.89
	Decrease on 16.12.2016 / Sale	-258746	0.09	5453748	1.80
	Decrease on 23.12.2016 /Sale	-153285	0.05	5300463	1.75
	Decrease on 30.12.2016 / Sale	-223310	0.07	5077153	1.68
	Decrease on 06.01.2017 /Sale	-447989	0.15	4629164	1.53
	Decrease on 13.01.2017 / Sale	-864181	0.29	3764983	1.25
	Decrease on 20.01.2017 / Sale	-319536	0.11	3445447	1.14
	Decrease on 27.01.2017 / Sale	-78577	0.03	3366870	1.11
	Decrease on 03.02.2017 / Sale	-592717	0.20	2774153	0.92
	Decrease on 10.03.2017 / Sale	-26268	0.01	2747885	0.91
	Decrease on 16.03.2017 / Sale	-187948	0.06	2559937	0.84
	Increase on 17.03.2017 / Bonus	1023974	0.24	3583911	0.84
	Decrease on 17.03.2017 / Sale	-119255	0.03	3464656	0.82
	At the end of the year			3464656	0.82
10	GOVERNMENT PENSION FUND GLOBAL ##				
	At the beginning of the year	0	0.00	0	0.00
	Increase on 29.04.2016 / Purchase	343710	1.14	343710	1.14
	Decrease on 26.08.2016 / Sale	-37848	0.13	305862	1.01
	Stock Split on 31.08.2017	3058620	1.01	3058620	1.01
	Decrease on 23.09.2016 / Sale	-55506	0.18	3003114	1.00
	Decrease on 30.09.2016 / Sale	-13264	0.00	2989850	0.99
	Decrease on 21.10.2016 / Sale	-105658	0.03	2884192	0.96
	Decrease on 04.11.2016 /Sale	-94011	0.03	2790181	0.92
	Decrease on 11.11.2016 / Sale	-385538	0.13	2404643	0.80
	Decrease on 18.11.2016 / Sale	-15282	0.00	2389361	0.79
	Decrease on 25.11.2016 /Sale	-101214	0.03	2288147	0.76
	Bonus issue on 17.03.2017	915258	0.21	3203405	0.75
	At the end of the year			3203405	0.75
11	STEADVIEW CAPITAL MAURITIUS LIMITED **				
	At the beginning of the year	1054131	3.50	1054131	3.50
	Decrease on 29.04.2016 / Sale	-1054131	3.50	0	0.00
	At the end of the year			0	0.00
12	ABG CAPITAL **				
	At the beginning of the year	696547	2.32	696547	2.32
	Decrease on 29.04.2016 / Sale	-696547	2.32	0	0.00
	At the end of the year			0	0.00
13	LTR FOCUS FUND**				

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	568630	1.89	568630	1.89
	Decrease on 29.04.2016 / Sale	-568630	1.89	0	0.00
	At the end of the year			0	0.00
14	KOTAK EMERGING EQUITY SCHEME **				
	At the beginning of the year	272351	0.91	272351	0.91
	Increase on 15.04.2016 / Purchase	910	0.00	273261	0.91
	Decrease on 29.07.2016 / Sale	-18702	0.06	254559	0.85
	Decrease on 05.08.2016 /Sale	-2367	0.00	252192	0.84
	Decrease on 12.08.2016 / Sale	-10000	0.03	242192	0.80
	Decrease on 19.08.2016 / Sale	-2922	0.00	239270	0.79
	Decrease on 26.08.2016 / Sale	-10000	0.03	229270	0.76
	Decrease on 31.08.2016 / Sale	-30270	0.10	199000	0.66
	Stock Split on 31.08.2016	1990000	0.66	1990000	0.66
	Decrease on 02.09.2016 / Sale	-74123	0.02	1915877	0.63
	Decrease on 11.11.2016 / Sale	-139748	0.05	1776129	0.59
	Increase on 13.01.2017 / Purchase	100000	0.03	1876129	0.62
	Decrease on 10.02.2017 / Sale	-150000	0.05	1726129	0.57
	Decrease on 03.03.2017 / Sale	-55832	0.02	1670297	0.55
	Decrease on 10.03.2017 / Sale	-14131	0.00	1656166	0.55
	Bonus issue on 17.03.2017	662466	0.15	2318632	0.55
	At the end of the year			2318632	0.55

** Ceased to be in the list of Top 10 shareholders as on 31.03.2017. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2016

Not in the list of Top 10 shareholders as on 01.04 2017. The same is reflected above since the shareholder is one of the Top 10 shareholder as on 31.03.2017.

(V) SHAREHOLDING OF DIRECTORS AND KMP

Sr. No.	Name of Director/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Kochouseph Chittilappilly (Chairman)**				
	At the beginning of the year	7366518	24.48	7366518	24.48
	Increase/decrease during the year				
	31.08.2016 - Stock Split	73665180	24.40	73665180	24.40
	17.03.2017 - Bonus Shares	29466072	6.94	103131252	24.28
	28.03.2017 - Transfer	-20808000	4.89	82323252	19.39
	At the end of the year			82323252	19.39
2	**Mithun K Chittilappilly (Managing Director)**				
	At the beginning of the year	5110318	16.99	5110318	16.99
	Increase/decrease during the year				
	31.08.2016 - Stock Split	51103180	16.93	51103180	16.93
	04.01.2017 - Purchase	5000	0	51108180	16.91
	17.03.2017 - Bonus Shares	20443272	4.81	71551452	16.85
	At the end of the year			71551452	16.85
3	**Ramachandran V (Director & Chief Operating Officer)**				
	At the beginning of the year	36881	0.12	36881	0.12
	Increase/decrease during the year				
	31.08.2016 - Stock Split	368810	0.12	368810	0.12
	30.01.2017 - Allotment (Stock Options)	156580	0.05	525390	0.17
	27.02.2017 - Allotment (Stock Options)	150000	0.04	675390	0.22
	17.03.2017 Bonus shares	270156	0.06	945546	0.22
	At the end of the year			945546	0.22
4	**A Jacob Kuruvilla (Chief Financial Officer)**				
	At the beginning of the year	9937	0.00	9937	0.00
	Increase/decrease during the year				
	09.05.2016 - Market Sale	4500	0.00	5437	0.00
	11.05.2016 - Market Sale	300	0.00	5137	0.00
	31.08.2016 - Stock Split	51370	0.01	51370	0.01
	21.10.2016 - Allotment (Stock Options)	34760	0.01	86130	0.02
	27.02.2017 - Allotment (Stock Options)	40000	0.01	126130	0.04
	17.03.2017 Bonus shares	50452	0.01	176582	0.04
	At the end of the year			176582	0.04
5	**Jayasree K (Company Secretary)**				
	At the beginning of the year	3169	0.01	3169	0.01
	Increase/decrease during the year				
	09.05.2016 - Market Sale	500	0.00	2669	0.00

Sr. No.	Name of Director/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	26.07.2016 - Allotment (Stock Options)	3090	0.00	5759	0.00
	29.07.2016- Market Sale	1320	0.00	4439	0.00
	31.08.2016 - Stock Split	44390	0.00	44390	0.00
	17.03.2017 Bonus shares	17756	0.00	62146	0.01
	At the end of the year			62146	0.01

Note: During the year under review, the paid up capital of the Company has increased to ₹42.46 crore due to allotment of shares to the eligible employees under ESOS 2013 & bonus issue of shares

V. Indebendness (Rs. In Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,038.75	-	-	1,038.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-		-	-
Total (i+ii+iii)	**1,038.75**	**-**	**-**	**1,038.75**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	(446.23)	-	-	(446.23)
Net Change	(446.23)	-	-	(446.23)
Indebtedness at the end of the financial year				
i) Principal Amount	592.50	-	-	592.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.02	-	-	.02
Total (i+ii+iii)	**592.52**	**-**	**-**	**592.52**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total amount
		Mithun K Chittilappilly – Managing Director	Mr. Kochouseph Chittilappilly - Chairman	Mr. Ramachandran Venkataraman – Director & Chief Operating Officer	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,083,900	5,325,000	18,058,773	30,467,673
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,204,260	509,290	465,368	2,178,918
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	49,956,014	49,956,014
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	16,272,257	10,848,171	2,365,633	29,486,062
5	Others	-	-	-	-
	Total (A)	24,560,417	16,682,461	70,845,788	112,088,667
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹219,007,814/-			

B. Remuneration to other Directors: (Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Cherian N Punnoose	C J George	A K Nair	Ullas K Kamath	
	Fee for attending Board / Committee meetings	410,000	205,000	350,000	115,000	10,80,000
	Commission	704,000	-	-	-	704,000
	Others, please specify	-	-	-	-	-
	Total (1)	1,114,000	205,000	350,000	115,000	1,784,000
2	Other Non-Executive Directors	Joshna Johnson Thomas	-	-	-	
	Fee for attending Board / Committee meetings	1,10,000	-	-	-	110,000
	Commission	54,24,086	-	-	-	5,424,086
	Others, please specify	-	-	-	-	-
	Total (2)	5,534,086	-	-	-	5,534,086
	Total (B)=(1+2)	-	-	-	-	7,318,086
	Total Managerial Remuneration *	-	-	-	-	119,406,753
	Overall Ceiling as per the Act	Overall Managerial Remuneration : 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹24,09,08,595/- Non-Executive Directors : 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹21,900,798/-.				

C. Remuneration to Key Managerial Personnel other than MD/Manager/whole Time director

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		A Jacob Kuruvilla Chief Financial Officer	Jayasree K Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,580,168	1,582,000	4,162,168
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600	21,600	61,200
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	12,101,895	3,207,829	15,309,724
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total (C)	14,721,663	4,811,429	19,533,092

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

S/d
Kochouseph Chittilappilly
Chairman
(DIN:00020512)

S/d
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 7

Disclosure pursuant to Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

A) Conservation of energy:

(a) Energy Conservation measures taken	For conservation of energy, the following measures were taken in our manufacturing process: **Wires & Cables** a) Replacement of 250 Watts metal halide lamps with 105 Watts LED lamps. b) Installation of energy efficient CFL lamps in the inside area of shop floor. **Solar Water Heater** c) Replacement of existing Metal Halide lamp with CFL lamp in the factory Street Light for Energy Conservation **Electric Water Heater** d) Produced 35 models of Electric water heaters with BEE star rating, resulting in reduction of consumption of energy. **Electronics** e) Installation of LED lights for Shop-floor illumination purposes, resulting in more than 50% reduction in consumption of power. f) Reduction of Burn-in test duration from 8 Hours to 2 hours through implementation of Automatic Synchronizers resulting of savings of more than 75% energy. g) Connecting of Office Air conditioners and Televisions with Load Testing Jigs which helps optimize energy consumption. h) Implemented dual spindle automatic winding machines by which output is doubled with same energy consumption. i) Implementation of Automatic test jigs for stabilizer testing. j) Crimping machine power rating optimized and reduced by 50% in new Sikkim assembly facility by using reel crimping. k) All appliances such as Aircon Refrigerator etc. are having 5 star rating in terms of energy efficiency. l) Implemented Belt Conveyor for assembling lower KVA stabilizers instead of Pallet conveyor m) Workstation lightings are changed from CFL to LED n) Implementation of 75KVAR capacitor bank in manufacturing unit powering the entire unit to enhance the power factor.
(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.	**Electronics** a) Implementation of Solar system in Sikkim factory for general lighting purpose during night time. b) General lighting and fan for shop-floor is being powered from DUPS under bur-in test in Chavadi Electronic works c) Gravity based conveyor for FG transfer d) Passive infra-red human occupancy sensor for illuminating lights.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	By implementing the aforesaid measures, **Wires & Cables** a) Replacing the metal halide lamps in factory with LED lights has resulted in a savings of ₹5.2 Lakhs per annum. b) Installation of energy efficient CFL lamps in inside area of shop floor resulted in savings of ₹0.8 Lakh per annum. **Solar Water Heater** c) Replacing the CFL lamps in the factory has resulted in a savings of ₹0.79 Lakhs per annum. **Electronics** a. 50% saving in Shop-floor and office illumination resulting in close to 20K electricity unit saving per year b. A yearly savings of 5K unit in electricity consumption due to reduced Burn-in test time. c. A yearly savings of 13.8K electricity unit by connecting office appliances to test load. d. A yearly savings of 15K Electricity Unit per year by introducing double spindle winding machines. e. Reduction of 20K unit consumption by implementation of automatic test jig. f. By reducing the power rating of crimping machines 22k Units of electricity are saved in a year. g. 1.5K units yearly saving by installing 5 star rated appliances. h. Yearly reduction of 15K unit electricity consumption by implementing belt conveyor assembly line for Lower KVA models. i. By converting to LED lights in work stations 21K units of electricity units are saved. j. By Improving power factor through capacitor bank implementation yearly 21K units of Electricity consumption is reduced. **Electric Water heaters** a) By implementing the aforesaid measures, The Company has achieved a saving of 10.95 lakhs KWH per year.

B) Technology absorption :

1. Efforts made in technology absorption as per Form B of Annexure

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company	**Wires & Cables** a) PLC program modification of dual take up in extruder. b) Design modification for rectifier used in drawing line. c) Design, installation and commissioning of inhouse made One Pack automatic system for PVC Compounding. d) Formulation development for Special PVC

	Solar Water Heater e) R&D carried to develop new models of solar water heaters which are listed out below. *Win-Hot Plus series models with GI Inner Tank for Hard Water Areas -100LPD/150LPD/200LPD /300LPD/500LPD *Win-Hot Plus series models with Auxiliary Tank - 100LPD/150LPD/200LPD **Electric Water Heaters** a) Developed testing equipment and procedure to further enhance tank quality of Electric Water Heaters. b) Continuous improvements are done in Electric Water Heaters to enhance safety and efficiency. **Pumps & Motors** a) Research study on the optimization on TEFC cooling system of induction motors, with parametric analysis using ANSYS CFD tools b) Advancements in development activities using Electromagnetic design software for induction motors. c) Noise spectrum analysis of products for predictive failure analysis & noise reduction d) Development of Hydraulic design procedure for centrifugal pumps e) Efforts in improving energy efficiency of pumps. f) Efforts to reduce complaints & improve overall quality by product and process optimization. g) Root cause analysis of Aluminum rotors for complaint reduction in borewell submersible pumps h) Introduction of new grain finish coating in premium products.
2. Benefits derived as a result of the above R & D	**Wires & Cables** a) Productivity improvement in insulation process for multicore cables. b) Plant capacity of wires and cables were enhanced by 6%. c) Product quality of the PVC compounding plant is enhanced with precision weighing system. d) Process and product improvement. **Solar Water Heater** e) Improved Quality & Performance. Better acceptance in market. **Electric Water heater** f) Enhanced quality of Inner tank of the products. Improved safety and efficiency of the products **Pumps & Motors** g) Potential to limit operating temperatures at lower levels and thereby extending life of motors. h) Development of motors with efficient power conversion resulting from fast and reliable electrical design. i) Development of products with better vibration and sound characteristics.

	j) Development of centrifugal pump models with better performance, more closely matching to desired characteristics. k) Developed 22 pump models securing 'Bureau of Energy Efficiency' Star rating certification for energy efficiency. l) Product and process optimization of various products across categories yielded products with improved overall quality and reliability. m) Possible factors of rotor failure were identified and implemented improved production process. n) Premium appearance of products with better coating life.
3. Future Plan of action	Wires & Cables a) To introduce automation in coiling process. b) Introduction of automation for Multicore Cable Packing. c) Introduction of polycover packing line in wires & Cables d) Installation of Solar street lighting in the campus. e) Installation of Solar Roof top solar power system in factories Solar Water Heater f) To develop smart monitoring & control system for higher capacity Solar Water Heaters. g) To improve aesthetics of various models of Heaters. Electric Water Heaters h) Implementation of Smart features in more models i) Development of instant water heater with constant temprature output. Electronics j) Research for development of Li-ion based battery having higher energy density and lesser self-discharge. k) Solar energy harvesting to partially power the manufacturing units l) implementation of automatic carton sealing machine m) Productivity enhancement through suggestion scheme and Kaizen n) Activities to be carried out for Stabilizer having back-up for small duration by using Li-ion battery o) Remote monitoring of Vacuum pressure impregnation plant p) Real time Defect capturing through scanning user friendly software q) Better material movement and handling system implementation for improved productivity. r) Integrating Automatic test equipment with final FG scanning to eliminate any possibility of wrong/defective set being packed. Pumps & Motors s) Study on improving the life of motors with optimized cooling. t) Advancement in reverse engineering projects with the aid of latest tools. u) Exploring better alternatives in Submersible pump control panel. v) Development of new category pump with more value-added features.

4. Expenditure on R&D	
(a) Capital	Rs.133.46 lakhs
(b) Recurring	Rs.958.00 lakhs
(c) Total	Rs.1,091.46 lakhs
(d) % of R&D expenditure to total sales	0.51%

Technology absorption, adaptation and innovations

a. Efforts in brief, made towards technology absorption, adaptation and innovation	**Wires & Cables** a) Introduced bar code tracking system for finished goods. b) Introduced computerized lab testing machine. c) Introduced predictive maintenance of machinery and equipment d) Implementation of in-house fabricated automatic label applicator. e) Introduced mistake proof system to avoid earth wire disconnection in process spool at coiling for ensuring 100% online product check and operator safety. f) Designing of customized triple layer cross head for the extrusion machine g) Introduction of Loading bay at dispatch section h) Introduction of auto packing line for House Wiring Cable. i) Introduction of detecting device to avoid malfunction in dozer unit of extrusion line. j) Introduction of alarm facility for detecting printing faults. **Electronics** k) Vacuum Impregnation Process Implemented for improving transformer production quantity and quality. l) Introduction of reel crimping. This has resulted in enhanced productivity, improved quality and better cost. m) Stabilizer Testing is completely automated. Manpower dependency on judgement is eliminated. Test results will be stored in database and can be retrieved at any point of time in future.
b. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.	**Wires & Cables** a) Ease of material tracking. b) Accuracy of measurement can be assured. c) Improved reliability of the machines. d) Elimination of manual work involved in QR code sticker pasting resulting in saving of ₹2.4 Lakhs per annum. e) Improved product quality and safety of the operators. f) Productivity improvement & product quality standardization. g) Productivity improvement in material handling.

	h) Productivity improvement. i) Process capability is enhanced/ improved. Electronics j) The productivity of the assembly unit has been substantially improved. k) Quality of the product is improved. l) Improvement in overhead cost.
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	NA
a) **Technology imported I**	NA
b) Year of import	
c) Has technology been fully absorbed?	
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	
a) **Technology imported II**	NA
b) Year of import	
c) Has technology been fully absorbed?	
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	

C) Foreign Exchange earnings and outgo:

Foreign Exchange earned	Rs.168.19 lakhs
Foreign Exchange used	Rs.128.69 lakhs

For and on behalf of the Board of Directors

S/d
Kochouseph Chittilappilly
Chairman
(DIN:00020512)

S/d
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 8

(A) DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars	
(i)	Ratio of the remuneration of each Director to the median remuneration of the employee of the Company for the Financial Year.	Name	Ratio to Median
		Mr. Kochouseph Chittilappilly	38.85
		Mr. Mithun K Chittilappilly	57.20
		Mr. Ramachandran Venkataraman	165.09
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	Name	Ratio to Median
		Mr. Kochouseph Chittilappilly	-16.88
		Mr. Mithun K Chittilappilly	32.23
		Mr. Ramachandran Venkataraman	83.62
		Mr. A Jacob Kuruvilla	154.96
		Ms. Jayasree K	56.34
(iii)	Percentage increase in the median remuneration of employees in the Financial Year	28.1%	
(iv)	Number of permanent employees on the rolls of the Company.	1,944 (As on March 31, 2017)	
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentage increase in the salary of employees other than the managerial personnel in the Financial Year was 44.42%. Average percentage increase in the salary of managerial personnel in the Financial Year was 45%.	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is as per the Nomination Remuneration and Evaluation Policy for the Directors, Key Managerial Personnel and Other Employees of the Company, formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	

(B) STATEMENT SHOWING PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PESONNEL) RULES, 2014

Sl. No.	Name	Designation	Remuneration (CTC) (Amt in ₹)	Nature of employment	Qualification & Experience	Date of commencement of employment	Age	Previous employment	% of equity shares held	Whether such employee is a relative of any Director
1	Mr. Kochouseph Chittilappilly	Chairman	166,82,461	Contractual	M.Sc (Physics) 41 years	02.12.1996	66 Years	V-Guard Industries	19.38	Yes
2	Mr. Mithun K Chittilappilly	Managing Director	245,60,657	Contractual	B.Com MBA 14 years	01.04.2003	36 Years	Hewlett Packard India	16.84	Yes
3	Mr. Ramachandran V	Director – & Chief Operating Officer	708,85,625	Contractual	B.Sc (Chemistry) MMS 29 years	02.04.2012	53 Years	LG Electronics	0.22	No
4	Mr. Deepak Augustine	Vice President-Marketing	225,00,086	Permanent	B.Tech, AD Management 22 years	07.04.2003	43 Years	S&S Powers, Siemens and IMO Communications	0.06	No
5	Mr. Anish Mathews	GM - Strategy	2,19,53,388	Permanent	B.Tech, MBA 17 years	03.09.2012	42 Years	Deloitte	0.04	No
6	Mr.Abie Abraham	VP- Electro Mechanical Division	1,69,21,685	Permanent	B Tech, PGDM, M.Sc (IT) 20 years	24.04.1997	45 Years	VSSC	0.02	No
7	Mr.Ravinder Pal Singh	GM – Plant Head	1,62,17,452	Permanent	MMS 30 years	13.10.2007	51 Years	MBL Infrastructure Ltd	0.04	No
8	Mr. Robin Joy A	Vice President & CIO	1,60,25,258	Permanent	B. Tech, MBA 30 years	01.08.2011	53 Years	Tamilnadu Newsprint & Papers Ltd	0.03	No
9.	Mr. A Jacob Kuruvilla	Sr. Vice President & CFO	147,21,663	Permanent	Bsc, CA 32 years	11-02-2010	58 Years	Hindustan Newsprint Ltd	0.04	No
10	Mr. Ravindra Bisoyi	DGM -Production	143,89,252	Permanent	M tech 17 years	12-01-2010	43 years	Achor Electricals	0.03	No

Note: Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly, Directors are related to each other and also to Mrs. Joshna Johnson Thomas, Non-Executive Director.

