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**V-GUARD INDUSTRIES LIMITED**

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

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

Shri. P G R Prasad	Chairman
Shri. Kochouseph Chittilappilly	Managing Director
Dr. George Sreeba	Joint Managing Director
Shri. Mithun K Chittilappilly	Executive Director
Shri. C J George	Director
Shri. A K Nair	Director

BOARD COMMITTEES**AUDIT COMMITTEE**

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

REMUNERATION COMMITTEE

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

AUDITORS

Deloitte Haskins and Sells
 Chartered Accountants
 Kochi-682016

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
 Surya, 35, May Flower Avenue,
 Behind Senthil Nagar, Souripalayam Road,
 Coimbatore-641028
 Phone: 0422-2314792
 Email: coimbatore@linkintime.co.in

PLANT LOCATIONS**CABLE & SOLAR**

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

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

**SHAREHOLDERS GRIEVANCE/
TRANSFER COMMITTEE**

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

CHIEF FINANCIAL OFFICER

Shri. A Jacob Kuruvilla

COMPANY SECRETARY

Smt. Jayasree K

BANKERS

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

LISTED AT

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

**ELECTRICAL & ELECTRO
MECHANICAL DIVISIONS**

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

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

Chairman's Message 2010-11

Dear Shareholders,

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

Economic and Business Scenario

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

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

Financial Performance

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

Operational Matters

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

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

Projects of Initial Public Offer

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

Future Outlook and Strategic Initiatives

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

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

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

Corporate Governance and Corporate Social Responsibility

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

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

Conclusion

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

With Best Wishes

Sd/-
P G R Prasad
Chairman

NOTICE

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

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2011 and Profit and Loss Account of the Company for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare final dividend for the year 2010-11 on Equity Capital.
3. To appoint a Director in place of Mr. A K Nair, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting by passing the following resolution, as an ordinary resolution, with or without modification(s).

RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Deloitte Haskins & Sells, Chartered Accountants, with Firm Registration No.008072S, be and are hereby re-appointed as the statutory auditors of the Company till the conclusion of the next Annual General Meeting and the Board of Directors of the Company be and are hereby authorized to fix their remuneration.

Special Business

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

RESOLVED THAT

- (i) Pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of Article 4 of the Articles of Association of the Company, the Authorized Share Capital of the Company be increased from ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each by further creation of 50,00,000 (Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only), ranking pari passu with the existing Equity Shares in all respects.



(ii) Pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Share Capital Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted with the following.

V The Authorized Share Capital of the Company is ₹ 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten) each.

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

Sd/-

**Jayasree K
Company Secretary**

Kochi
17th May, 2011

Notes:

- 1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy so appointed need not be a member of the Company.** A blank form of proxy is enclosed and if intended to be used, should be lodged with the Company at the registered office at least 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority as applicable.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item no. 5 is annexed hereto. As per Clause 49 of the Listing Agreement executed with Stock Exchanges, the brief resume and functional expertise of the Independent Director proposed for reappointment is furnished below along with the details of Companies in which he is a director and the details of the Board/Committees on which he is a member.
3. The Register of Members and Share Transfer Books of the Company will be closed from 15th July, 2011 to 25th July, 2011, both days inclusive. If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or after 25th July, 2011 as under:
 - a) To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited on 14th July, 2011.
 - b) To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 14th July, 2011.
4. Members holding shares in Dematerialized form may kindly note that their address and Bank account details, as furnished by their depositories to the Company, shall be printed on the Dividend Warrants as per applicable regulations of the depositories. Members who wish to change their address/Bank account details are requested to advise their Depository Participants about such change.
5. Members who wish to seek/desire any further information/clarification on the annual accounts are requested to send their queries at least 48 hours in advance of the date of the meeting to the registered office.
6. Members holding shares in physical form are requested to advise any change of address immediately to Link Intime India Private Limited. Members holding shares in electronic form must send the advise about the change in address to their respective Depository Participant on or before 11th July, 2011.