Note: Remuneration includes salary and perquisites including ESOP

For and on behalf of the Board of Directors

S/d
Kochouseph Chittilappilly
Chairman
(DIN:00020512)

S/d
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

Annexure – 9

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**
   NONE; DURING THE REPORTING PERIOD, ALL TRANSACTIONS WERE AT ARM'S LENGTH BASIS.
   (a) Name(s) of the related party and nature of relationship: NA
   (b) Nature of contracts/ arrangements/ transactions: NA
   (c) Duration of the contracts/ arrangements/ transactions: NA
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
   (e) Justification for entering into such contracts or arrangements or transactions: NA
   (f) Date(s) of approval by the Board: NA
   (g) Amount paid as advances, if any: NA
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA
2. **Details of material contracts or arrangement or transactions at arm's length basis**
   NONE: DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL CONTRACT OR ARRANGEMENT.

   (*As defined under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.)

   (a) Name(s) of the related party and nature of relationship: NA
   (b) Nature of contracts/ arrangements/ transactions: NA
   (c) Duration of the contracts/ arrangements/ transactions: NA
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
   (e) Date(s) of approval by the Board, if any: NA
   (f) Amount paid as advances, if any: NA

For and on behalf of the Board of Directors

S/d	S/d
Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Chairman	*Managing Director*
(DIN:00020512)	(DIN: 00027610)

Date: May 19, 2017
Place: Kochi

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance for the Financial Year ended March 31, 2017 as stipulated in the relevant provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') is set out below:

I. CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is a culture and climate of Consistency, Responsibility, Accountability, Fairness, Transparency and Effectiveness that are deployed throughout an Organization. The objective is to meet the stakeholders' aspirations and societal expectations.

We at V-Guard, consider Corporate Governance as an inherent responsibility in doing business and believes in upholding its operational excellence in all spheres of activities of the Organisation. Our brand philosophy not just entails into thinking up the next innovation, but constantly seeking to understand human life and its relationship with the tools and appliances that are used. The philosophy of the Company is in unison with the accepted principles of good governance practices and efforts will be taken to further improve the practices.

The practices followed by the Company are detailed herein below:

II. BOARD OF DIRECTORS

a) Composition of the Board

The Board of Directors (the 'Board') of the Company has been constituted in such a manner that it comprises of optimum mix of Executive and Non-Executive Directors with one Woman Director, in the Non-Executive category and more than 50% of the Board comprises of Non-Executive Directors.

As on March 31, 2017, strength of the Board of the Company is eight Directors, comprising of three Executive and five Non-Executive Directors of which, four are Independent Directors. Out of the three Executive Directors, two Directors are from promoter category. The Independent Directors of the Company were appointed for a period of five years effective from July 29, 2014 and have declared that they meet the criteria of 'Independence' as required under the provisions of Section 149 of Companies Act, 2013. The present composition of the Board is in compliance with the requirements of Regulation 17(1) of Listing Regulations.

The following are the names, position and categories of Directors as on March 31, 2017:

Name of Director	Position	Category
Mr. Kochouseph Chittilappilly	Chairman	Promoter and Executive
Mr. Cherian N Punnoose	Vice Chairman	Non-Executive Independent
Mr. Mithun K Chittilappilly	Managing Director	Promoter and Executive
Mr. Ramachandran Venkataraman	Director and Chief Operating Officer	Executive
Mr. C J George	Independent Director	Non-Executive Independent
Mr. A K Nair	Independent Director	Non-Executive Independent
Mr. Ullas K Kamath	Independent Director	Non-Executive Independent
Ms. Joshna Johnson Thomas	Non-Executive Director	Non-Executive Non-Independent

As per the declarations received from the Directors, none of the Directors is disqualified under section 164(2) of the Companies Act, 2013. During the year under review, none of the Independent Directors of the Company has resigned from the Board.

b) Attendance of each Director at the meeting of Board and General Meetings

During the Financial Year the Board of Directors met 10 times. Details of attendance of Directors at the Board Meetings, Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) held during the Financial Year are given below:

Name of the Director	Attendance at		
	Board Meetings	AGM held on July 26, 2016	EGM held on March 6, 2017
Mr. Kochouseph Chittilappilly	7	Yes	Yes
Mr. Cherian N Punnoose	10	Yes	Yes
Mr. Mithun K Chittilappilly	10	Yes	Yes
Mr. Ramachandran Venkataraman	10	Yes	No
Mr. C J George	5	No	No
Mr. A K Nair	10	Yes	Yes
Mr. Ullas K Kamath	3	No	No
Ms. Joshna Johnson Thomas	4	No	No

c) Number of Directorship, Membership and Chairmanship held by the Directors in the Board and Committees of other Companies.

Name and position of the Director	Category	Directorship and Chairmanship /Membership of Board / Committees in other Companies as on March 31, 2017		
		Director	Committee Member	Committee Chairman
Mr. Kochouseph Chittilappilly Chairman	Promoter and Executive	2	Nil	Nil
Mr. Cherian N Punnoose Vice Chairman	Non-Executive Independent	Nil	Nil	Nil
Mr. Mithun K Chittilappilly Managing Director	Promoter and Executive	Nil	Nil	Nil
Mr. Ramachandran Venkataraman Director and Chief Operating Officer	Executive	Nil	Nil	Nil
Mr. C J George Independent Director	Non-Executive Independent	6	2	1
Mr. A K Nair Independent Director	Non-Executive Independent	5	5	3
Mr. Ullas K Kamath Independent Director	Non-Executive Independent	2	2	Nil
Ms. Joshna Johnson Thomas Non-Executive Director	Non-Executive Non-Independent	Nil	Nil	Nil

Other Directorships do not include Alternate Directorships, Private Limited Companies that are neither a subsidiary nor a holding Company of a Public Company, Companies under Section 8 of the Companies Act, 2013 and of Companies incorporated outside India.

Chairmanship/Membership of Board Committees include Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee as per the Regulation 26(1)(b) of the Listing Regulations. Details of no. of membership given above include the details of chairmanship held by the Directors. The membership or Chairmanship of Board Committees of Private Limited Companies that are, neither a subsidiary, nor a holding Company of a public Company, foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for the above disclosure.

Directorship held by the Directors of the Company in other Companies and also the membership and chairmanship held are within the limits prescribed and none of the Independent Directors of the Company is serving on the Board of more than seven listed Companies as an Independent Director. Also, Independent Directors of the Company, serving as whole time Director in any other listed Company are not holding the position of Independent Director in more than three listed Companies.

As per the declarations received from the Directors, none of the Directors is disqualified under section 164(2) of the Companies Act, 2013. During the year under review, none of the Independent Directors of the Company has resigned from the Board.

d) Number and Dates of meetings of the Board of Directors

Details of meetings of Board of Directors of the Company held during the Financial Year 2016-17 are given below:

Number of Meetings held	Date of Meetings
10	May 04, 2016; June 16, 2016; July 26, 2016; August 08, 2016; September 21, 2016; October 21, 2016; January 30, 2017; February 27, 2017; March 17, 2017 and March 28, 2017

The maximum interval between any two meetings was not more than 120 days. The Board Meetings of the Company are generally held at the registered office of the Company.

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Part A of Schedule II to the Listing Regulations are tabled before the Board, to enable it to discharge its responsibility of strategic supervision of the Company. The Board reviews compliances of all laws, rules and regulations on a quarterly basis. At the Board Meeting, members have full freedom to express their opinion, and decisions are taken after detailed deliberations.

During the year under review, a separate meeting of the Independent Directors of the Company was held on March 28, 2017, at the Registered Office of the Company and the members discussed the matters enumerated in the Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations. The members reviewed the performance of:

i) Non-Independent Directors and the Board as a whole;

ii) Chairman of the Company, considering the views of Executive and Non-Executive Directors; and

iii) Assessed the quality, quantity and timeliness of flow of information from the Company Management to the Board, which is required for the Board to perform its duties reasonably and effectively.

e) Disclosure of Relationship between Directors Inter-se

Mr. Mithun K Chittilappilly, Managing Director of the Company is the son of Mr. Kochouseph Chittilappilly, Chairman. Ms. Joshna Johnson Thomas, Non-Executive Director, is the wife of Mr. Mithun K Chittilappilly. None of the other Directors is having inter–se relationship.

f) Number of shares and Convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors of the Company is holding shares or convertible instruments in the Company.

g) Notice of interest by Senior Management Personnel

The Senior Management team has confirmed to the Board of Directors that no material and commercial transactions have been entered into between the Company and members of Senior Management team, where they have personal interest.

h) Details of familiarization programmes imparted to Independent Directors

The Company has conducted several programmes from time to time for all the Independent Directors of the Company, to enable them to familiarize with the nature of the industry in which the Company operates, its business model etc., and the role to be played by them. Their rights and responsibilities were intimated through the Letter of Appointment issued to them. During the Financial Year under review, the Company had conducted session on overall performance of the Company, strategy and strategic initiatives, regulatory updates and Indian Accounting Standards. The details of such familiarization programmes are disclosed on the Company's website www.vguard.in in the page 'About V-Guard' under the head 'Leadership'.

i) **Performance Evaluation of Board, Sub-Committees of the Board and Chairman and all other Directors**

The Nomination Remuneration and Evaluation Policy (the 'Policy') details the evaluation criteria for performance of the Board, its Committees, Chairman of the Board, Independent Directors and all the individual Directors.

As per the criteria laid down in the policy and basis the Guidance Note issued by SEBI dated January 5, 2017, on Evaluation of Board, the Nomination and Remuneration Committee of the Board in its meeting held on March 28, 2017, has carried out the evaluation of performance of the Board, its various Sub-Committees, Chairman of the Board and all the Individual and Independent Directors on the Board, by framing appropriate questions considering the role played by the Board, Sub-Committees, Chairman and each Individual Director.

III. AUDIT COMMITTEE

a) Brief description of terms and reference

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18(1) of the Listing Regulations read with Section 177 of the Companies Act, 2013.

The broad terms of reference of the Audit Committee are as follows:

1) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2) Recommending to the Board the appointment, re-appointment and terms of appointment of auditors of the Company;
3) Approval of payments to the statutory auditors for any other services rendered by them;
4) Reviewing with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
   a) Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause(c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   b) Changes, if any, in accounting policies and practices and reasons for the same;
   c) Major accounting entries involving estimates based on the exercise of judgement by management;
   d) Significant adjustments made in the financial statements arising out of audit findings;
   e) Compliance with listing and other legal requirements relating to financial statements;
   f) Disclosure of any related party transactions;
   g) Modified opinion(s) in the draft audit report;
5) Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
6) Reviewing with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7) Review and monitor the auditor's independence and performance and effectiveness of audit process;
8) Approval of any subsequent modification of transactions of the Company with related parties;
9) Scrutiny of inter-corporate loans and investments;
10) Valuation of undertakings or assets of the Company wherever it is necessary;
11) Evaluation of internal financial controls and risk management systems;
12) Reviewing with the Management, the performance of statutory and internal auditors and adequacy of the internal control systems;
13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
14) Discussion with internal auditors any significant findings and follow up there on;
15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is

suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matters to the Board;

16) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18) Reviewing the functioning of the whistle blower mechanism;

19) Approval of appointment of CFO after assessing the qualifications, experience and background etc., of the candidate; and

20) Carrying out any other function as is mentioned in terms of reference of the Audit committee.

b) Composition, Name of Members and Chairperson

The Company's Audit Committee consists of Five Directors of which four are Non-Executive Independent Directors. All the members of the Audit Committee have adequate knowledge in the areas of finance and accounting. Mr. Cherian N Punnoose, Chartered Accountant, is the Chairman of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Committee invites the heads of various business verticals, Chief Financial Officer and representatives of Statutory and Internal Auditors to attend the meetings of Audit Committee.

The Composition of Audit Committee as on March 31, 2017 is as under:

Name	Category	Position
Mr. Cherian N Punnoose	Non–Executive Independent	Chairman
Mr. C J George	Non–Executive Independent	Member
Mr. A K Nair	Non–Executive Independent	Member
Mr. Ullas K Kamath	Non–Executive Independent	Member
Mr. Mithun K Chittilappilly	Executive	Member

c) Meetings and Attendance during the year

During the Financial Year 2016-17, the Committee members met four times, i.e on May 03, 2016, July 26, 2016, October 21, 2016 and January 30, 2017 respectively. The gap between two meetings was not more than 120 days and requisite quorum was there for the meetings. The audited financial statements of the Company for the Financial Year ended March 31, 2017 were reviewed by the Committee members at the Audit Committee meeting held on May 19, 2017. Attendance of Committee members at the Audit Committee meetings held during the Financial Year 2016-17 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. Cherian N Punnoose	4	4
Mr. C J George	4	1
Mr. A K Nair	4	4
Mr. Ullas K Kamath	4	3
Mr. Mithun K Chittilappilly	4	4

IV. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19(1) of the Listing Regulations read with Section 178 of the Companies Act, 2013.

a) Brief description of terms and reference

The broad terms of reference of Nomination and Remuneration Committee includes the following:

1) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to

the remuneration for the Directors, Key Managerial Personnel and other employees;

2) Formulation of criteria for evaluation of Independent Directors and the Board;

3) Devising suitable policy on board diversity;

4) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;

5) To extend or continue the term of appointment of Independent Directors, on the basis of the report of performance evaluation of Independent Directors;

6) To formulate a policy to ensure that:

   a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of quality required to run the Company successfully;

   b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goal.

7) To consider and approve ESOP Scheme and performing all such acts, deeds and function including, but not limited to, the matters specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time and matters incidental/supplemental thereto.

As per the criteria laid down in the Nomination and Remuneration Policy, the Committee has carried out the evaluation of every Director on the Board of the Company, on basis of a questionnaire format.

Mr. C J George, Chairman of the Committee was not present at the 20th Annual General Meeting and Extraordinary General Meeting held on July 26, 2016 and March 6, 2017 respectively and had authorized Mr. Cherian N Punnoose, a member of the Committee to attend the said meeting on his behalf.

The Company has adopted a Nomination Remuneration and Evaluation Policy for Directors, Key Managerial Personnel and other employees which is available on the website of the Company www.vguard.in, in the page 'Investor Relations'. A copy of the said policy forms part of this Annual Report.

b) Composition, name of members and Chairperson

The Committee consists of three Non-Executive Independent Directors and one Non-Executive Director.

The Composition of the Committee as on March 31, 2017 is as follows:

Name	Category	Position
Mr. C J George	Non–Executive Independent	Chairman
Mr. Cherian N Punnoose	Non–Executive Independent	Member
Mr. A K Nair	Non–Executive Independent	Member
Ms. Joshna Johnson Thomas	Non–Executive Non-Independent	Member

c) Meetings and attendance during the year

The members of Nomination and Remuneration Committee met 7 times i.e. on May 04, 2016, June 16, 2016, August 08, 2016, October 21, 2016, January 30, 2017, March 17, 2017 and March 28, 2017. Attendance of the members at the meetings held during the Financial Year 2016-17 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	7	4
Mr. Cherian N Punnoose	7	7
Mr. A K Nair	7	7
Ms. Joshna Johnson Thomas	7	3

d) **Performance evaluation criteria for Independent Directors**

As per the Nomination Remuneration and Evaluation policy of the Company, the Independent Directors of the Company are evaluated based on criteria such as highest personal and professional ethics, integrity, values and independence, contribution to Board deliberation, willingness to devote sufficient time to carry out the duties and responsibilities effectively including attendance at the meetings, act in the best interest of minority shareholders of the Company etc.

V. REMUNERATION OF DIRECTORS

a) **Details of pecuniary relationship or transaction of Non-Executive Directors with the Company**

Mr. Cherian N Punnoose, Non-Executive Independent Director, who is occupying the position of Vice Chairman of the Board, was paid commission during the Financial Year 2016-17, apart from the sitting fee paid for attending the meetings of Board and Sub-Committees of the Board. Ms. Joshna Johnson Thomas, who is the Non-Executive Director, was paid commission during the Financial Year 2016-17, in addition to the sitting fee paid for attending the meetings of Board and Sub-Committees of the Board. There were no other pecuniary relationship or transaction between any other Non-Executive Director and the Company during the year under review. All the Non-Executive Directors were paid sitting fee for attending the meetings of Board and Sub-Committees of the Board.

b) **Criteria of making payments to Non-Executive Directors**

The Non-Executive Directors are paid sitting fee, which is duly approved by the Board of Directors of the Company and the same is within the limits specified in Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Non-Executive Directors of the Company are paid commission based on the recommendation made by the Nomination and Remuneration Committee and the Board considering the contributions made by the Directors in the discussion on strategic matters in the Board and sub-committee meetings and the role played by them in strengthening the systems, process and corporate governance practices of the Company, CSR activities of the Company etc. The shareholders of the Company in the 19th Annual General Meeting, approved payment of commission to Mr. Cherian N Punnoose, Independent Director, not exceeding 1% of the net profit of the Company for a period of five years from July 29, 2014 to July 28, 2019. Further, the shareholders of the Company in the 20th Annual General Meeting, approved payment of commission to Ms. Joshna Johnson Thomas, the Non-Executive Director, not exceeding 1% of the net profit of the Company for a period of three years from April 01, 2016 to March 31, 2019.

c) **Details of Remuneration paid to the Directors**

The following are the details of remuneration and sitting fee paid to the Directors of the Company during the Financial Year under review:

(Rs. in Lakhs)

Name	Salary	Retirement Benefits*	Perquisites	Commission	Sitting fee	Total
Mr. Kochouseph Chittilappilly	53.25	-	4.70	108.49	-	166.44
Mr. Cherian N Punnoose	-	-	-	7.04	4.10	11.14
Mr. Mithun K Chittilappilly	63.90	6.94	11.64	162.73	-	245.21
Mr. Ramachandran Venkataraman**	161.48	19.11	4.65	23.66	-	208.90
Mr. C J George	-	-	-	-	2.05	2.05
Mr. A K Nair	-	-	-	-	3.50	3.50
Ms. Joshna Johnson Thomas	-	-	-	54.24	1.10	55.34
Mr. Ullas K Kamath	-	-	-	-	1.15	1.15
Total	**278.63**	**26.05**	**20.99**	**356.16**	**11.90**	**693.73**

*The retirement benefits do not include the provisions made for gratuity and compensated absences (if any), as they are determined on an acturial basis for the Company as a whole.

**Employee stock compensation expense allocable to Mr Ramachandran Venkataraman for the restricted stock units under the ESOS 2013 amounting to ₹499 lakhs is not included in the remuneration disclosed above.

Mr. Ramachandran Venkataraman was appointed as a Whole-time Director of the Company effective from June 01, 2013 for a period of three years. He was eligible for performance incentive at the rate of 0.50% of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013 until May 31, 2016. As the tenure of his appointment was till May 31, 2016, the Board of Directors of the Company in their meeting held on May 04, 2016, re-appointed him for a period of four years effective from June 01, 2016 and the same was approved by the shareholders in their 20th Annual General Meeting held on July 26, 2016. Agreement dated June 01, 2016, executed with Mr. Ramachandran Venkataraman, covers the terms and conditions of his appointment. No notice period or severance fee is payable to any Director.

The Company has granted a total number of 25,95,880 options to Mr. Ramachandran Venkataraman, of which 20,37,660 number of options were vested at an exercise price of ₹48.50 which was the fair market value of the previous day of grant of options and 5,58,220 number of options were granted at an exercise price of Re.1 per option. As per ESOS 2013, the options were granted with a vesting period of three years and are exercisable over a period of six years from the date of vesting. Out of the above options granted, 5,71,570 and 1,56,580 number of options were vested at ₹48.50 and Re.1 respectively, during the year under review. During the year under review, 150,000 and 156,580 number of options with exercise price of ₹48.50 and Re.1 respectively, were exercised by him.

During the year under review, the Nomination and Remuneration Committee in their meeting held on May 04, 2016, has granted to Mr. Ramachandran Venkataraman 37,80,000 options with an exercise price of ₹68.75 and 4,20,000 options with an exercise price of Re.1 per option. Further, the Nomination and Remuneration Committee in their meeting held on August 8, 2016, granted 11,20,000 options with an exercise price of ₹121.79 per option and 2,80,000 options with exercise price of Re.1 per option. These options will vest on basis of time and performance over a period of four years and are exercisable over a period of six years from the date of vesting. Number of options granted above, the face value of shares and the exercise price have been adjusted for the sub division of shares and issue of bonus shares.

The outstanding options at the balance sheet date are exercisable at a price of ₹34.64 per option, after factoring the issue of bonus shares.

None of the Non-Executive Directors of the Company has been granted stock options.

VI. STAKEHOLDERS' RELATIONSHIP AND SHARE TRANSFER COMMITTEE

The Company has constituted the Committee to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports etc. and to approve the share transfer, issue of duplicate share certificates, transmission, dematerialization and rematerialisation of equity shares.

a) Composition and names of members and chairperson

The Committee consists of two Non–Executive Independent Directors and one Whole-time Director as members. The composition of the Stakeholders' Relationship and Share Transfer Committee as on March 31, 2017 is as follows:

Name	Category	Position
Mr. C J George	Non-Executive Independent	Chairman
Mr. Mithun K Chittilappilly	Executive	Member
Mr. Cherian N Punnoose	Non-Executive Independent	Member

b) Terms of reference

The terms of reference of Stakeholders' Relationship and Share Transfer Committee are as follows:

1) Look into shareholders' complaints like non-receipt of dividend warrants, refund orders, non-credit of shares allotted in IPO, non-receipt of Annual Reports, transfer of shares etc.
2) Oversee and review matters connected with the transfer of shares and its approval, splitting up of shareholding, approving demat requests and issue of duplicate share certificates.
3) Oversee the performance of the registrars and transfer agents and recommend measures for overall improvement in the quality of investor services.
4) Affix or authorize fixation of the common seal of the Company on the share certificate.

c) Meeting and attendance during the year

During the Financial Year 2016-17, the Committee met 5 times i.e. on May 04, 2016, June 03, 2016, July 01, 2016, October 07, 2016 and October 21, 2016. Attendance of the members at the meetings held during the Financial Year 2016-17 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	5	5
Mr. Mithun K Chittilappilly	5	5
Mr. Cherian N Punnoose	5	3

Mr. C J George, Chairman of the Committee was not present at the 20th Annual General Meeting and Extraordinary General Meeting held on July 26, 2016 and March 06, 2017 respectively and had authorized Mr. Cherian N Punnoose, a member of the Committee to attend the said meeting on his behalf.

d) Name and Designation of Compliance Officer

The Board of Directors in their meeting held on November 04, 2015 has appointed Ms. Jayasree K, Company Secretary of the Company as Compliance Officer w.e.f December 01, 2015 in order to comply with the requirements of the Listing Regulations.

e) Redressal of Investor Grievances

The Company addresses all the complaints, suggestions and grievances expeditiously. The details of complaints received and resolved during the year are as follows:

Sr. No.	Nature of Complaints received	Opening as on April 01, 2016	No. of complaints received during the year	No. of complaints resolved as on March 31, 2017	No. of complaints pending as on March 31, 2017
1	Non-receipt of annual report	Nil	3	3	Nil
2	Non-receipt of Dividend	Nil	5	5	Nil

f) Details of Shares lying in the name of 'V-Guard Industries Ltd- IPO Escrow A/c'

As per the SEBI Circular dated April 24, 2009, bearing reference no. SEBI/CFD/DIL/LA/1/2009/24/04, is required to report the details of the shares, which are unclaimed in the Initial Public Offer and lying in the demat account opened in the name of the Company. The Company has opened a Demat account as required, and has credited the unclaimed shares to this account. The details of Shares in the Demat Suspense Account are as follows:

Particulars	No. of Shares	Aggregate no. of Shareholders
Opening Balance as on April 01, 2016	16,650*	15
No. of shareholders who approached for the transfer and the shares transferred during the year 2016-17	Nil	Nil
Closing balance as on March 31, 2017	23,310*	15

* The number of unclaimed shares has been augmented to give effect to sub-division and additional number of shares have been credited on account of bonus issue in the ratio of 2:5. The voting rights on these shares (23,310 shares) lying in the Demat Suspense Account shall remain frozen till the rightful owners of such shares claim the shares.

VII. GENERAL BODY MEETING

a) Details of the Annual General Meetings held during the last three years are as follows:

Financial Year ended	Date	Time	Venue
March 31, 2016	July 26, 2016	4.30 PM	The Renai Cochin, Palarivattom P.O, Kochi -682025
March 31, 2015	August 03, 2015	4.30 PM	The Renai Cochin, Palarivattom P.O, Kochi -682025
March 31, 2014	July 29, 2014	4.00 PM	The Renai Cochin, Palarivattom P.O, Kochi -682025

b) Details of Special resolutions passed in the previous three Annual General meetings

(i) 20th Annual General Meeting held on July 26, 2016

a. To borrow from banks or financial institutions, any sum/ sums of monies, exceeding the aggregate of the paid-up capital and free reserves of the Company, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹750 crores as per Section 180(1)(c) of the Companies Act, 2013;

b. To increase the limit for investment in the securities of other bodies corporate upto a limit of ₹750 crores as per Section 186 of the Companies Act, 2013;

c. To issue further number of options, exercisable into not more than 2,25,000* Equity Shares of the Company under ESOS 2013; and

d. To grant options to identified employees during any one year, equal to or exceeding one percentage of the issued capital of the Company at the time of grant of option pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013.

*The value has been shown as per the resolution passed in the Annual General Meeting held on July 26, 2016, without restating the value for giving effect to sub-division of shares.

(ii) 19th Annual General Meeting held on August 03, 2015

To pay commission to Mr. Cherian N Punnoose, Non-Executive Director, as per the provisions of Sections 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, an amount not exceeding 1% of the Net profits of the Company for a period of five financial years commencing from July 29, 2014 to July 28, 2019.

(iii) 18th Annual General Meeting held on July 29, 2014

To borrow from banks or financial institutions, any sum/ sums of monies, exceeding the aggregate of the paid-up capital and free reserves of the Company provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹350 crores.

c) Details of Special resolutions passed in the Extraordinary General Meeting held on March 06, 2017

None.

d) Postal Ballot

The Board of Directors had sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations in respect of the Special Resolution(s) set out in the Postal Ballot Notice dated March 27, 2017 and the following resolutions were duly passed by the shareholders:

1. To amend the Object Clause of the Memorandum of Association of the Company;
2. To amend the Liability Clause of the Memorandum of Association of the Company;
3. To mortgage or create charge on assets of the Company; and
4. To issue further number of options for grant under ESOS 2013.

The Board of Directors had appointed Mr. C N Paramasivam, FCS, Practicing Company Secretary, Coimbatore, as "Scrutinizer" for conducting the Postal Ballot and Remote E-voting process. The Postal Ballot and Remote E-voting was commenced on Saturday, April 01, 2017 at 09:00 Hours and ended on Sunday, April 30, 2017 at 17:00 Hours and the results of Postal Ballot & Remote E-voting were declared on Tuesday, May 02, 2017 through the website of the Company.

A snapshot of the voting done by the shareholders are given below:

Sr. No.	Name of Resolution	Type of Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
1.	Amend the Object Clause of Memorandum of Association	Special Resolution	361,243,031	361,236,287	99.99	6,744	0.01
2.	Amend the Liability Clause of the Memorandum of Association of the Company	Special Resolution	361,257,271	361,241,269	99.99	16,002	0.01
3.	Mortgage or create charge(s) on assets of the Company	Special Resolution	361,257,395	354,322,630	98.08	6,934,767	1.92
4.	Issue further number of options for grant under ESOS 2013	Special Resolution	361,242,373	351,447,856	97.29	9,794,517	2.71

There was no postal ballot process conducted in the financial years ended March 31, 2015 and March 31, 2016.

e) Appointment of Chief Financial Officer

The Company in its Board Meeting held on May 19, 2017 appointed Mr. Sudarshan Kasturi, Senior Vice President-Finance of the Company as the Chief Financial Officer with effect from June 01, 2017, considering the superannuation of Mr. A Jacob Kuruvilla, from the position of Chief Financial Officer on May 31, 2017.

VIII. MEANS OF COMMUNICATION

a) Quarterly Results

The Company regularly intimates information like the quarterly/half yearly/annual financial results and media releases on significant developments in the Company from time to time and the same are also posted on the website of the Company and have also been submitted to the stock exchanges in which shares of the Company are listed, to enable them to post it into their websites.

b) Newspapers wherein results normally published

The financial results are normally published in the newspapers - Business Line (English) and Janmabhumi (Malayalam).

c) Details of website and display of official news releases and presentation made to institutional investors or to analysts

The Website of the Company, www.vguard.in contains comprehensive information about the Company, Directors, Sub-Committees of the Board, terms and conditions of appointment of Independent Directors, products, branch details, distributor locator, media details, service helplines etc. It serves to inform the shareholders by providing key information like shareholding pattern, notice of meeting of Board of Directors, financial results, annual report, shareholder information, other developments etc. in the page 'Investor Relations'.

The Company also displays details of schedule of analyst or institutional investor meet and presentations made by the Company to analysts or institutional investors and news releases issued, on the website.

IX. GENERAL SHAREHOLDER INFORMATION

a) Date, venue and Time of the 21st Annual General Meeting

Date	Monday, July 31, 2017
Venue	Hotel "The Renai Cochin", Palarivattom P.O, Kochi - 682025
Time	4.30 P M

b) Board Meetings & Financial Calendar

The financial year of the Company starts from April 1st of a year and ends on March 31st of the following year.

Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the Financial Year

2017-18 is as follows:

For the quarter ending June 30, 2017:
July 31, 2017

For the quarter ending September 30, 2017 :
October 25, 2017

For the quarter ending December 31, 2017 :
January 22, 2018

For the year ending March 31, 2018 :
May 25, 2018
(Audited results for the year)

c) Dividend

The Board of Directors had in their meeting held on May 19, 2017 recommended a final dividend of 70% i.e ₹0.70 per equity share, which is subject to the approval of the shareholders at the ensuing Annual General Meeting and if approved will be payable after July 31, 2017 but within the statutory time limit of 30 days.

The Company has formulated a policy on Distribution of Dividend and the same is available on the website of the Company www.vguard.in, in the page 'Investor Relations'.

Dates of Book Closure

The Register of Members and Share Transfer Books will remain closed from July 25, 2017 to July 31, 2017 (both days inclusive) and record date for payment of final dividend, if the same is approved by the members, would be July 24, 2017.

Dividend warrants in respect of shares held in physical form will be posted to members at their registered addresses within the statutory time limit. Dividend warrants in respect of shares held in electronic form will be posted to the beneficial owners to their addresses as per the information furnished by NSDL and CDSL as on record date. Warrants for high value amounts will be sent through registered post.

The Company will make arrangements to pay dividend through National Electronic Clearing Services (NECS) to its members. Under this system of payment of dividend, the shareholders will receive the credit directly in their specified bank account. This ensures direct and immediate credit with no chance of loss of warrant in transit or its fraudulent encashment. Members holding shares in physical form who wish to avail the NECS facility are requested to give the NECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 latest by July 20, 2017.

Unpaid Dividend Amount

As per the provisions of Section 124(5) and (6) of the Companies Act, 2013, the Company is required to transfer the unpaid dividend amount which is unclaimed for a period of seven years from the date of declaration of dividend to the Investor Education and Protection Fund (IEPF) set up by the Central Government and thereafter no claims shall be possible as per the provisions of the Companies Act, 2013.

The Company has transferred an amount of ₹3,75,480/- which was lying in Unpaid Dividend Account of the Financial Year 2008-09 to IEPF. The Unclaimed Dividend in respect of the Financial Year 2009-10 is due for transfer to Investor Education and Protection Fund on August 25, 2017 in terms of Section 124(6) of the Companies Act, 2013. Claims against the Unpaid/Unclaimed dividend pertaining to 2009-10 may be lodged at the Registered Office or at the Office of Registrar and Share Transfer Agents of the Company before August 25, 2017.

Members who have not encashed their Dividend Warrants within the validity period, may write to the Company at its Registered Office or to Link Intime India Private limited, the Registrars & Share Transfer Agents of the Company for obtaining payment through demand drafts.

Given below is the due date of the transfer of the unclaimed dividend amount to the IEPF by the Company.

Financial Year	Dividend per share (Amount in ₹)	Nature	Date of Declaration of Dividend	Due date of transfer to IEPF	Account balance as on March 31, 2017 (Amount in Rs)
2009-10	3.00	Final	July 26, 2010	August 25, 2017	453,795.00
2010-11	3.50	Final	July 25, 2011	August 24, 2018	426,394.50
2011-12	3.50	Final	July 25, 2012	August 24, 2019	456,039.50
2012-13	3.50	Final	July 23, 2013	August 22, 2020	394,026.50
2013-14	4.50	Final	July 29, 2014	August 28, 2021	346,774.50
2014-15	4.50	Final	August 03, 2015	September 02, 2022	363,258.00
2015-16	4.50	Interim	March 09, 2016	April 08, 2023	345,753.00
2015-16	2.50	Final	July 26, 2016	August 25, 2023	185,407.50

d) Name and address of stock exchanges at which the Company's shares are listed & details of annual listing fee paid

Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) and the BSE Ltd., since March 13, 2008. Listing fee for the Financial Year 2017-18 have been paid to both the stock Exchanges. Address of the Stock Exchanges are as follows:

BSE Limited, Phiroze Jeejeebhoy Towers, Dalal street, Mumbai - 400101	National Stock Exchange of India Limited Exchange plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla complex, Bandra – East, Mumbai – 400051

e) Custodial Fee

The Company has paid the custodial fee to the NSDL and CDSL as per the SEBI Circular CIR/MRD/DP/05/2011 dated April 27, 2011 for the years 2016-17 and 2017-18.

f) Details of Stock Code

The stock codes of the Company at the Stock Exchanges are as follows:

BSE Ltd	: Scrip code: 532953
The National Stock Exchange of India Limited	: Symbol VGUARD/Series: EQ
Company's ISIN	: INE951I01027

Note: Pursuant to the Sub-division of face value of Equity Shares of the Company from ₹10/- per Equity Share, fully paid up into Re 1 per equity share, fully paid up, new International Securities Identification Number (ISIN) was allotted to the Company. The ISIN of the Company stands changed from INE951I01019 to INE951I01027.

g) Market price data- high, low during each month in the Financial Year 2016-17

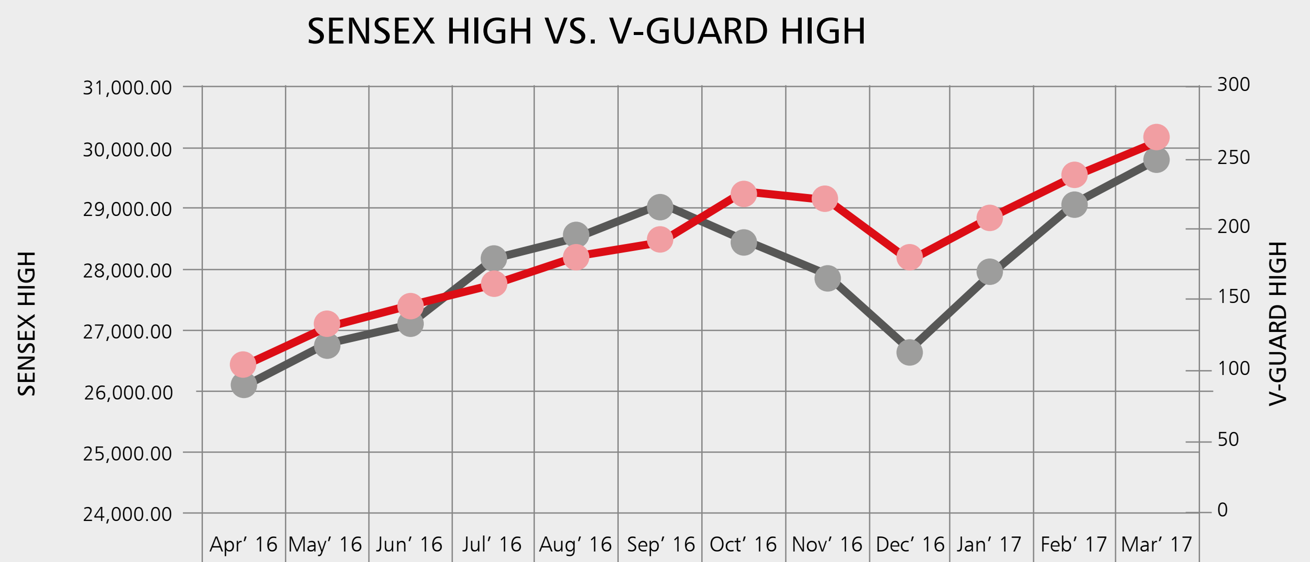
During the year under review the Company has sub-divided the equity shares from face value of ₹10 each into Re.1 each w.e.f September 01, 2016 (Record date of sub-division was August 30,2016). Monthly high and low quotations in each month during the Financial Year 2016-17 as well as the volume of shares traded at the National Stock Exchange of India Ltd. and the BSE Ltd. are as follows:

The table also illustrates actual and restated value of shares to give a better understanding on the effect of sub-division of shares.