7. Members who have opted for receipt of physical copy of Annual Reports are requested to bring their copies of Annual Report at the time of the meeting and to quote their Folio Nos / ID Nos in all correspondence.
8. Members who have not opted for NECS facility earlier are requested to fill up the enclosed mandate form and forward the same to Link Intime India Private Limited, latest by 14th July, 2011 to avail the NECS facility; members who have already availed the NECS facility may intimate Link Intime India Private Ltd., of any change in the Bank account details already furnished latest by 14th July, 2011.
9. Members who are holding shares in physical form and opts dividend warrant are also requested to intimate the details of their Savings Bank Account / Current Account No., and the name of the Bank & Branch with whom such account is held or of any change in the information already furnished to Link Intime India Private Limited latest by 14th July, 2011 to enable the printing of the said details on the Dividend Warrant to prevent fraudulent encashment of the same.

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

As required by section 173 of the Companies Act, 1956 (“the Act”), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 5 of the accompanying Notice dated 17th May, 2011.

Item No. 5

Your Directors have great pleasure in informing you that the Company is on a fast growth trajectory and has set ambitious targets to be achieved in the coming financial years. With an intention to increase and strengthen the existing manufacturing facilities, industrial land to the extent of 34.66 acres situated at Perundurair, Erode-Dist., and allotted by SIPCOT, Chennai, was acquired on 99 years lease basis in the financial year 2009-10. Your Directors have approved the proposal of setting up a new manufacturing facility for production of solar water heater and the project is expected to be completed by third quarter of the current fiscal. Apart from the above project, it is also proposed to improve the pilot production units of Pump and Water Heater and Fan at Coimbatore and Kala Amb respectively. Considering the increased sales across the regions, it is imperative to enlarge the storage space available at the various places and it is proposed to carryout the storage expansion wherever it is required.

Your Directors are of the view that such expansion plans requires both long-term financial resources and working capital base and this necessitates infusion of resources either by way of equity or external borrowings. To enable the Company to raise additional long term finance by way of additional equity from the domestic capital market, the existing Authorized Share Capital of the Company is to be increased. Hence, it is deemed appropriate to increase the Authorised Share Capital of the Company from ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 35,00,00,000/- divided into 3,50,00,000 (Three Crore fifty lakhs) equity shares of ₹ 10/- each.

As per the provisions of Section 16 and 94 of the Companies Act, 1956 approval of the members of the Company is required for increasing the Authorised Share Capital and altering the capital clause of the Memorandum of Association. Hence, the Board of Directors recommends the resolution set out at the item no.5 for approval of the members by way of passing an ordinary resolution.

None of the Directors are in any way concerned or interested in these resolutions except to the extend of their shareholdings in the Company.

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

**Sd/-
Jayasree K
Company Secretary**

Kochi
17th May, 2011

Details of Director seeking re-appointment at the Annual General Meeting

Particulars	Mr. A K Nair
Date of Birth	27.08.1943
Date of Appointment	27.05.2009
Qualifications	<ul style="list-style-type: none"> ➤ B.Sc (Mechanical Engineering) ➤ Master of Business Administration
Directorship held in other Companies	<ul style="list-style-type: none"> ➤ Nitta Gelatin India Limited ➤ Strides Arcolab Limited ➤ CII Guardian International Limited ➤ Guardian Controls Limited ➤ Merchem Limited ➤ The Alleppey Co Limited ➤ The Kerala Bailers Private Limited ➤ William Goodacre Sons India Private Limited ➤ Geojit Credits Private Limited
Membership / Chairmanship of Committees of other public Companies	<ul style="list-style-type: none"> ➤ Chairman of the Share Transfer / Shareholders' Grievance Committee of Nitta Gelatin India Limited. ➤ Member of the Audit Committee in Merchem Limited and Strides Arcolab Limited.
Number of Shares held in the Company	Nil
Brief Profile	<p>Mr. A K Nair has over 45 years of Industry experience especially in the field of Engineering, Finance, Management and General Administration. Mr. A K Nair has served Kerala State Industrial Development Corporation and Nitta Gelatin India Limited as Managing Director and is presently on the Director Board of many other Companies.</p>

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Fifteenth Annual Report of the Company on the business and operations together with the audited financial statements for the year ended 31st March, 2011.