Month	NSE					BSE				
	Actual		Re-stated		Volume (in Numbers)	Actual		Re-stated		Volume (in Numbers)
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	
April 2016	1,005.00	851.00	100.50	85.10	1,08,083	1,010.00	867.55	101.00	86.76	23,39,004
May 2016	1,299.00	930.00	129.90	93.00	30,83,287	1,300.00	938.00	130.00	93.80	3,38,903
June 2016	1,470.00	1,272.40	147.00	127.24	11,40,842	1,464.80	1,268.40	146.48	126.84	1,28,853
July 2016	1,639.00	1,370.05	163.90	137.01	8,65,227	1,636.05	1,374.80	163.61	137.48	2,02,431
August 2016	197.70	160.20	197.70	160.20	1,28,91,931	197.80	160.30	184.80	160.30	12,57,682
September 2016	193.50	170.00	193.50	170.00	61,96,355	193.75	170.80	193.75	170.80	8,46,130
October 2016	226.40	178.50	226.40	178.50	1,51,18,159	226.00	177.15	226.00	177.15	23,93,535
November 2016	221.00	166.35	221.00	166.35	1,04,40,724	220.90	164.95	220.90	164.95	15,95,830
December 2016	177.90	152.10	177.90	152.10	63,36,090	178.00	153.00	178.00	153.00	6,24,078
January 2017	207.80	161.25	207.80	161.25	1,99,46,668	208.00	161.50	208.00	161.50	18,06,485
February 2017	235.75	202.00	235.75	202.00	68,69,040	237.90	202.50	237.90	202.50	7,45,261
March 2017*	260.75	162.00	260.75	162.00	1,70,43,706	261.00	167.40	261.00	167.40	19,59,178

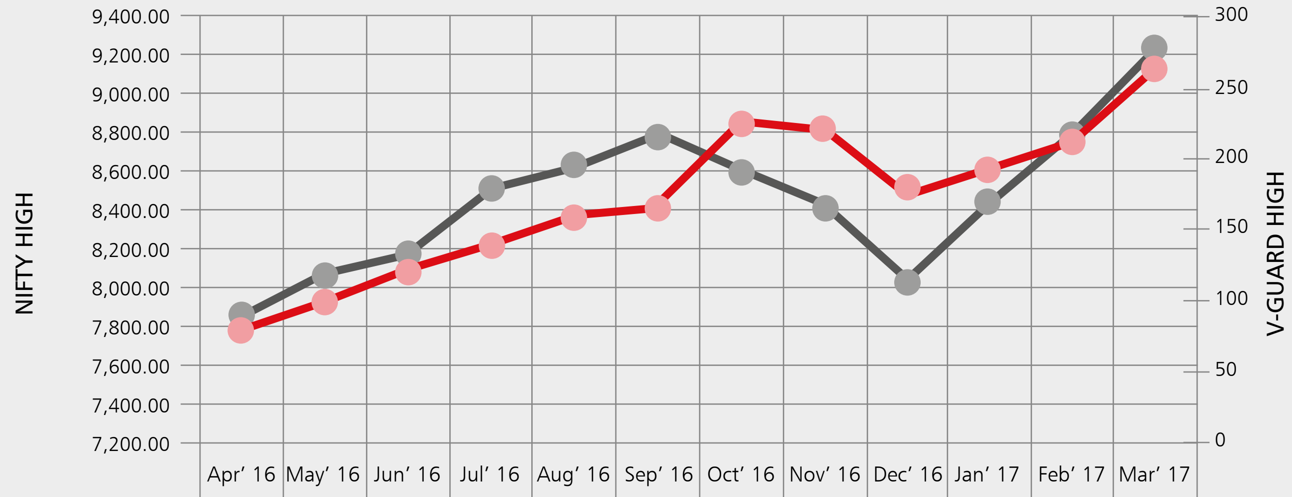
* On March 17, 2017 the Company issued 12,13,29,846 bonus shares of Re 1 each fully paid up.

h) Performance in comparison to broad based indices such as BSE – Sensex, NSE – Nifty 50 etc.



	Apr' 16	May' 16	Jun' 16	Jul' 16	Aug' 16	Sep' 16	Oct' 16	Nov' 16	Dec' 16	Jan' 17	Feb' 17	Mar' 17
Sensex High	26,100.54	26,837.20	27,105.41	28,240.40	28,532.25	29,077.28	28,477.65	28,029.80	26,803.76	27,980.39	29,065.31	29,824.62
V Guard High	101.00	130.00	146.48	163.61	184.80	193.75	226.00	220.90	178.00	208.00	237.90	261.00

NIFTY HIGH VS. V-GUARD HIGH



	Apr' 16	May' 16	Jun' 16	Jul' 16	Aug' 16	Sep' 16	Oct' 16	Nov' 16	Dec' 16	Jan' 17	Feb' 17	Mar' 17
Nifty High	7992.00	8213.68	8308.15	8674.70	8819.20	8968.70	8806.95	8669.60	8274.95	8672.70	8982.15	9218.40
V Guard High	100.50	129.90	147.00	163.90	197.70	193.50	226.40	221.00	177.90	207.80	235.75	260.75

*Equity Shares of face value of ₹10/- have been sub divided into Equity Shares of Re.1 each w.e.f August 29, 2016 and therefore, for meaningful comparison, the prices of Equity Shares traded at face value of ₹10/- has been restated to Re.1.

i) The Company's shares were not suspended from trading during the Financial Year under review

j) Registrar and Share Transfer Agents

Link Intime India Private Limited
Surya, 35, Mayflower Avenue,
Behind Senthil Nagar, Sowripalayam Road,
Coimbatore – 641028
Phone: 0422-2314792, E-mail: coimbatore@linkintime.co.in

k) Share Transfer System

In case of shares held in physical form, the transferred share certificates duly endorsed are dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Regulations, the share transfer system of the Company is audited by a Practicing Company Secretary, every six months and a certificate to that effect is issued by him. The Company holds Stakeholders' Relationship and Share Transfer Committee Meetings as may be required for approving the share transfer, transmission, dematerialization and rematerialization of equity shares.

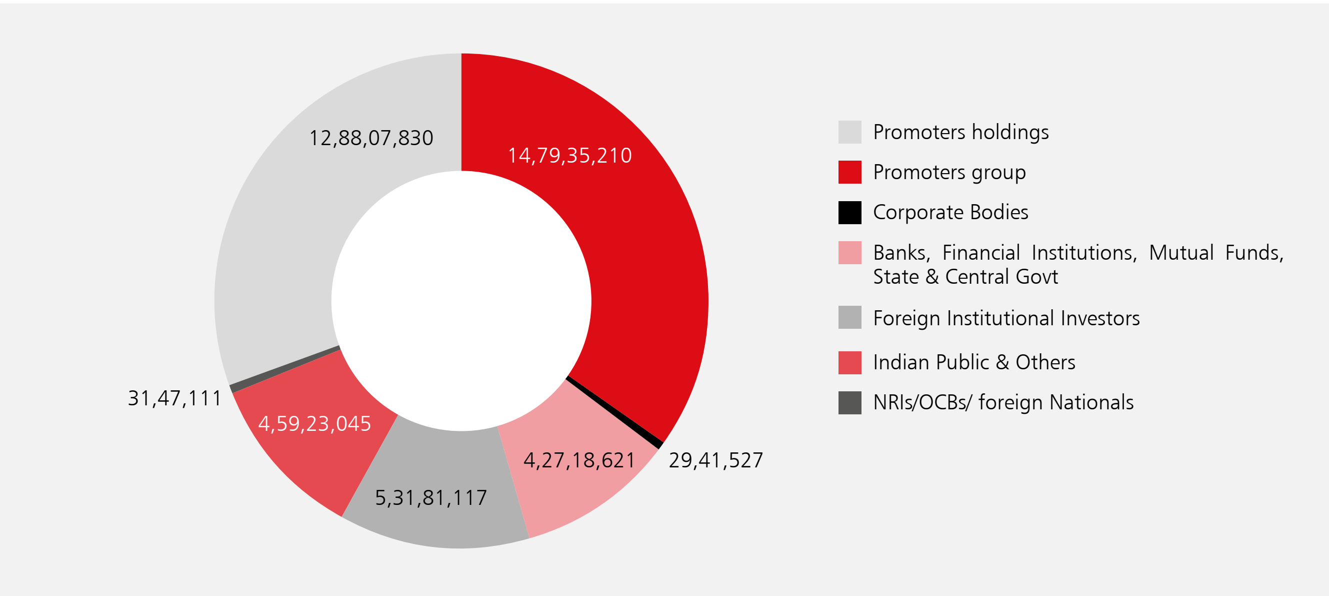
l) Distribution of Shareholding

Shareholding as on March 31, 2017

Shares	Shareholders		Shareholding	
	No. of Shareholders	% of shareholders	No. of shares	% of shareholding
1-5000	55,669	97.82	23,840,354	5.61
5001-10000	591	1.04	4,105,113	0.97
10001-20000	308	0.54	4,268,981	1.01
20001-30000	93	0.16	2,254,406	0.53
30001-40000	38	0.07	1,311,326	0.31
40001-50000	30	0.05	1,321,950	0.31
50001-100000	78	0.14	5,415,397	1.27
100001 and above	103	0.18	382,136,934	89.99
Total	**56,910**	**100.00**	**424,654,461**	**100.00**

Category of shareholders as at March 31, 2017

Category	No. of shares	% of the total no. of shares
Promoters Holdings	128,807,830	30.33
Promoters Group	147,935,210	34.83
Corporate Bodies	2,941,527	0.70
Banks, Financial Institutions, Mutual Funds, State & Central Govt.	42,718,621	10.06
Foreign Institutional Investors	53,181,117	12.52
Indian Public & Others	45,923,045	10.82
NRIs/OCBs/ foreign Nationals	3,147,111	0.74
Total	**424,654,461**	**100.00**



m) Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's shares are liquid and actively traded in NSE and BSE. The status of shares held in demateralised and physical forms as on March 31, 2017 are given below:

Particulars	No. of shares	Percentage
Shares held in Dematerialised form	423,280,163	99.68
Shares held in Physical form	1,374,298	0.32
Total	**424,654,461**	**100.00**

n) There were no outstanding GDR/ADR/warrants or any convertible instruments as at and for the year ended March 31, 2017.

o) Commodity price risk or foreign exchange risk and hedging activities

During the year ended March 31, 2017 the Company has managed its foreign exchange risk by entering into hedging arrangements as and when considered necessary. The details of foreign currency exposure and hedging are disclosed in notes to the financial statements. Details of commodity price risks are covered under the 'Management Discussion and Analysis Report, which forms part of this Annual Report.

p) Plant Locations

The details of manufacturing/plant locations and registered office are given in the Corporate Information section which forms part of this Annual Report.

q) Address for investor correspondence is as follows:

The Company Secretary
V-Guard Industries Limited
42/962, Vennala High School Road,
Vennala, Ernakulam – 682028
Phone: 0484-3005000
e-mail: jayasree@vguard.in; secretarial@vguard.in

X. OTHER DISCLOSURES

a) Details of Non-Compliance by the Company, Penalties, strictures imposed on the Company by Stock Exchange or the Board or any statutory authority, on any matter related to capital markets during last three years

The Company has not been penalized, nor have the Stock Exchanges, SEBI or any statutory authority imposed on any strictures, during the last three years, on any matter relating to capital markets.

b) Details of establishment of Vigil mechanism and Whistle Blower policy

The Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Vigil Mechanism provides for adequate safeguards against victimization of Directors/employees who blows the whistle and to provide direct access to the Chairman of the Audit Committee in exceptional cases. No employee is denied the opportunity to meet the Chairman of the Audit Committee.

Vigil Mechanism adopted by the Company is posted on the website of the Company www.vguard.in, in the page 'Investor Relations'.

c) Details of policy for determining 'material' subsidiaries

As the Company does not have any subsidiary Company, it has not formulated a policy for determining material subsidiary.

d) Related Party Transactions

The Board of Directors of the Company, as per the provisions of Regulation 23 of the Listing Regulations, has formulated a policy on Material Related Party Transactions. The said policy is available on the website of the Company www.vguard.in, in the page 'Investor Relations'. During the year, there have been no materially significant related party transactions undertaken by the Company under Section 188 of the Companies Act, 2013 and Regulation 23 of the Listing Regulations that may have potential conflict with the interest of the Company at large.

Also, refer note 28.3 of the financial statements as at March 31, 2017 which forms part of this Annual Report for details of related party transactions.

XI. DETAILS OF ADOPTION OF DISCRETIONARY REQUIREMENTS SPECIFIED IN PART E OF SCHEDULE II TO THE LISTING REGULATIONS

The Company has adopted the following non–mandatory requirements of Part E of Schedule II to the Listing Regulations.

a. With a view to further improve the Corporate Governance practices being followed by the Company, the role of Chairman and Managing Director is being held by different persons.

b. The Internal Auditors of the Company are directly reporting to the Audit Committee of the Board.

XII. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Company has complied with all the requirements of Corporate Governance mentioned in the Regulation 12 to 27 and clauses (b) to (i) of sub-regulation of Regulation 46 of the Listing Regulations, 2015, wherever applicable.

The Company has complied with all the requirements of Corporate Governance Report as specified in sub-paras (2) to (10) of Schedule V(C) of the Listing Regulations.

XIII. DETAILS OF OTHER COMPLIANCES

Details of compliances of provisions relating to Corporate Governance in various Regulations of the Listing Regulations, other than those specified above are as under:

a) Code of Conduct for Directors and Senior Management

The Board has put in place a Code of Conduct for Directors and Senior Management of the Company in line with the provisions of Companies Act, 2013 and the Listing Regulations. The Code is available on the website of the Company www.vguard.in, in the page 'Investor Relations'.

b) Prevention of Insider Trading

The Company has formulated a Code of Conduct – Insider Trading to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015 to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The Code envisages procedures to be followed and disclosures to be made while dealing in securities of the Company. The full text of the Code is available on the website of the Company www.vguard.in, in the page 'Investor Relations'.

c) Risk Management

The Board of the Company has adopted Risk Policy of the Company and has framed and implemented risk management plan for the Company and laid down the procedures to inform the members of Audit Committee and Board about the risk assessment and minimization procedures.

The Board has re-constituted the existing Risk Management Committee and presently the members of the Committee consists of all three Executive Directors and Chief Financial Officer of the Company.

A detailed note on Risk Management is included in the Management Discussion and Analysis Report, which forms part of this Annual Report.

d) Review of compliance reports pertaining to all laws applicable to the Company

A comprehensive report on the status of compliance with all the applicable laws to the Company is placed before the Board on a quarterly basis for their review and knowledge.

e) Submission of quarterly compliance report on Corporate Governance

The Company has submitted quarterly compliance report on Corporate Governance, duly signed by the Managing Director/Company Secretary of the Company, with all the Stock Exchanges wherein the shares of the Company are listed.

f) Management Discussion and Analysis Report

Management Discussion and Analysis Report detailing the industry developments, segment wise/product wise performance and other matters, forms part of this Annual Report.

XIV. CEO/CFO CERTIFICATION

Pursuant to Regulation 17(8) of the Listing Regulations, Mr. Mithun K Chittilappilly, Managing Director and Mr. A Jacob Kuruvilla, Chief Financial Officer has given CEO/ CFO Certificate as per the format specified in part B to the Schedule II of the Listing Regulations, and said certificate was placed before the meeting of Board of Directors held on May 19, 2017.

XV. DECLARATION OF CODE OF CONDUCT

In compliance with the provisions of Schedule V(D) of the Listing Regulations, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company.

Sd/ -
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Kochi
May 19, 2017

CEO/CFO CERTIFICATION TO THE BOARD

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Mithun K Chittilappilly, Managing Director and A Jacob Kuruvilla, Chief Financial Officer of V-Guard Industries Limited, hereby certify that:

A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal and violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware and the steps have been taken or proposed to be taken to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   (1) That there are no significant changes in the internal control over financial reporting during the year.

   (2) That there are no significant changes in the accounting policies during the year.

   (3) That we are not aware of instances of any significant fraud with involvement therein of the management or any employee having any significant role in the Company's internal control system over financial reporting.

For V- Guard Industries Limited

Sd/-	Sd/-
Mithun K Chittilappilly	**A Jacob Kuruvilla**
Managing Director	*Chief Financial Officer*

Date: May 19, 2017
Place: Kochi

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of V-Guard Industries Limited
V-Guard Industries Limited
42/962, Vennala High School Road,
Vennala P.O.,
Kochi, Kerala – 682 028

1. The accompanying Corporate Governance Report prepared by V-Guard Industries Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the Applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

iii. Obtained and read the Directors Register as on March 31, 2017 and verified that atleast one woman director was on the Board during the year;

iv. Obtained and read the minutes of the meetings of the Board of Directors and following committees held during April 1, 2016 to March 31, 2017

(a) Audit Committee;

(b) Nomination and Remuneration Committee; and

(c) Stakeholders Relationship and Share Transfer Committee.

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the statutory auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Bangalore
June 28, 2017

BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report of the Company for the financial year ended March 31, 2017, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

SECTION A - GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identification Number	L31200KL1996PLC010010
2. Name of the Company	V-Guard Industries Limited
3. Registered Office Address	42/962, Vennala High School Road, Vennala, Kochi, Kerala- 682 028
4. Website	www.vguard.in
5. Email ID	mail@vguard.in
6. Financial Year Reported	2016-17
7. Sector that the Company is engaged in	Consumer Electricals
8. Key products that the Company manufactures/provides	House Wiring Cables (NIC Code – 31300), Stabilizer (NIC Code – 31901), Electrical Water Heater (NIC Code – 29305), Pump (NIC Code – 2812)
9. Locations where business activity is undertaken	a) Registered and Corporate Office at Kochi, Kerala, India b) Own Manufacturing Locations – 8 facilities spread across Coimbatore, Kashipur, Kala Amb, Perundurai and Sikkim c) Branch Offices – 31
10. Markets served by the Company	The Company predominantly caters to the domestic market with share of exports being minimal.
11. Subsidiary Information	The Company has no subsidiary, associate or has not entered into any joint venture.

SECTION B - FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR)	Rs. 42.46 crores
2. Total Turnover (INR)	Rs. 2,151 crores
3. Total Profit After Taxes (INR)	Rs. 151.80 crores
4. Total Spending on Corporate Social Responsibility	a) Avg Profit for last 3 financial years - ₹119.37 cr. b) CSR spent for FY 17 = ₹2.39 cr. (2% of PAT of ₹119.37 cr.)
5. List of activities, in which expenditure in 4 above, has been incurred	a) Promoting education by way of undertaking various programs / projects. b) Programs / projects for improving health care. c) Environment protection initiatives and contribution to various relief activities. d) Promotion of sports, arts and culture.

SECTION C - BUSINESS RESPONSIBILITY INFORMATION

1. **Details of Director / Directors responsible for BR:**

   a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

DIN	:	06576300
Name	:	Mr. Ramachandran V
Designation	:	Director & Chief Operating Officer

   b) Details of the BR Head:

Name	:	Mr. Ramachandran V
Designation	:	Director & Chief Operating Officer
Telephone No.	:	0484 – 300 5000
Email ID	:	mail@vguard.in

2. **Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):**

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the well-being of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect, protect, and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

a. **Details of compliance (reply in Y/N)**

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Has the policy been formulated in consultation with the relevant stakeholders?	Yes. Relevant internal and external stakeholders were consulted, as deemed appropriate, during the formulation of the policies.								
2.	Does the policy conform to any national / international standards? If Yes, specify?	Yes. All the policies have been developed considering relevant national and international standards.								
3.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Yes. Wherever required approval from the Board was obtained in adopting various policies and other Policies which were not required to be approved by the Board have been approved by the Management Committee.								

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Yes. The Internal Audit Division of the Company oversees the functioning of the policy.								
5.	Indicate the link for the policy to be viewed online?	Policies are uploaded in the website of the Company at www.vguard.in and in the Company's intranet portal.								
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Yes. The in house Internal Audit Division of the Company evaluates the working of the policies.								

b. If answer to the question at serial number 1 against any principle is 'No', please explain why: (Tick up to 2 options)

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3.	The Company does not have any financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4.	It is planned to be done within the next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5.	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6.	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION D - PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?	Yes. The Company is having code of conduct for Directors, Senior Management and Employees.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.	Complaints received from stakeholders were addressed on time.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1.	Products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The products of the Company are developed under an advanced R & D facility. None of our products have any potential impact on the environment as the materials used and the process followed strictly comply with prescribed standards. Also, the Company has in its portfolio, products like solar water heater and Solar enabled UPS, which promotes renewable source of energy.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	**Energy and Water reduction in manufacturing process of Solar Water Heaters.** Energy Consumed in units per production unit: 4.85 units (FY 16-17); 5.29 units (FY 15-16) Water consumed in liters per production unit: 380.02 (FY 16-17); 381.57 units (FY 15-16) **Energy and Water reduction in manufacturing process of wires and cables.** Energy Consumed in units per production unit: 0.028 units/mtr (FY 16-17); 0.056 units/mtr (FY 15-16) Water consumed in liters per production unit: 0.257 liters/mtr (FY 16-17); 0.403 liters/mtr (FY 15-16) Due to constant innovations and focus on performance, less energy consuming products were developed which would result into reduction of energy use by customers. However, the tracking of such reduction by end consumer is not feasible.
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.	High value raw materials are procured by a centralized team and the Company is planning for Centralised procurement of other materials in the coming years. The Company believes in sustainable sourcing and adheres to the same.
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company procures goods and services from local & small producers.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof.	There are no such products/waste manufactured which can be recycled and hence the Company does not have any mechanism for that.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

<table>
<tr><td>1.</td><td>Total number of employees</td><td colspan="3">There are 1944 employees who are on permanent basis.</td></tr>
<tr><td>2.</td><td>Please indicate the Total number of employees hired on temporary/contractual/casual basis.</td><td colspan="3">575 employees are coming under off roll employment.</td></tr>
<tr><td>3.</td><td>Please indicate the Number of permanent women employees.</td><td colspan="3">141</td></tr>
<tr><td>4.</td><td>Please indicate the Number of permanent employees with disabilities.</td><td colspan="3">NIL</td></tr>
<tr><td>5.</td><td>Do you have an employee association that is recognized by management.</td><td colspan="3">No</td></tr>
<tr><td>6.</td><td>What percentage of your permanent employees is members of this recognized employee association?</td><td colspan="3">NA</td></tr>
<tr><td rowspan="2">7.</td><td rowspan="2">Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.</td><td>Category</td><td>No. of complaints during the year</td><td>Complaints pending at the end of the year</td></tr>
<tr><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>8.</td><td>What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?</td><td colspan="3">1. Permanent Employees – 81 %
2. Permanent Women Employees – 90%
3. Contractual employees – Requisite trainings were given to the contractual employees. However, percentage wise database for training given to such employees has not been maintained.
4. Employees with Disability – NA</td></tr>
</table>

PRINCIPLE 4: BUSINESS SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

1.	Has the Company mapped its internal and external stakeholders?	The Company has identified employees, customers (OEMs) consumers and dealers, suppliers, investors, shareholders etc. and mapped them as internal and external stakeholders.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	Yes.
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof.	The Company is providing technical and vocational training / skill development programs to disadvantaged stakeholders in the society.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

1.	Does the policy of the company on human rights cover only the company or extend to the Group/JVs/Suppliers/Contractors/NGOs/Others?	The Company believes in upholding human rights of all stakeholders associated with it.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	All the complaints received from the stakeholders were satisfactorily resolved.

PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT.

1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.	Applies only to the Company.
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	The Company's products do not have any hazardous or harmful impact on the environment. The Company has set up mechanism for rain water harvesting and waste water recycling at its various establishments/locations.
3.	Does the company identify and assess potential environmental risks? Y/N	Yes.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes. The requirement and standards on environmental concerns are assessed at product development stage.
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	The Company has installed solar water heaters and led lightings at its factories aimed at reducing the electricity consumption.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No legal notice / show cause notice was received during the year under review.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER.

1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company has not taken any membership in any trade and chamber or association.
2.	Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Presently, the Company is carrying out activities on advancement or improvement of public good directly.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. Does the company have specified programs/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	The CSR activities of the Company comprises activities/initiatives which support the inclusive growth and development of the society.
2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	The programs are undertaken directly as well as through agencies.
3. Have you done any impact assessment of your initiative?	NA
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Amount spent on the Community development services as part of CSR initiatives are mentioned at Section B of this Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Proper follow ups are being made to ensure the implementation of the development initiatives.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.	The Company addresses the Consumer Complaints proactively and have a mechanism in place to attend and resolve the complaints within 48 hours of lodgement of any complaint. As on the end of the financial year there were 14 consumer cases pending.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	Yes. All relevant and required information are displayed on the label.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.	No
4. Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. The Company has carried out a customer satisfaction survey and the results show that more than 90% of the customers are satisfied with the Company's products and service.

FINANCIAL SECTION

Independent Auditor's Report

To the Members of
V-Guard Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of V-Guard Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27.1 to the financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

    iv. The Company has provided requisite disclosures in Note 28.11 to the financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S .R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aditya Vikram Bhauwala
Partner
Membership Number: 208382

Kochi
May 19, 2017

Annexure 1 to the Independent Auditor's Report of even date on the Financial Statements of V-Guard Industries Limited

We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of loans granted, to which section 186 of the Act is applicable. In our opinion and according to the information and explanations given to us, the Company has not made any investments or given guarantees to which section 186 of the Act is applicable or granted any loan to which section 185 of the Act is applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the products manufactured by the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount claimed (₹ in lakhs)	Period to which the amount relates	Amount paid under protest (₹ in lakhs)	Forum where dispute is pending
Central Sales Tax Act	Central Sales tax	64.88	1998-99	2.60	Commercial Tax Office, Tamil Nadu
Tamil Nadu Value Added Tax Act	Value added tax	59.70	2008-09	-	High Court of Madras
Karnataka Value Added Tax	Value added tax	2.37	2011-12	-	Appellate Tribunal
Jharkhand Value Added Tax	Value added tax	2.30	2009-10	-	Commercial Taxes Tribunal
Andhra Pradesh Value Added Tax	Value added tax	0.75	2005-06	-	Additional Deputy Commissioner (Commercial Taxes)
Central Sales Tax Act	Central Sales tax	8.38	2011-12 & 2012-13	0.56	Sales Tax Tribunal
Orissa Entry Tax Act	Entry Tax	155.37	2011-12 & 2012-13	10.36	Sales Tax Tribunal
Orissa Value Added Tax Act	Value added tax	338.13	2011-12 & 2012-13	40.25	Sales Tax Tribunal
Orissa Value Added Tax Act	Value added tax	16.78	2007-08	1.12	Sales Tax Tribunal
Orissa Value Added Tax Act	Value added tax	165.23	2008-09 to 2010-11	16.02	Sales Tax Tribunal
Bihar Value Added Tax Act	Value added tax	55.67	2013-14	20.00	Joint Commissioner of Commercial Taxes (Appeals)
Bihar Entry Tax Act	Entry Tax	16.04	2013-14	-	Joint Commissioner of Commercial Taxes (Appeals)
Central Excise Act, 1944	Excise Duty	4.10	2003-04 to 2008-09	-	Central Excise Service Tax Appellate Tribunal
Andhra Pradesh Value Added Tax Act	Value added tax	12.82	April 2006 to June 2010	3.20	Appellate Tribunal (Commercial Taxes), Telangana
Andhra Pradesh Value Added Tax Act	Value added tax	88.67	2014-15 & 2015-16	10.07	Appellate Deputy Commissioner (Commercial Taxes)
Karnataka Value Added Tax Act	Value added tax	10.91	2011-12	-	Joint Commissioner Commercial Taxes (Appeals)
Income Tax Act, 1961	Income tax	19.02	AY 2008-09	-	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	88.83	AY 2009-10	14.60	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	93.16	AY 2010-11	14.00	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	102.61	AY 2011-12	15.50	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	213.32	AY 2012-13	5.05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	392.28	AY 2013-14	-	Commissioner of Income Tax (Appeals)

(viii) According to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any borrowing from government or by way of debentures during the year.

(ix) In our opinion and according to the information and explanations given by the management, monies raised by way of term loans were applied for the purposes for which those were raised. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S .R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aditya Vikram Bhauwala
Partner
Membership Number: 208382

Kochi
May 19, 2017

Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of V-Guard Industries Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of V-Guard Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S .R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aditya Vikram Bhauwala
Partner
Membership Number: 208382

Kochi
May 19, 2017

Balance Sheet as at 31st March, 2017

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	4,246.54	3,008.52
(b) Reserves and surplus	4	59,463.62	44,068.53
		63,710.16	47,077.05
2. Non-current liabilities			
(a) Long-term borrowings	5	240.00	560.00
(b) Other long-term liabilities	6	1,291.70	1,209.86
(c) Deferred tax liabilities (net)	28.6	543.69	746.47
(d) Long-term provisions	7	881.73	546.29
		2,957.12	3,062.62
3. Current liabilities			
(a) Short-term borrowings	8	6.33	153.61
(b) Trade payables	9		
- Total outstanding dues to micro enterprises and small enterprises		2,904.62	2,413.51
- Total outstanding dues to creditors other than micro enterprises and small enterprises		19,157.05	12,697.10
(c) Other current liabilities	10	3,024.41	2,817.41
(d) Short-term provisions	11	2,313.39	3,429.64
		27,405.80	21,511.27
TOTAL		**94,073.08**	**71,650.94**
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Property, plant & equipment	12 (A)	16,368.08	15,520.00
(ii) Intangible assets	12 (B)	469.50	581.51
(iii) Capital work-in-progress		1,041.64	7.72
		17,879.22	16,109.23
(b) Non-current investments	13	27.00	-
(c) Long-term loans and advances	14	3,236.28	2,006.79
(d) Other non current assets	20(B)	7.92	3.53
		21,150.42	18,119.55
2. Current assets			
(a) Current investments	15	8,887.02	1,939.05
(b) Inventories	16	27,364.04	20,469.18
(c) Trade receivables	17	31,927.13	27,924.07
(d) Cash and bank balances	18	1,570.16	758.79
(e) Short-term loans and advances	19	2,796.35	2,332.68
(f) Other current assets	20(A)	377.96	107.62
		72,922.66	53,531.39
TOTAL		**94,073.08**	**71,650.94**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. : 208382

Place : Kochi
Date : 19th May, 2017

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Kochouseph Chittilappilly
Chairman
DIN: 00020512

Mithun K. Chittilappilly
Managing Director
DIN: 00027610

A Jacob Kuruvilla
Chief Financial Officer

Jayasree K
Company Secretary

Place : Kochi
Date : 19th May, 2017

Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	Notes	For the year ended 31st March, 2017	For the year ended 31st March, 2016
1. Income			
Income from operations (gross)		2,17,918.80	1,87,711.14
Less: excise duty		2,856.45	1,483.08
Revenue from operations (net)	21	2,15,062.35	1,86,228.06
2. Other income	22	1,346.13	723.21
3. Total revenue (1+2)		**2,16,408.48**	**1,86,951.27**
4. Expenses			
(a) Cost of raw materials consumed	23.a	58,546.55	50,289.92
(b) Purchase of traded goods	23.c	94,746.91	74,638.24
(c) (Increase)/ decrease in inventories of finished goods, work- in-progress and traded goods	23.d	(5,495.45)	6,304.84
(d) Employee benefits expense	24	13,751.01	11,082.97
(e) Finance costs	25	210.06	892.29
(f) Depreciation and amortisation expense	12 (A) and 12 (B)	1,623.53	1,535.70
(g) Other expenses	26	32,008.74	26,111.37
Total expenses		**1,95,391.35**	**1,70,855.33**
5. Profit before tax (3 - 4)		**21,017.13**	**16,095.94**
6. Tax expenses			
(a) Current tax expense		5,996.89	5,066.80
(b) Deferred tax	28.6	(202.78)	(177.40)
(c) Current tax relating to earlier years		43.02	38.43
		5,837.13	4,927.83
7. Profit for the year (5 - 6)		**15,180.00**	**11,168.11**
8. Earnings per equity share (basic and diluted):	28.4		
(Nominal value of equity share - ₹1)			
Basic earnings per share		3.59	2.66
Diluted earnings per share		3.54	2.63
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. : 208382

Place : Kochi
Date : 19th May, 2017

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Kochouseph Chittilappilly
Chairman
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Mithun K. Chittilappilly
Managing Director
DIN: 00027610

A Jacob Kuruvilla
Chief Financial Officer

Jayasree K
Company Secretary

Place : Kochi
Date : 19th May, 2017

Cash Flow Statement for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
A. Cash flow from operating activities				
Net profit before tax		21,017.13		16,095.94
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation	1,623.53		1,535.70	
Loss on fixed assets sold / scrapped / written off (net)	133.87		95.60	
Interest expense	96.92		780.35	
Interest income	(137.08)		(119.90)	
Dividend income on current investments	(417.60)		(60.51)	
Net gain on sale of current investments	(86.41)		-	
Trade and other receivables, loans and advances written off	46.46		47.26	
Liabilities / provisions no longer required written back	(15.35)		(10.05)	
Provision for doubtful trade and other receivables, loans and advances	670.44		524.83	
Employee stock compensation expense	529.60		357.88	
		2,444.38		3,151.16
Operating profit before working capital changes		23,461.51		19,247.10
Movements in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(6,894.86)		5,618.53	
Trade receivables	(4,766.99)		(4,103.19)	
Short-term loans and advances	(388.67)		1,210.71	
Long-term loans and advances	(258.47)		(100.66)	
Other current assets	(270.34)		(98.67)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	6,829.47		(4,219.11)	
Other current liabilities	78.00		361.25	
Other long-term liabilities	81.84		(45.91)	
Short-term provisions	247.34		221.95	
Long-term provisions	335.44		(5.36)	
		(5,007.24)		(1,160.46)
Cash generated from operations		18,454.27		18,086.64
Income tax paid (net of refunds)		(6,560.76)		(4,979.72)
Net cash flow from operating activities (A)		**11,893.51**		**13,106.92**
B. Cash flow from investing activities				
Purchase of fixed assets, including capital work-in-progress and capital advances	(4,300.38)		(1,469.66)	
Purchase of current investments	(1,53,200.40)		(56,629.05)	
Sale of current investments	1,46,338.84		54,690.00	
Proceeds from sale of fixed assets	80.44		74.32	
(Increase) / decrease in margin money and other bank deposits	(9.76)		(5.84)	
Interest received				
- From banks, on loans and advances, etc.	137.08		119.75	
Dividend income on current investments	417.60		60.51	
Net cash flow used in investing activities (B)		**(10,536.58)**		**(3,159.97)**

Cash Flow Statement for the year ended 31st March, 2017 (contd.)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
C. Cash flow from financing activities				
Proceeds from issuance of share capital	923.99		311.22	
Repayment of long-term borrowings	(325.14)		(2,214.74)	
Proceeds/ (repayment) of short-term borrowings (net)	(147.28)		(3,523.72)	
Interest paid	(96.77)		(734.34)	
Interim dividend paid on equity shares	-		(1,353.11)	
Tax on interim equity dividend paid	-		(275.47)	
Final dividend paid on equity shares	(752.53)		(1,348.79)	
Tax on final equity dividend paid	(153.20)		(274.58)	
Net cash flow used in financing activities (C)		**(550.93)**		**(9,413.53)**
Net increase in cash and cash equivalents (A+B+C)		**806.00**		**533.42**
Cash and cash equivalents at the beginning of the year		690.37		156.95
Cash and cash equivalents at the end of the year		**1,496.37**		**690.37**
Components of cash and cash equivalents				
(a) Cash on hand		3.70		3.97
(b) Balances with banks				
(i) In current accounts		462.96		257.94
(ii) In unpaid dividend account *		29.71		28.46
(iii) Deposits with original maturity less than 3 months		1,000.00		400.00
		1,496.37		690.37
* The Company can utilize these balances only towards settlement of respective unpaid dividends				
Summary of significant accounting policies 2.1				

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. : 208382

Place : Kochi
Date : 19th May, 2017

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Kochouseph Chittilappilly
Chairman
DIN: 00020512

Mithun K. Chittilappilly
Managing Director
DIN: 00027610

A Jacob Kuruvilla
Chief Financial Officer

Jayasree K
Company Secretary

Place : Kochi
Date : 19th May, 2017

Notes forming part of the Financial Statements

Note 1: Corporate information

V-Guard Industries Limited ('V-Guard' or 'the Company') is a public company domiciled in India and is engaged in the manufacturing, trading and selling of a wide range of products as given below:

Segment	Products
Electronics	Voltage Stabilizers, Digital UPS and UPS
Electrical/ Electro mechanical	PVC Cables, Pumps and Motors, Electric Water Heaters, Fans, L.T. Cable, Switchgears, Induction Cooktops, Mixer Grinder, etc.
Others	Solar Water Heaters and Solar Inverter

V-Guard has its manufacturing facilities located at K.G. Chavady, Coimbatore, Tamil Nadu; at Kashipur, Utharakhand; at Kala Amb, Himachal Pradesh; at SIPCOT Industrial growth center, Perundurai, Tamil Nadu and at Majitar, Sikkim.

The Company's shares are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Note 2: Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in Accounting Policy

Accounting for Proposed Dividend

As per the requirements of pre-revised Accounting Standard (AS) 4 - Contingencies and Event Occurring After Balance Sheet Date, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per Accounting Standard (AS) 4 (Revised), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. The Company needs to disclose the same in notes to the financial statements.

Accordingly, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the Company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss as of March 31, 2017 would have been lower by ₹3,577.74 Lakhs and current provision would have been higher by ₹3,577.74 Lakhs (including dividend distribution tax of ₹605.16 Lakhs). Also refer note 3 (e).

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Property, plant and equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to

Notes forming part of the Financial Statements

be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development expenses

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale,

(ii) Its intention to complete the asset,

(iii) Its ability to use or sell the asset,

(iv) How the asset will generate future economic benefits,

(v) The availability of adequate resources to complete the development and to use or sell the asset and

(vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

e) **Depreciation and amortisation**

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets:

Asset Category	Useful life estimated by the management (in years)
Factory buildings	30
Other buildings	60
Plant and equipment*	5 to 20
Computers	3 to 6
Office equipment*	6
Furniture & fixtures	10
Vehicles	8 to 10

* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 99 years.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets are amortised over their estimated useful life as follows:

Asset Category	Useful life (in years)
Software	5 years
Trademark	10 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

f) **Leases**

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g) **Borrowing costs**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) **Impairment of fixed assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are

Notes forming part of the Financial Statements

largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

i) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds

j) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Investment property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k) Inventories

Raw materials, packing materials, consumables and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, consumables and stores and spares is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, net of returns and trade discounts. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company’s right to receive dividend is established by the reporting date.

m) Foreign currency translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items,

Notes forming part of the Financial Statements

which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on settlement / conversion of foreign currency monetary assets and liabilities are recognized as income or expense in the statement of profit and loss in the period in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

n) Retirement and other employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution plan. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Defined benefit plans

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains and losses are recognised in the statement of profit and loss in the period in which they occur.