1. Financial Results

(₹ in lakhs)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010
Gross Sales	73,746.63	46,229.03
Less : Excise Duty	1,112.44	820.12
Net Sales	72,634.19	45,408.91
Other income	198.86	142.44
Total Income	72,833.05	45,551.35
Operating Profit before Depreciation, Interest, Tax & Exceptional Item	7,474.36	5,179.48
Less: Depreciation	793.66	714.96
Profit Before Interest, Tax & Exceptional Item	6,680.70	4,464.52
Less : Financial charges	1,133.38	513.25
Profit Before Tax & Exceptional Item	5,547.32	3,951.27
Add: Exceptional profit	363.61	--
Profit Before Tax	5910.93	3951.27
Provision for tax:		
Current Tax	1,607.80	1,270.26
Deferred Tax	39.46	130.22
For earlier years	--	3.53
Net Profit	4,263.67	2,547.26
Balance in P & L account brought forward	3,930.02	2,926.91
Profit available for appropriation	8,193.69	5,474.17
Appropriations		
a) Transfer to General Reserve	500.00	500.00
b) Dividend proposed: -		
Final dividend proposed	1,044.66	895.43
Tax on Final Dividend proposed	169.47	148.72
	1,714.13	1,544.15
c) Balance carried to Balance Sheet	6,479.56	3,930.02
	8,193.69	5,474.17

2. Company's Performance

The Indian economy resurged after the global recession and showed a robust and steady growth in all spheres and it was very impressive in the core sectors like manufacturing, agriculture, construction and services. The country's GDP has grown by 8.5% during the year under review. Rural prosperity in the country has also contributed significantly to the industrial growth. Your Company was favourably positioned with a wide range of products with different models and excellent distribution network to take advantage of the opportunities that emanated from the economic growth and could perform exceptionally well in terms of growth in revenue and profit.

Net Sales for the year under review was significantly higher at ₹ 726.34 crores representing a growth of 59.96%, over the Net Sales of ₹ 454.09 crores for the previous year. Following the robust growth achieved in sales, the Company recorded a Net Profit of ₹ 39.70 crores, without considering exceptional profit of ₹ 3.63 crores during the year under review, which is 55.84 % up over the previous year. The contribution from Non-South Indian markets to the turnover is more than ₹ 160.00 crores in the fiscal 2010-11. The significant improvement in the revenue and profit was attained mainly due to increase in market share, growth in sales volume across all product lines and higher capacity utilization. Growth of each product vertical is detailed under the section Management Discussion and Analysis, which forms part of the Annual Report.

3. Changes to the Share Capital

There was no change in the share capital of the Company, during the year under review.

4. Appropriations made from the profits

a) Transfer to Reserves

Your Directors transferred an amount of ₹ 500.00 lakhs to the General Reserve account, out of the profits available for appropriation during the year, which is in accordance with the Companies (Transfer of Profits to Reserves) Rules 1975.

b) Final Dividend

Your Directors are pleased to recommend a final dividend of ₹ 3.50 per share (35% on par value of ₹ 10/- per share) considering the improved profit. The final dividend, if declared as recommended, would involve an outflow of ₹ 1,044.66 lakhs and ₹ 169.47 lakhs towards dividend tax, resulting in a total outflow of ₹ 1,214.13 lakhs. If approved by the shareholders at the ensuing Annual General Meeting, the dividend will be paid as per the applicable regulations.

The Register of Members and Share Transfer Books will remain closed from 15th July, 2011 to 25th July, 2011, both days inclusive.

5. Projects of the Initial Public Offer

Your Company has successfully completed four of the projects mentioned in the Offer Document dated 29th February, 2008, i.e. construction of LT Cable and Building Wire factories at Coimbatore and Kashipur respectively, Pilot Production Unit for Pumps and Water Heater and Fan at Coimbatore and Kala Amb, respectively and Service and Distribution Center at Bangalore.

Construction work relating to setting up of Service and Distribution Centers at Hubli and Vijayawada has commenced and it is expected to be completed by the end of the third quarter of the fiscal 2011-12.