Short-term employee benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, as the Company believes that it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

p) Employee stock compensation cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

q) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Notes forming part of the Financial Statements

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

t) Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise. The estimate of such warranty related costs is revised annually.

u) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments/deposits with an original maturity of three months or less.

Notes forming part of the Financial Statements

Note 3: Share capital

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
(a) Authorised:				
Equity shares of ₹1/- (31st March 2016: ₹10/-) each with voting rights (Refer Note (i) below)	50,00,00,000	5,000.00	3,50,00,000	3,500.00
(b) Issued, subscribed and fully paid-up:				
Equity shares of ₹1/- (31st March 2016: ₹10/-) each with voting rights (Refer Notes (ii) and (iii) below)	42,46,54,461	4,246.54	3,00,85,244	3,008.52

Note (i) - Increase in Authorised Share Capital

The Company has increased its Authorised Share Capital from ₹3,500 lakhs to ₹4,000 lakhs vide shareholders' approval at the Annual General Meeting held on 26th July, 2016. In the Extra Ordinary General Meeting (EGM) held on 6th March, 2017 vide shareholders' approval, the Company further increased the Authorised Share Capital from ₹4,000 lakhs to ₹5,000 lakhs.

Note (ii) - Sub division of equity shares

Pursuant to shareholders' approval at the Annual General Meeting held on 26th July 2016, the Company sub-divided the face value of equity shares of ₹10 each into ten equity shares of ₹1 each on the record date of 31st August, 2016.

Note (iii) - Issue of Bonus shares

The Company has allotted 12,13,29,846 fully paid up equity shares of ₹1 each on 17th March, 2017 pursuant to 2:5 bonus share issue approved by the shareholders in the Extra Ordinary General Meeting (EGM) held on 6th March, 2017, by capitalising the Surplus in the statement of profit and loss amounting to ₹1,213.30 lakhs.

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
At the beginning of the period	3,00,85,244	3,008.52	2,99,73,141	2,997.31
Issued during the period – ESOP (Pre Share split)	95,275	9.53	-	-
Increase on account of Share Split	27,16,24,671	-	-	-
Issued during the period – ESOP (Post Share split)	15,19,425	15.19	1,12,103	11.21
Issued during the period – Bonus issue	12,13,29,846	1,213.30	-	-
Outstanding at the end of the period	42,46,54,461	4,246.54	3,00,85,244	3,008.52

(b) Terms/rights attached to equity shares:

The Company has issued only one class of equity shares having a face value of ₹1 per share (31st March 2016: ₹10 per share). Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of final dividend recommended for distribution to equity shareholders as at 31st March, 2017 is ₹0.70 per share (face value: ₹1 each) (31st March, 2016: ₹2.50 per share (face value: ₹10 each)). During the previous year ended 31st March, 2016, the Company had declared and paid interim dividend of ₹4.50 per share (face value: ₹10 each).

In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes forming part of the Financial Statements

Note 3: Share capital (contd.)

(c) **Details of shareholders holding more than 5% shares in the Company:**

Class of shares / name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares held*	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
Mr. Kochouseph Chittilappilly	8,23,23,252	19.39%	73,66,518	24.49%
Ms. Sheela Kochouseph	4,64,84,578	10.95%	33,20,327	11.04%
Mr. Arun K Chittilappilly	5,55,75,758	13.09%	39,69,697	13.19%
Mr. Mithun K Chittilappilly	7,15,51,452	16.85%	51,10,318	16.99%

*adjusted for sub division of shares and issue of bonus shares

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) **Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	12,13,29,846	-

In addition, the Company has issued 237,724 shares of face value of ₹10 each (31st March 2016: 125,621 shares of face value of ₹10 each) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

(e) **Proposed dividend on Equity Shares:**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	(₹ in lakhs)	(₹ in lakhs)
The board proposed final dividend on equity shares after the balance sheet date:		
Proposed dividend on equity shares for the year ended on 31st March 2017: ₹0.70 per share of face value of ₹1 each (31st March 2016: ₹2.50 per share of face value of ₹10 each)	2,972.58	752.13
Dividend distribution tax on proposed dividend	605.16	153.12
	3,577.74	**905.25**

For the period up to 31st March 2016, the Company has treated dividend proposed/ declared after the Balance Sheet date as an adjusting event. However, from the financial year 2016-17 onwards, it is treated as a non-adjusting event. For details refer note 2.1 (a).

(f) **Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 28.5.

Notes forming part of the Financial Statements

Note 4: Reserves and surplus

(₹ in lakhs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
(a)	**Securities premium account**		
	Balance as per the last financial statements	6,373.62	5,841.14
	Add : Additions during the year on exercise of employees stock options	899.27	300.01
	Add: Transferred from Employees stock options outstanding, on exercise of stock options	357.82	232.47
	Closing balance	**7,630.71**	**6,373.62**
(b)	**General reserve**		
	Balance as per the last financial statements	6,489.01	5,489.01
	Add: Transferred from surplus in the statement of profit and loss	-	1,000.00
	Closing balance	**6,489.01**	**6,489.01**
(c)	**Surplus in the statement of profit and loss**		
	Balance as per the last financial statements	30,833.58	23,199.30
	Add: Profit for the year	15,180.00	11,168.11
	Less: Appropriations		
	Amounts utilised toward issue of fully paid bonus shares	(1,213.30)	-
	Interim equity dividend paid (31st March, 2016: ₹4.50 per share with face value of ₹10 each)	-	(1,353.11)
	Tax on interim equity dividend	-	(275.47)
	Proposed final equity dividend (31st March, 2016: ₹2.50 per share with face value of ₹10 each) *	(0.40)	(752.13)
	Tax on proposed final equity dividend *	(0.08)	(153.12)
	Transfer to general reserve	-	(1,000.00)
	Net surplus in the statement of profit and loss	**44,799.80**	**30,833.58**
(d)	**Employees stock options outstanding**		
	Balance as per the last financial statements	372.32	246.91
	Add: Amortisation during the year (Refer Note 24)	529.60	357.88
	Less: Transferred to securities premium on exercise of stock options	(357.82)	(232.47)
	Closing balance	**544.10**	**372.32**
	Total	**59,463.62**	**44,068.53**

* Dividends and tax thereon of ₹0.40 lakhs and ₹0.08 lakhs respectively paid in year ended 31st March, 2017 pertains to the difference in amounts provided as at 31st March, 2016 and amounts paid after approval in the Annual General Meeting, due to excercise of options between the record date and 31st March, 2016.

Notes forming part of the Financial Statements

Note 5: Long-term borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Term loans		
From banks - secured	240.00	560.00
	240.00	**560.00**
(b) Current maturities of long-term borrowings		
From banks - secured	320.00	324.37
From others - secured	-	0.77
	320.00	325.14
	560.00	885.14
Less: Amount disclosed under the head "other current liabilities" (note 10)	(320.00)	(325.14)
Total	**240.00**	**560.00**

(i) Details of terms of repayment and security provided in respect of secured borrowings:

(₹ in lakhs)

Particulars	Terms of repayment and security	As at 31st March, 2017		As at 31st March, 2016	
		Non-current	Current	Non-current	Current
From banks					
Axis Bank Ltd.	The term loan is secured by hypothecation of the vehicle financed. Repayment term is in 60 equated monthly installments of ₹0.40 lakhs from 15.04.2012 to 15.03.2017. Interest rate is 10.69% p.a.	-	-	-	4.37
Development Bank of Singapore (DBS)	Term Loan drawn in two tranches, is secured by way of (a) Equitable mortgage on 2.71 acres of Land and Building there on situated at Khasara No. 86, Village Basai, Kashipur, Uttarakand. (b) Hypothecation of Plant & Machinery and other assets at Kashipur acquired out of bank finance. Repayable in 20 equal quarterly installments commencing at the end of 12 months from date of first drawdown (i.e 28.03.2014). Interest rate is 10.70% p.a for the first drawdown of ₹1,000 lakhs and 11.20% for the second drawdown of ₹600 lakhs.	240.00	320.00	560.00	320.00
	Total (A)	240.00	320.00	560.00	324.37

Notes forming part of the Financial Statements

Note 5: Long-term borrowings (contd.)

(i) Details of terms of repayment and security provided in respect of secured borrowings: (₹ in lakhs)

Particulars	Terms of repayment and security	As at 31st March, 2017		As at 31st March, 2016	
		Non-current	Current	Non-current	Current
From others					
BMW India Financial Services Private Limited	The term loan is secured by hypothecation of the vehicle financed. Repayment term is 60 equated monthly installments of ₹0.78 lakhs from 01.05.2011 to 01.04.2016. The loan has been fully repaid as on 31st March, 2017. Interest rate was 9.60% p.a.	-	-	-	0.77
	Total (B)	-	-	-	0.77
	Total (A + B)	240.00	320.00	560.00	325.14

Note 6: Other long-term liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Trade / Security Deposits received	1,291.70	1,209.86
Total	**1,291.70**	**1,209.86**

Note 7: Long-term provisions

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employee benefits		
Provision for gratuity (Refer Note 28.1)	210.14	-
(b) Other provisions		
Provision for warranty (Refer Note 28.8)	671.59	546.29
Total	**881.73**	**546.29**

Note 8: Short-term borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Cash credit from banks-Secured (Refer Note below)	6.33	153.61
Total	**6.33**	**153.61**

Notes forming part of the Financial Statements

Note 8: Short-term borrowings (contd.)

Note:

Details of security for the secured short-term borrowings: (₹ in lakhs)

Particulars	Nature of security	As at 31st March, 2017	As at 31st March, 2016
HDFC Bank Ltd.	Secured by hypothecation by way of pari passu first charge on all current assets of the Company, both present and future, including stock of goods and book debts. The short term fund carries interest varying from 9.63% to 11.40% p.a. (31st March, 2016: varying from 9.65% to 11.40% p.a.)	-	153.61
State Bank of India		6.33	-
	Total	6.33	153.61

Note 9: Trade payables

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Acceptances	-	401.25
(b) Other than Acceptances:		
- Dues to micro enterprises and small enterprises (Refer Note 27.2)	2,904.62	2,413.51
- Others	19,157.05	12,295.85
Total	22,061.67	15,110.61

Note 10: Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Current maturities of long-term borrowings (Refer Note 5)	320.00	325.14
(b) Interest accrued but not due on borrowings	0.02	-
(c) Unpaid dividends (unpresented dividend warrants)	29.71	46.89
(d) Other payables:		
(i) Statutory remittances (Contributions to PF and ESIC, withholding taxes, excise duty, VAT, etc.)	2,159.88	2,104.12
(ii) Contractually reimbursable expenses	26.38	33.24
(iii) Advances from customers	107.11	122.38
(iv) Capital creditors	223.94	89.82
(v) Others	157.37	95.82
Total	3,024.41	2,817.41

Notes forming part of the Financial Statements

Note 11: Short-term provisions

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employee benefits		
(i) Provision for leave benefits	709.14	491.77
(b) Other provisions		
(i) Provision for warranty (Refer Note 28.8)	1,557.36	1,527.39
(ii) Proposed equity dividend (Refer Note 3(e))	-	752.13
(iii) Provision for tax on proposed dividend (Refer Note 3(e))	-	153.12
(iv) Provision for Income Tax	46.89	505.23
Total	**2,313.39**	**3,429.64**

Note 12 (A) : Property, plant & equipment

(₹ in lakhs)

Particulars	Freehold land	Leasehold land	Buildings (Refer Note below)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Cost or valuation									
At April 1, 2015	1,916.14	463.96	8,439.38	8,846.99	484.00	202.87	579.78	957.76	21,890.88
Additions	-	-	135.47	997.10	52.17	-	76.85	149.27	1,410.86
Disposals	-	-	(32.36)	(262.57)	(3.27)	(11.19)	(17.36)	(48.40)	(375.15)
At March 31, 2016	1,916.14	463.96	8,542.49	9,581.52	532.90	191.68	639.27	1,058.63	22,926.59
Additions	-	-	62.44	1,763.65	73.77	13.15	175.21	215.85	2,304.07
Disposals	-	-	-	(105.52)	(0.80)	(71.30)	(2.06)	(62.89)	(242.57)
At March 31, 2017	1,916.14	463.96	8,604.93	11,239.65	605.87	133.53	812.42	1,211.59	24,988.09
Depreciation									
At April 1, 2015	-	24.77	965.18	4,050.54	255.49	84.60	259.37	697.32	6,337.27
Charge for the year	-	4.69	220.64	695.05	59.91	26.66	117.26	150.34	1,274.55
Disposals	-	-	(0.85)	(132.81)	(2.63)	(6.47)	(15.52)	(46.95)	(205.23)
At March 31, 2016	-	29.46	1,184.97	4,612.78	312.77	104.79	361.11	800.71	7,406.59
Charge for the year	-	4.69	221.61	801.85	77.64	16.74	101.12	154.97	1,378.62
Disposals	-	-	-	(55.88)	(0.43)	(44.26)	(1.82)	(62.81)	(165.20)
At March 31, 2017	-	34.15	1,406.58	5,358.75	389.98	77.27	460.41	892.87	8,620.01
Net Block									
At March 31, 2016	1,916.14	434.50	7,357.52	4,968.74	220.13	86.89	278.16	257.92	15,520.00
At March 31, 2017	1,916.14	429.81	7,198.35	5,880.90	215.89	56.26	352.01	318.72	16,368.08

Note : Building includes those constructed on leasehold land:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Gross block	791.96	791.96
Depreciation charge for the year	30.64	30.64
Accumulated depreciation	115.22	84.58
Net book value	676.74	707.38

Also refer note 28.12 pertaining to capitalisation of expenses

Notes forming part of the Financial Statements

Note 12 (B) : Intangible assets

Particulars	Computer software	Trademark	Total
Gross block			
At April 1, 2015	**1,114.04**	**1,062.07**	**2,176.11**
Purchase / additions	158.87	-	158.87
At March 31, 2016	**1,272.91**	**1,062.07**	**2,334.98**
Purchase / additions	132.90	-	132.90
At March 31, 2017	**1,405.81**	**1,062.07**	**2,467.88**
Amortisation			
At April 1, 2015	471.14	1,021.18	1,492.32
Charge for the year	224.86	36.29	261.15
At March 31, 2016	696.00	1,057.47	1,753.47
Charge for the year	242.00	2.91	244.91
At March 31, 2017	**938.00**	**1,060.38**	**1,998.38**
Net block			
At March 31, 2016	**576.91**	**4.60**	**581.51**
At March 31, 2017	**467.81**	**1.69**	**469.50**

Note 13: Non-current investments

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Investment property (at cost less accumulated depreciation)		
Cost of land	27.00	-
Total	**27.00**	**-**

Note 14: Long-term loans and advances

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Capital advances		
Unsecured, considered good	1,169.00	185.49
Doubtful	-	20.00
	1,169.00	205.49
Less: Provision for doubtful advances	-	(20.00)
	1,169.00	185.49
(b) Security deposits - Unsecured, considered good	657.45	579.22
(c) Loans and advances to employees - Unsecured, considered good	69.75	78.81
(d) Balances with statutory/government authorities - Unsecured, considered good	7.17	6.04
(e) Advance Income Tax (net of provisions) - Unsecured, considered good	713.24	650.73
(f) Prepaid Expenses - Unsecured, considered good	15.01	6.50
(g) Inter corporate loan - Unsecured, considered good (Refer Note 1 below and Note 19)	425.00	500.00
(h) Other loans - Unsecured, considered good (Refer Note 2 below)	179.66	-
Total	**3,236.28**	**2,006.79**

Notes forming part of the Financial Statements

Note 14: Long-term loans and advances (contd.)

Note 1: Inter corporate loan represents unsecured loan given to M/s Sakthi Accumulators Private Limited ('the vendor') for enhancing its manufacturing infrastructure. The loan has to be repaid over a period of three years starting from 30th March, 2018 and ending on 30th March, 2021. One of the promoter director of the vendor has provided personal guarantee for the repayment of loan. Interest rate of the loan is 10% p.a. with effect from 31st October 2016 (31st March 2016: 18% p.a.).

Note 2: Others represents unsecured loan given during the year to Mr. Gopal Singh Cintury , the landlord for construction of building to be occupied by the Company, at an interest rate of 9% p.a.. The loan will be repaid by adjustment of monthly rent payable to the landlord pursuant to lease agreement entered for a period of five years. The landlord's son has provided personal guarantee for the repayment of loan.

Note 15: Current Investments

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted mutual funds		
(a) 24.75 lakhs [31st March, 2016: 5.34 lakhs] units of ₹100 each fully paid-up of Birla Sunlife Liquid Fund Daily Dividend Reinvestment.	2,479.69	535.47
(b) 2.06 lakhs [31st March, 2016: 0.30 lakhs] units of ₹1000 each fully paid-up of HDFC Liquid Fund Daily Dividend Reinvestment.	2,103.79	300.28
(c) 0.07 lakhs [31st March, 2016: 0.59 lakhs] units of ₹1000 each fully paid-up of Reliance Liquid Fund Daily Dividend Reinvestment.	100.40	900.91
(d) 1.89 lakhs [31st March, 2016: 0.20 lakhs] units of ₹1000 each fully paid-up of SBI Liquid Fund Daily Dividend Reinvestment.	1,900.58	202.39
(e) 22.01 lakhs [31st March, 2016: NIL] units of ₹100 each fully paid-up of ICICI Liquid Fund Daily Dividend Reinvestment.	2,202.56	-
(e) 10.00 lakhs [31st March, 2016: NIL] units of ₹10 each fully paid-up of HDFC Charity Debt Fund.	100.00	-
Total	8,887.02	1,939.05

Note

The aggregate value of unquoted investments as on 31st March, 2017 amounted to ₹8,887.02 lakhs (31st March, 2016 : ₹1,939.05 lakhs) .

Note 16: Inventories (At lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Raw Materials [includes in transit ₹581.20 lakhs (31st March, 2016: ₹280.65 lakhs)] (Refer Note 23.b)	3,341.59	2,050.66
(b) Work-in-Progress (Refer Note 23.e)	1,464.44	1,022.97
(c) Finished Goods (other than those acquired for trading) (Refer Note 23.e)	5,755.79	4,852.42
(d) Stock-in-Trade [includes in transit ₹1,527.35 lakhs (31st March 2016: ₹1,084.04 lakhs)] (Refer Note 23.e.)	15,222.20	11,079.29
(e) Stores and Spares [includes in transit ₹9.21 lakhs (31st March 2016 : ₹18.20 lakhs)] (Refer Note 23.e.)	1,119.37	1,111.67
(f) Packing Materials and Consumables [includes in transit ₹26.24 lakhs (31st March 2016 : ₹14.76 lakhs)]	460.65	352.17
Total	**27,364.04**	**20,469.18**

Notes forming part of the Financial Statements

Note 17: Trade receivables

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment (Refer Note 27.1)		
Secured, considered good	31.61	46.13
Unsecured, considered good	240.37	224.27
Doubtful	1,631.15	1,238.90
	1,903.13	1,509.30
Less: Provision for doubtful trade receivables	(1,631.15)	(1,238.90)
	271.98	270.40
Other trade receivables (Refer Note 27.1)		
Secured, considered good	1,200.85	1,251.94
Unsecured, considered good	30,454.30	26,401.73
Doubtful	316.95	18.73
	31,972.10	27,672.40
Less: Provision for doubtful trade receivables	(316.95)	(18.73)
	31,655.15	27,653.67
Total	**31,927.13**	**27,924.07**

Note 18: Cash and bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents		
Balances with banks		
(i) On current accounts	462.96	257.94
(ii) On unpaid dividend accounts	29.71	28.46
(iii) Deposits with original maturity less than 3 months	1,000.00	400.00
Cash on hand	3.70	3.97
Total (A)	**1,496.37**	**690.37**
Other bank balances		
- Deposits with original maturity for more than 12 months	7.92	3.53
- Deposit with original maturity for more than 3 months but less than 12 months	0.81	0.39
- Margin money deposit	72.98	68.03
Total (B)	**81.71**	**71.95**
(A + B)	**1,578.08**	**762.32**
Less: Amount disclosed under non-current assets (Refer Note 20B)	(7.92)	(3.53)
Total	**1,570.16**	**758.79**

Margin money deposits with carrying amount of ₹72.98 lakhs (31st March 2016: ₹68.03 lakhs) are subject to first charge against bank guarantees obtained.

Notes forming part of the Financial Statements

Note 19: Short-term loans and advances

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Security deposits		
Unsecured, considered good	86.66	35.20
(b) Loans and advances to employees		
Unsecured, considered good	98.16	102.70
(c) Prepaid expenses		
Unsecured, considered good	417.60	286.30
(d) Balances with government authorities		
Unsecured, considered good	223.64	143.15
(f) Inter corporate loan (Refer Note 14)		
Unsecured, considered good	75.00	-
(f) Advance to suppliers		
Unsecured, considered good	1,758.90	1,605.10
Doubtful	21.73	21.73
	1,780.63	1,626.83
Less provision for doubtful advances	(21.73)	(21.73)
	1,758.90	1,605.10
(g) Others		
Unsecured, considered good	136.39	160.23
Total	**2,796.35**	**2,332.68**

Note 20: Other assets

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(A) Current assets - Unsecured, considered good		
(i) Interest receivable/accrued	5.27	5.27
(ii) Unamortized premium on foreign exchange forward contracts	3.00	9.98
(iii) Other receivables	369.69	92.37
	377.96	107.62
(B) Non current assets - Unsecured, considered good		
Non - current bank balances (Refer Note 18)	7.92	3.53
	7.92	3.53
Total	**385.88**	**111.15**

Notes forming part of the Financial Statements

Note 21: Revenue from operations (net)

(₹ in lakhs)

Sl. No.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Sale of products (Refer Note (i) below)	2,16,810.45	1,86,460.61
(b)	Other operating revenues (Refer Note (ii) below)	1,108.35	1,250.53
		2,17,918.80	1,87,711.14
	Less:		
(c)	Excise duty #	2,856.45	1,483.08
	Total	**2,15,062.35**	**1,86,228.06**

Excise duty on sales amounting to ₹2,856.45 lakhs (31st March, 2016: ₹1,483.08 lakhs) has been reduced from sales in the statement of profit and loss and excise duty on increase/(decrease) in stock amounting to ₹38.08 lakhs (31st March 2016: ₹(15.28) lakhs) has been considered as expense / (income) in note 26 of the financial statements.

(₹ in lakhs)

Notes	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(i)	Sale of products comprises:		
	Manufactured goods		
	Electronics products	5,606.99	127.77
	Electrical/ Electro Mechanical products	78,177.92	68,964.00
	Others	5,951.53	5,043.40
	Total - sale of manufactured goods	**89,736.44**	**74,135.17**
	Traded goods		
	Electronics products	61,767.51	56,025.94
	Electrical/ Electro Mechanical products	65,224.47	56,051.97
	Others	82.03	247.53
	Total - sale of traded goods	**1,27,074.01**	**1,12,325.44**
	Total - sale of products	**2,16,810.45**	**1,86,460.61**
(ii)	Other operating revenues comprises:		
	Service charges	24.04	25.57
	Sale of scrap	1,084.31	993.93
	Government subsidy (Refer Note below)	-	231.03
	Total	**1,108.35**	**1,250.53**

Note: The Company recognized government subsidy as income amounting to ₹ NIL (31st March 2016: ₹231.03 lakhs) for sale and installation of Solar Water Heating systems at various premises across India under Jawaharlal Nehru National Solar Mission (JNNSM).

Notes forming part of the Financial Statements

Note 22: Other income

(₹ in lakhs)

Sl. No.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Interest income (Refer Note (i) below)	487.27	405.58
(b)	Other non-operating Income (Refer Note (ii) below)	858.86	317.63
	Total	**1,346.13**	**723.21**

(₹ in lakhs)

Notes	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(i)	Interest Income comprises:		
	From banks on deposits	30.67	11.79
	On loans and advances	106.41	108.11
	On overdue trade receivables	350.19	285.68
	Total	**487.27**	**405.58**
(ii)	Other non-operating income comprises:		
	Dividend income on current investments	417.60	60.51
	Net gain on sale of current investments	86.41	-
	Mould hire charges	63.11	48.86
	Liabilities / provisions no longer required written back	15.35	10.05
	Miscellaneous income	276.39	198.21
	Total	**858.86**	**317.63**

Note 23.a: Cost of raw materials consumed

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Inventory at the beginning of the year	2,050.66	1,558.34
Add: Purchases	59,837.48	50,782.24
	61,888.14	52,340.58
Less: Inventory at the end of the year	3,341.59	2,050.66
Cost of materials consumed	**58,546.55**	**50,289.92**
Details of materials consumed		
(i) Copper	40,420.02	36,399.42
(ii) PVC	5,731.29	4,544.24
(iii) Aluminium	1,430.64	1,067.03
(iv) Other items	10,964.60	8,279.23
Total	**58,546.55**	**50,289.92**

Notes forming part of the Financial Statements

Note 23.b: Details of inventory - raw materials

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Copper	1,033.04	725.40
PVC	131.04	207.81
Aluminium	443.45	62.42
Other items	1,734.06	1,055.03
Total	**3,341.59**	**2,050.66**

Note 23.c: Details of purchase of traded goods

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Electronics products	42,116.31	35,427.36
Electrical/ Electro Mechanical products	52,391.37	38,930.26
Others	239.23	280.62
Total	**94,746.91**	**74,638.24**

Note 23.d (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Inventories at the end of the year:		
Finished goods	5,755.79	4,852.42
Work-in-progress	1,464.44	1,022.97
Traded goods (including spares)	16,341.57	12,190.96
Total (A)	**23,561.80**	**18,066.35**
Inventories at the beginning of the year:		
Finished goods	4,852.42	5,995.91
Work-in-progress	1,022.97	1,112.93
Traded goods (including spares)	12,190.96	17,262.35
Total (B)	**18,066.35**	**24,371.19**
(Increase)/decrease in inventories		
Finished goods	(903.37)	1,143.49
Work-in-progress	(441.47)	89.96
Traded goods (including spares)	(4,150.61)	5,071.39
Net (increase) / decrease (B - A)	**(5,495.45)**	**6,304.84**

Notes forming part of the Financial Statements

Note 23.e: Details of inventory - finished goods, work - in - progress and traded goods

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Finished goods		
Electronics products	624.26	227.63
Electrical/ Electro Mechanical products	4,809.57	4,342.18
Others	321.96	282.61
Total	**5,755.79**	**4,852.42**
Work-in-progress		
Electronics products	30.67	0.37
Electrical/ Electro Mechanical products	1,322.53	943.19
Others	111.24	79.41
Total	**1,464.44**	**1,022.97**
Traded goods		
Electronics products	6,609.85	5,858.15
Electrical/ Electro Mechanical products	9,730.20	6,295.32
Others	1.52	37.49
Total	**16,341.57**	**12,190.96**

Note 24: Employee benefits expense

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Salaries, wages and bonus (Refer Note 28.7)	11,656.26	9,847.32
(b) Contributions to provident and other funds	580.13	510.02
(c) Employee stock option scheme (Refer Note 4)	529.60	357.88
(d) Gratuity expense (Refer Note 28.1)	436.07	176.07
(e) Staff welfare expenses	548.95	191.68
Total	**13,751.01**	**11,082.97**

Note 25: Finance Costs

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Interest expense on:		
(i) Borrowings	95.42	726.05
(ii) Others		
- Interest on deposits from distributors	113.14	111.94
- Other interest	1.50	54.30
Total	**210.06**	**892.29**

Notes forming part of the Financial Statements

Note 26: Other expenses

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Consumption of stores and spare parts	648.33	477.24
Consumption of packing materials	1,690.23	1,232.69
Power and fuel	1,121.47	847.68
Rent	1,057.61	931.32
Repairs and maintenance - Buildings	57.01	54.19
Repairs and maintenance - Plant and machinery	175.75	187.18
Repairs and maintenance - Others	888.93	545.02
Insurance	74.35	65.55
Rates and taxes	570.30	481.95
Communication costs	363.09	292.87
Travelling and conveyance	1,862.91	1,464.85
Printing and stationery	61.58	55.60
Freight and forwarding charges	2,467.29	1,942.50
Commission/ Brokerage	367.24	266.71
Cash discount	2,278.42	1,738.97
Advertisement and business promotion expenses	9,510.13	8,031.40
Donations and contributions	5.38	4.81
CSR expenditure (refer note 28.9)	239.13	187.75
Legal and professional fees	754.29	607.28
Directors' sitting fees	11.90	10.05
Payments to statutory auditors (refer note (i) below)	63.39	51.40
Trade and other receivables, loans and advances written off	46.46	47.26
Loss on foreign currency transactions and translation (net)	29.93	105.82
Loss on fixed assets sold / scrapped / written off (net)	133.87	95.60
Provision for doubtful trade and other receivables, loans and advances (net)	670.44	524.83
Increase/ (decrease) of excise duty on inventory	38.08	(15.28)
Outsourced manpower cost	2,005.08	1,574.66
Warranty expenses	3,066.16	2,975.98
Contributions to political parties (Refer note (ii) below)	1.08	0.52
Miscellaneous expenses	1,748.91	1,324.97
Total	**32,008.74**	**26,111.37**

Notes:

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(i) **Payments to Statutory Auditors comprises:**		
Statutory Audit Fees	30.00	22.00
Tax Audit Fees	2.50	2.50
Limited Review Fees	14.00	12.00
Fees for Other Services (certifications)	3.55	2.15
Reimbursement of Expenses	5.09	6.33
Service Tax	8.25	6.42
Total	**63.39**	**51.40**

Notes forming part of the Financial Statements

Note 26: Other expenses (contd.)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(ii) Contribution to political parties		
United Democratic Front	0.40	0.30
Bharatiya Janatha Party	0.33	0.05
Communist Party of India (Marxist)	0.20	0.17
Indian National Congress	0.05	-
Indian National Congress (I)	0.10	-
Total	**1.08**	**0.52**

Note 27: Additional information to the financial statements

Note 27.1 Litigations, contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(i) Litigations (see note 1 below)		
(a) Claims against the Company not acknowledged as debt	299.72	302.22
(b) Direct tax matters under dispute / pending before Income Tax Authorities	639.86	399.66
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	1,001.58	1,006.55
(d) Others	6.82	6.82
	1,947.98	**1,715.25**
(ii) Contingent liabilities		
(a) Guarantees (see note 2 below)	3,156.24	1,850.93
(b) Letters of credit opened with banks	3,217.11	3,253.88
Total	**6,373.35**	**5,104.81**
(iii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	636.92	201.62
Total	**636.92**	**201.62**

(1) The Company is involved in taxation and other disputes, lawsuits, proceedings etc. including commercial matters and claims relating to company's products that arise from time to time in the ordinary course of business. Management is of the view that such claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

(2) The Company has arranged Channel Finance Facilities for its customers from various banks. As per the terms of these facilities, should the customers default in making payment, after exhausting other modes of recovery the bankers have recourse on the Company which varies from 0% to 25% of the respective sanctioned limit. As at March 31, 2017, based on the revised terms of the facilities, there is no recourse on the Company . The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at 31st March, 2017 is Nil (31st March 2016: ₹1,057.50 lakhs) and is included under Guarantees above. The total trade receivables who have availed the facilities as at 31st March 2017 were ₹4,612.91 lakhs (31st March, 2016: ₹4,318.66 lakhs).

Notes forming part of the Financial Statements

Note 27.2 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(i) Principal amount and interest due there on remaining unpaid to any supplier as at the end of the accounting year:		
Principal amount due to micro and small enterprises	2,904.62	2,413.51
Interest due on above	-	0.01
	2,904.62	2,413.52
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but with out adding interest specified under the MSMED Act, 2006	1.77	1.24
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 27.3 Loans and advances in the nature of loans given to subsidiaries and associates and firms/ companies in which directors are interested

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates or companies / firms in which directors are interested.

Note 27.4 Foreign exchange forward contracts and unhedged foreign currency exposures

Details on hedged foreign currency exposures

The Company has entered in to foreign exchange forward contracts to hedge import trade payables in foreign currency, the details of which are given below:

As at 31st March, 2017		As at 31st March, 2016	
Payable (₹ in lakhs)	Payable in foreign currency (USD in lakhs)	Payable (₹ in lakhs)	Payable in foreign currency (USD in lakhs)
860.19	13.17	1,453.65	21.86

Notes forming part of the Financial Statements

Note 27.4 Foreign exchange forward contracts and unhedged foreign currency exposures (contd.)

Details on unhedged foreign currency exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31st March, 2017			As at 31st March, 2016		
Trade receivables/Advances	Trade receivables / Advances in foreign currency		Trade receivables/Advances	Trade receivables / Advances in foreign currency	
(₹ in lakhs)	(USD in lakhs)	(CNY in lakhs)	(₹ in lakhs)	(USD in lakhs)	(CNY in lakhs)
202.67	2.82	2.24	160.04	2.43	-

As at 31st March, 2017			As at 31st March, 2016		
Payable	Payable in foreign currency		Payable	Payable in foreign currency	
(₹ in lakhs)	(USD in lakhs)	(CNY in lakhs)	(₹ in lakhs)	(USD in lakhs)	(CNY in lakhs)
3,880.51	56.83	17.81	1,400.61	21.06	-

Note 27.5 Value of imports calculated on CIF basis

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Stock in trade	11,693.79	8,098.81
Raw materials	7,539.63	3,721.97
Stores, spares and packing materials	54.33	330.24
Purchase of fixed assets	333.14	11.62
Total	**19,620.89**	**12,162.64**

Note 27.6 Expenditure in foreign currency (on accrual basis)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Travelling	28.28	4.64
Professional Charges	63.64	-
Others	36.77	10.66
Total	**128.69**	**15.30**

Note 27.7 Details of consumption of imported and indigenous items

	(₹ in lakhs)	%
Imported		
Raw materials	7,672.41	13%
	(4,001.99)	(8%)
Stores, spares and packing materials	70.63	3%
	(293.67)	(17%)
Total	**7,743.04**	**13%**
	(4,295.66)	**(8%)**

Notes forming part of the Financial Statements

Note 27.7 Details of consumption of imported and indigenous items (contd.)

	(₹ in lakhs)	%
Indigenous		
Raw materials	50,874.14	87%
	(46,287.93)	(92%)
Stores, spares and packing materials	2,267.93	97%
	(1,416.26)	(83%)
Total	**53,142.07**	**87%**
	(47,704.19)	**(92%)**

Note: Figures / percentages in brackets relates to the previous year

Note 27.8 Earnings in foreign exchange (on accrual basis)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Export of goods calculated on FOB basis	168.19	17.44

Note 27.9 Net dividend remitted in foreign exchange

Particulars	(₹ in lakhs)	%
Final dividend		
Year of remittance (ending on)	31st March, 2017	31st March, 2016
Period to which it relates	1st April 2015 to 31st March, 2016	1st April 2014 to 31st March, 2015
Number of non-resident shareholders	706	654
Number of equity shares with face value ₹1 each (31st March, 2016: ₹10 each) on which dividend was due	16,33,960	1,89,554
Amount remitted in ₹ lakhs	4.08	8.53
Amount remitted in foreign currency*	Nil	Nil
Interim dividend		
Year of remittance (ending on)	31st March, 2017	31st March, 2016
Period to which it relates	1st April 2016 to 31st March, 2017	1st April 2015 to 31st March, 2016
Number of non-resident shareholders	-	698
Number of equity shares held on which dividend was due	-	184,598
Amount remitted in ₹ lakhs	-	8.31
Amount remitted in foreign currency*	-	Nil

* The Company has deposited the dividends payable to non-resident shareholders into their Rupee account with various banks in India and hence the amounts remitted in foreign currency during the years to non-resident shareholders on account of dividend is shown as nil.

Notes forming part of the Financial Statements

Note 28: Disclosures under accounting standards

Note 28.1 Employee Benefit Plans

Defined Contribution Plan

The Company mainly makes Provident Fund (PF) and Employee's state insurance (ESI) contributions to a defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹537.83 lakhs (year ended 31st March, 2016: ₹464.99 lakhs) towards PF contributions (included in note 24(b)) and ₹27.79 lakhs (year ended 31st March, 2016: ₹26.18 lakhs) towards ESI contributions (included in note 24(b)) in the statement of profit and loss. The contributions payable to this plan by the Company is at the rate specified in the rules of the scheme.

Defined Benefit Plan - Gratuity

The following table sets out the funded status of the gratuity scheme and the amount recognised in the financial statements:

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Components of employer expense:		
Current service cost	143.17	118.56
Interest cost	75.14	59.79
Expected return on plan assets	(87.13)	(71.78)
Past service cost	44.14	-
Actuarial losses/(gains)	260.75	69.50
Total expense recognised in the Statement of Profit and Loss	**436.07**	**176.07**
Actual contribution and benefit payments for year:		
Actual benefit payments	49.45	76.92
Actual contributions	175.84	190.77
Net asset / (liability) recognised in the Balance Sheet:		
Present value of defined benefit obligation	1,442.26	975.89
Fair value of plan assets	1,232.12	1,025.98
Funded status [Surplus / (Deficit)]	(210.14)	50.09
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	**(210.14)**	**50.09**
Change in defined benefit obligations (DBO) during the year:		
Present value of DBO at beginning of the year	975.89	804.96
Current service cost	143.17	118.56
Interest cost	75.14	59.79
Actuarial (gains) / losses	253.37	69.50
Past service cost	44.14	-
Benefits paid	(49.45)	(76.92)
Present value of DBO at the end of the year	**1,442.26**	**975.89**
Change in fair value of assets during the year:		
Plan assets at beginning of the year	1,025.98	840.35
Expected return on plan assets	87.13	71.78
Actual company contributions	175.84	190.77

Notes forming part of the Financial Statements

Note 28.1 Employee Benefit Plans (contd.)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Actuarial gain / (loss)	(7.38)	-
Benefits paid	(49.45)	(76.92)
Plan assets at the end of the year	**1,232.12**	**1,025.98**
Composition of the plan assets is as follows:		
Insurer Managed Assets	1,232.12	1,025.98
Actuarial assumptions:		
Discount rate	7.00%	7.90%
Expected return on plan assets	8.00%	8.00%
Actual return on plan assets	8.25%	8.35%
Salary Escalation	9.00%	8.00%
Attrition	Marketing - 16% & Non-Marketing - 8%	Marketing - 15% & Non-Marketing - 7%
Mortality Table	Indian Assured Lives Mortality (2006-08) modified Ultimate	Indian Assured Lives Mortality (2006-08) modified Ultimate
Performance percentage considered	NA	NA
Estimate of amount of contribution in the immediate next year (₹ in lakhs)	217.64	88.13

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The plan assets are maintained with Life Insurance Corporation of India (LIC).

Experience Adjustments:

(₹ in lakhs)

Gratuity	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of DBO	(1,442.26)	(975.89)	(804.96)	(572.01)	(476.16)
Fair value of plan assets	1,232.12	1,025.98	840.35	653.53	606.64
Funded status [Surplus / (Deficit)]	(210.14)	50.09	35.39	81.52	130.48
Experience gain / (loss) adjustments on plan liabilities	(61.58)	(77.31)	(47.34)	(8.35)	(25.11)
Experience gain / (loss) adjustments on plan assets	(7.38)	-	8.31	0.00	15.53

Notes forming part of the Financial Statements

Note 28.2 Segment Information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily (a) Electronics, (b) Electrical / Electro Mechanical and (c) Others. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

A. Primary business segment (₹ in lakhs)

Particulars	For the year ended 31st March, 2017				
	Business Segments			Eliminations	Total
	Electronics	Electrical / Electro Mechanical	Others		
Revenue from operations	67,129.23	1,40,991.93	6,941.19	-	2,15,062.35
	(56,274.97)	(1,23,878.55)	(6,074.54)	(-)	(1,86,228.06)
Inter-segment revenue	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Total	**67,129.23**	**1,40,991.93**	**6,941.19**	**-**	**2,15,062.35**
	(56,274.97)	**(1,23,878.55)**	**(6,074.54)**	**(-)**	**(1,86,228.06)**
Segment results	8,807.59	11,049.86	885.32	-	20,742.77
	(7,663.04)	(8,597.37)	(930.96)	(-)	(17,191.37)
Unallocable expenses					777.14
					(786.70)
Operating profits					19,965.63
					(16,404.67)
Finance cost					210.06
					(892.29)
Other income including interest income					1,261.56
					(583.56)
Profits before tax					21,017.13
					(16,095.94)
Tax expense					5,837.13
					(4,927.83)
Net profit for the year					**15,180.00**
					(11,168.11)

Note: Figures in brackets relates to the previous year

Notes forming part of the Financial Statements

Note 28.2 Segment Information (contd.)

(₹ in lakhs)

Particulars	As at 31st March, 2017			
	Business Segments			Total
	Electronics	Electrical / Electro Mechanical	Others	
Segment assets	19,835.15	50,114.11	3,941.83	73,891.09
	(16,744.15)	(38,725.73)	(2,978.48)	(58,448.36)
Unallocable assets				20,181.99
				(13,202.58)
Total assets				**94,073.08**
				(71,650.94)
Segment liabilities	6,445.12	16,994.05	1,100.83	24,540.00
	(5,391.47)	(11,540.70)	(756.87)	(17,689.04)
Unallocable liabilities				5,822.92
				(6,884.85)
Total liabilities				**30,362.92**
				(24,573.89)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017			
	Business Segments			Total
	Electronics	Electrical / Electro Mechanical	Others	
Other information				
Capital Expenditure (allocable)	469.03	2,148.74	31.11	2,648.88
	(364.72)	(728.27)	(10.85)	(1,103.84)
Capital Expenditure (unallocable)				822.11
				(352.76)
Total Capital Expenditure				3,470.99
				(1,456.60)
Depreciation and Amortisation (allocable)	73.61	822.88	66.58	963.07
	(104.76)	(909.87)	(73.27)	(1,087.90)
Depreciation and Amortisation (unallocable)				660.46
				(447.80)
Total Depreciation and Amortisation				1,623.53
				(1,535.70)
Other Significant Non-cash Expenses (allocable)	275.65	895.90	28.50	1,200.05
	(267.08)	(587.92)	(27.71)	(882.71)

Note: Figures in brackets relates to the previous year

Notes forming part of the Financial Statements

Note 28.2 Segment Information (contd.)

B. Geographical segment

(₹ in lakhs)

Particulars	India	Outside India	Total
Revenue	2,14,894.16	168.19	2,15,062.35
	(1,86,210.62)	(17.44)	(1,86,228.06)
Assets	93,876.45	196.63	94,073.08
	(71,495.18)	(155.76)	(71,650.94)
Capital expenditure incurred	3,470.99	-	3,470.99
	(1,456.60)	-	(1,456.60)

Note: Figures in brackets relates to the previous year

Note 28.3 Related Party Transactions

a. Details of Related Parties:

Description of Relationship	Names of Related Parties
Key Management Personnel (KMP)	Mr. Kochouseph Chittilappilly - Chairman
	Mr. Mithun K. Chittilappilly - Managing Director and Son of Mr. Kochouseph Chittilappilly
	Mr. Ramachandran Venkataraman - Director and Chief Operating Officer w.e.f 1st June, 2016 (Director - Marketing and Strategy up to 31st May, 2016)
	Mr. Jacob Kuruvilla - Chief Financial Officer (Refer note 2 below)
	Ms. Jayasree K - Company Secretary (Refer note 2 below)
Relatives of KMP with whom transactions have taken place during the year	Ms. Sheela Kochouseph - Wife of Mr. Kochouseph Chittilappilly
	Mr. Arun K. Chittilappilly - Son of Mr. Kochouseph Chittilappilly
	Ms. Joshna Johnson Thomas - Wife of Mr. Mithun K. Chittilappilly and Non-Executive Director
Company in which KMP / Relatives of KMP can exercise significant influence	M/s. Wonderla Holidays Limited
	M/s. V-Star Creations Private Limited
	M/s. Veegaland Developers Private Limited
	M/s. K Chittilapilly Foundation
	M/s. Thomas Chittilapilly Trust

b. Details of related party transactions during the year ended 31st March, 2017 and balances outstanding on that date:

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	For the year ended 31st March, 2017	Balance Outstanding on 31st March, 2017	For the year ended 31st March, 2016	Balance Outstanding on 31st March, 2016
Mr. Kochouseph Chittilappilly	Rent Paid	47.92	-	44.92	-
	Dividends Paid	184.16	-	662.98	-
	Remuneration	57.95	-	74.70	-
	Commission	108.49	108.49	125.60	125.60
	Issue of Bonus Shares	294.66	-	-	-
Mr. Mithun K Chittilappilly	Dividends Paid	127.76	-	459.93	-
	Salaries and allowances	75.54	-	55.43	-
	Company contribution to provident fund	6.94	-	4.32	-

Notes forming part of the Financial Statements

Note 28.3 Related Party Transactions (contd.)

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	For the year ended 31st March, 2017	Balance Outstanding on 31st March, 2017	For the year ended 31st March, 2016	Balance Outstanding on 31st March, 2016
	Commission	162.73	162.73	125.60	125.60
	Issue of Bonus Shares	204.43	-	-	-
Mr. Arun K Chittilappilly	Dividends Paid	99.24	-	357.27	-
	Issue of Bonus Shares	158.79	-	-	-
Mrs. Sheela Kochouseph	Dividends Paid	83.01	-	298.83	-
	Issue of Bonus Shares	132.81	-	-	-
Mr. Ramachandran Venkataraman	Dividends Paid	0.92	-	2.66	-
	Salaries and allowances	166.13	-	158.31	-
	Company contribution to provident fund	19.11	-	12.62	-
	Commission	23.66	23.66	83.73	44.42
	Amortisation of ESOS cost	121.02	-	81.75	-
	Issue of Bonus Shares	2.70	-	-	-
	Issue of Equity shares including securities premium	74.32	-	1.47	-
Ms. Joshna Johnson Thomas	Commission	54.24	54.24	-	-
	Sitting Fees	1.10	-	0.90	-
Mr. Jacob Kuruvilla *	Dividends Paid	0.13	-	0.60	-
	Salaries and allowances	33.30	-	28.97	-
	Company contribution to provident fund	1.26	-	1.09	-
	Amortisation of employees stock option cost	0.06	-	9.60	-
	Issue of Bonus Shares	0.51	-	-	-
	Issue of Equity shares including securities premium	27.60	-	26.24	-
Ms. Jayasree K *	Dividends Paid	0.07	-	0.29	-
	Salaries and allowances	19.79	-	17.47	-
	Company contribution to provident fund	0.76	-	0.66	-
	Amortisation of employees stock option cost	7.89	-	4.04	-
	Issue of Bonus Shares	0.18	-	-	-
	Issue of Equity shares including securities premium	11.40	-	11.07	-

* Includes transactions up to/from the date when they were considered as KMP of the Company.

Notes:

1. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

2. Represents additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year.

Notes forming part of the Financial Statements

Note 28.4 Earnings Per Share

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit for the year (₹ in lakhs)	15,180.00	11,168.11
Weighted average number of equity shares	42,25,57,217	42,01,10,054
Basic earnings per share (₹)	**3.59**	**2.66**
Net Profit for the year (₹ in lakhs)	15,180.00	11,168.11
Weighted average number of equity shares	42,82,83,192	42,39,87,606
Diluted earnings per share (₹)	**3.54**	**2.63**
Weighted average number of equity shares in calculating basic EPS	42,25,57,217	42,01,10,054
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	57,25,975	38,77,552
Weighted average number of equity shares in calculating diluted EPS	**42,82,83,192**	**42,39,87,606**

Note: The basic and diluted earnings per share and number of shares used for computation of the EPS have been adjusted retroactively to give effect to the sub division of shares from ₹10 face value to ₹1 face value and issue of bonus shares. Refer Note 3(ii) and (iii) for further details.

Note 28.5 Employee Stock Compensation

The shareholders of the Company by way of a special resolution under Section 81(1)(A) of the Companies Act, 1956, passed on 14th May, 2013 through postal ballot procedure, approved Employees Stock Option Scheme, 2013 (ESOS 2013) for grant of stock options to eligible employees of the Company. The Compensation Committee of the Company administers the Scheme. According to the Scheme, the eligible employees will be entitled to options as given below subject to satisfaction of prescribed vesting conditions. The options granted under ESOS 2013 disclosed below are adjusted for the sub-division of shares. Adjustment for issue of bonus shares has been disclosed separately for grants issued during FY 2013-14 and FY 2015-16. Refer Note 3(ii) and 3(iii) for further details.

Grant I

(a) 2,161,380 restricted stock units (RSU) (face value of ₹1 each) to be exercised at a price of ₹1 per share.

(b) 7,011,840 share options (face value of ₹1 each) to be exercised at a price of ₹48.50 per share.

These options will vest over a period of three years from June 2014 to June 2016. Of the total entitlements of 9,173,220 stock options (the total entitlements), as discussed above, two third of total entitlements are Time Based Grants whereby the eligible employee is vested with the options considering his continuing employment with the Company on the day of vesting. Remaining one third of the total entitlements are performance based whereby the employee will be vested with options considering the performance of the Company and the Individual employee.

Stock options under ESOS 2013 were granted on June 11, 2013. Market price of the Company's equity shares at the date of the grant was ₹485.35 (face value of ₹10 each) per share.

The details of the activity under the Scheme are summarized below:

Particulars	FY 2016-17		FY 2015-16	
	RSU	Options	RSU	Options
Outstanding at the beginning of the year	7,90,460	44,52,890	13,46,860	52,95,510
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-

Notes forming part of the Financial Statements

Note 28.5 Employee Stock Compensation (contd.)

Particulars	FY 2016-17		FY 2015-16	
	RSU	Options	RSU	Options
Cancelled during the year	1,21,710	3,95,850	66,980	2,11,010
Exercised during the year	6,04,160	17,06,920	4,89,420	6,31,610
Expired during the year	-	-	-	-
Adjustment for issue of Bonus Shares in the ratio 2:5	25,836	9,40,048	-	-
Outstanding at the end of the year	90,426	32,90,168	7,90,460	44,52,890
Exercisable at the end of the year	90,426	32,90,168	1,19,300	22,66,220
Weighted average exercise price adjusted for issue of bonus shares	1	34.64	1	48.50
Weighted average remaining contractual life	5.20	4.96	6.01	5.46

Particulars	RSU	Options
Weighted average fair value as at grant date	32.95	14.45

Grant II

(a) 221,810 restricted stock units (RSU) (face value of ₹1 each) to be exercised at a price of ₹1 per share.

(b) 684,470 share options (face value of ₹1 each) to be exercised at a price of ₹99.90 per share.

These options will vest over a period of three years from May 2016 to May 2018. Of the total entitlements of 906,280 stock options (the total entitlements), as discussed above, two third of total entitlements are Time Based Grants whereby the eligible employee is vested with the options considering his continuing employment with the Company on the day of vesting. Remaining one third of the total entitlements are performance based whereby the employee will be vested with options considering the performance of the Company and the Individual employee.

Stock options under ESOS 2013 were granted on May 04, 2015. Market price of the Company's equity shares at the date of the grant was ₹999 (face value of ₹10 each) per share.

The details of the activity under the Scheme are summarized below:

Particulars	FY 2016-17		FY 2015-16	
	RSU	Options	RSU	Options
Outstanding at the beginning of the year	2,21,810	6,84,470	-	-
Granted during the year	-	-	2,21,810	6,84,470
Forfeited during the year	-	-	-	-
Cancelled during the year	1,300	4,770	-	-
Exercised during the year	71,630	89,465	-	-
Expired during the year	-	-	-	-
Adjustment for issue of Bonus Shares in the ratio 2:5	59,552	2,36,094	-	-
Outstanding at the end of the year	2,08,432	8,26,329	2,21,810	6,84,470
Exercisable at the end of the year	374	1,84,296	-	-
Weighted average exercise price adjusted for issue of bonus shares	1	71.36	1	99.90
Weighted average remaining contractual life	6.60	6.27	7.10	7.10

Particulars	RSU	Options
Weighted average fair value as at grant date	69.32	29.15

Notes forming part of the Financial Statements

Note 28.5 Employee Stock Compensation (contd.)

During the year ended 31st March, 2016, the Black Scholes valuation model has been used for calculating weighted average fair value considering the following inputs:

Particulars	FY 2016-17	
	RSU	Options
Dividend Yield (%)	0.44%	0.44%
Expected Volatility	32.20%	32.20%
Risk-free interest rate	7.72%	7.72%
Weighted average share price	71.36	71.36
Exercise price	1	71.36
Expected life of options granted in years	5.01	5.01

Grant III to VII

(a) 2,468,466 (adjusted for issue of bonus shares) restricted stock units (RSU) (face value of ₹1 each) to be exercised at a price of ₹1 per share.

(b) 3,780,000 (adjusted for issue of bonus shares) share options (face value of ₹1 each) to be exercised at a price of ₹68.75 per share.

(c) 1,120,000 (adjusted for issue of bonus shares) share options (face value of ₹1 each) to be exercised at a price of ₹121.79 per share.

The options granted will vest over a period of four years from May 2017 to January 2021. These options will vest on time basis and on the basis of performance of the Company.

Weighted average market price of the Company's equity shares during the grant dates was ₹90.93 per share (face of ₹1 each).

The details of the activity under the Scheme are summarized below

Particulars	FY 2016-17		
	RSU	Options with exercise price - ₹68.75	Options with exercise price - ₹121.79
Granted during the year	24,68,466	37,80,000	11,20,000
Forfeited during the year	-	-	-
Cancelled during the year	-	-	-
Exercised during the year	-	-	-
Expired during the year	-	-	-
Outstanding at the end of the year	24,68,466	37,80,000	11,20,000
Exercisable at the end of the year	-	-	-
Exercise price	1	68.75	121.79
Weighted average remaining contractual life	8.21	8.20	8.39

Particulars	RSU	Options with exercise price - ₹68.75	Options with exercise price - ₹121.79
Weighted average fair value as at grant date	107.84	30.36	52.76

Notes forming part of the Financial Statements

Note 28.5 Employee Stock Compensation (contd.)

The Black Scholes valuation model has been used for calculating weighted average fair value considering the following inputs:

Particulars	RSU	Options with exercise price - ₹68.75	Options with exercise price - ₹121.79
Dividend Yield (%)	0.34% to 0.47%	0.47%	0.41%
Expected Volatility	31.25% to 32.28%	31.25%	32.07%
Risk-free interest rate	6.65% to 7.72%	7.44%	7.03%
Weighted average share price	110.90	68.75	121.79
Exercise price	1	68.75	121.79
Expected life of options granted in years	5.91	6.11	5.95

The expected life of the stock options/RSUs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company measures the cost of ESOS using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit after tax as reported	15,180.00	11,168.11
Add: ESOS cost using the intrinsic value method	529.60	357.88
Less: ESOS cost using the fair value method	948.99	760.13
Proforma profit after tax	**14,760.61**	**10,765.86**
Earnings Per Share		
Basic		
- As reported	3.59	2.66
- Proforma	3.49	2.56
Diluted		
- As reported	3.54	2.63
- Proforma	3.45	2.54

Notes forming part of the Financial Statements

Note 28.6 Deferred tax (liability) / asset

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(1,470.81)	(1,366.35)
	(1,470.81)	(1,366.35)
Tax effect of items constituting deferred tax assets		
Provision for doubtful debts / advances	681.71	449.69
Disallowances under Section 43B of the Income Tax Act, 1961	245.41	170.19
	927.12	619.88
Net deferred tax (liability) / asset	**(543.69)**	**(746.47)**

Note 28.7 Details of research and development expenditure (refer note below)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Materials	120.28	88.96
Employee benefits expense	739.21	442.87
Travelling and conveyance costs	80.92	55.81
Fixed Assets	133.46	76.90
Others	17.59	22.87
Total	**1,091.46**	**687.41**

Note: The Company has received recognition from Department of Scientific and Industrial Research (DSIR) vide letter dated 4th March, 2013 for the in-house R&D units.

Note 28.8 Details of provisions

The Company has made provision for warranties based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

(₹ in lakhs)

Particulars	As at 1st April, 2016	Additions	Utilisation / Reversal	As at 31st March, 2017
Provision for Warranty	2,073.68	1,682.66	1,527.39	2,228.95
	(1,944.37)	(1,522.03)	(1,392.72)	(2,073.68)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Provision for Warranty	1,557.36	1,527.39

Notes forming part of the Financial Statements

Note 28.9 Details of CSR expenditure

(₹ in lakhs)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
a)	Gross amount required to be spend during the year	238.74	185.52
b)	Amount spent during the year:		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	239.13	187.75
	(iii) Unpaid amount out of (i) and (ii) above	-	-

Note 28.10 Operating lease: Company as lessee

The Company has entered into commercial leases on certain vehicles, land and building. These leases are for periods ranging between one and five years with no reversal option included in these contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Within one year	543.68	116.35
After one year but not more than five years	1,011.58	288.56
More than five years	-	-
Total	**1,555.26**	**404.91**

Note 28.11 Pursuant to notification of Ministry of Corporate Affairs dated March 30, 2017, disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 is provided in table below:

(₹ in lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	1.81	1.57	3.38
Add: Permitted receipts	-	24.30	24.30
Less: Permitted payments	0.83	21.91	22.74
Less: Amount deposited in banks	0.98	0.77	1.75
Closing cash in hand as on 30th December, 2016	**-**	**3.19**	**3.19**

Notes forming part of the Financial Statements

Note 28.12 Capitalisation of Expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of property, plant and equipment/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Rent	62.33	8.42
Power and fuel	36.61	-
Repairs and maintenance	25.18	19.28
Rates & Taxes	8.52	0.26
Others	26.26	34.81
Total	**158.90**	**62.77**

Note 26: Previous year figures

Previous year figures have been regrouped / reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. : 208382

Place : Kochi
Date : 19th May, 2017

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Kochouseph Chittilappilly
Chairman
DIN: 00020512

Mithun K. Chittilappilly
Managing Director
DIN: 00027610

A Jacob Kuruvilla
Chief Financial Officer

Jayasree K
Company Secretary

Place : Kochi
Date : 19th May, 2017

Notes

Notes

A TRISYS PRODUCT

info@trisyscom.com

The name you can trust

V-GUARD INDUSTRIES LTD.
CIN: L31200KL1996PLC010010

Regd Office.
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