6. New Projects

Considering the growth potential, Your Directors have decided to strengthen the manufacturing base of Solar Water Heater and it has been decided to set up a state of art facility for the manufacture of Solar Water Heater of different capacities with improved technology at the industrial land acquired in Perundurai. It has also been decided to strengthen the existing pilot production units of Electric Water Heater and Fan at Kala Amb and Pumps at Coimbatore. The other projects for expansion during the current fiscal include expanding the storage space available at Palakkad, Bangalore and Kochi. All the projects are expected to be implemented during the financial year 2011-12.

7. Fixed Deposit

The Company has not accepted any fixed deposits during the year.

8. Change in Directors

During the year under review, Dr. George Sreeba, was co-opted as an Additional Director of the Board of the Company with effect from 27th May, 2010. He was appointed as the Joint Managing Director of the Company for a period of three years with effect from 1st June, 2010 with the approval of the members in the 14th Annual General Meeting held on 26th July, 2010.

In terms of Section 256 of the Companies Act, 1956 and Articles 137 and 139 of the Articles of Association of the Company, Mr. A K Nair, Independent Director is liable to retire by rotation and being eligible has offered himself for re-appointment.

Brief resume of the Director proposed to be re-appointed, nature of his expertise in specific functional areas and names of companies in which he hold directorship and membership / chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges has been provided as an annexure to the Notice convening the Annual General Meeting.

9. Human Resources

The function of Human Resource Department is to ensure availability of the right type of skills at the right time at the right place and at the right cost to meet the organizational requirements. The HR Dept of your Company is making all-out effort in accomplishing this objective by selecting and developing quality Human resources to meet the challenges of a competitive business environment. The recruitment process for attracting the right talents in the identified areas is initiated through job portals, Newspaper advertisements and through outside consultants. Marketing being one of the most significant areas of your Company's activity, timely action is to be initiated to appoint efficient and skilled manpower at various locations and for timely replacement of people who leave the organization. To meet this need, the HR Dept closely associates with the top management in planning, developing and retaining talent. It also shares responsibility as a strategic partner in business for achieving the organizational goals and targets

through a system of continuous performance monitoring and appraisal of critical human resources of the Company.

Considering the need for upgrading the knowledge and skills of the employees, your Company continues to invest in its human resources through various Learning & Development initiatives. Programmes for In-house training are conducted on an ongoing basis and your Company has invested 6000 man hours in training during the year under review, which is almost double that of the previous financial year. In addition to the in-house programmes, employees are nominated for External training programs conducted by professional bodies, Academic Institutions and Training agencies. New Employees from all Branches across India are provided a week's Induction Training and Orientation Program at Corporate Office, Cochin, covering all aspects of the organization. These induction programmes and opportunity provided for visiting the various units and departments of the Company as part of the orientation programme have helped to develop a positive feeling among the new comers and their continuity in the organization.

Besides training and development activities, your Company has also been conducting various Employee engagement programs for involving the employees and for keeping them motivated.

Total Employee strength was 955 as on 1st April, 2010 and as on 31st March, 2011, the number has increased to 1220. The increase has been mainly due to the growth and expansion activities undertaken during the year.

10. Corporate Social Responsibility

Your Company believes in nurturing positive relationships across the entire range of stakeholders and the public which helps the Company understand pertinent issues, develop businesses, enhance stakeholder value and manage risks better. It is this relationship, trust and commitment to stakeholder interest and the warm reciprocity of the same by the stakeholders that make V-Guard robust, resilient and sustainable.

A "Social welfare fund" was started during the year as an Employees' initiative with the objective of helping the ailing cancer patients in General Hospital, Cochin. Every month, Employees voluntarily contribute to this fund from their salary. The fund so collected is utilized for providing medicines to the cancer patients. With this amount, medicines worth ₹ 3,00,000/- has been purchased and supplied during the financial year.

Education of children, especially those belonging to the lower strata of society continues to be one of the major thrust areas of your Company's CSR interventions. During the year, the Company has adopted a Government school near our Corporate Office at Vennala and has associated with them in improving the welfare of students and basic amenities of the school. It has benefitted many students who belong to the under privileged section of the society. Your Company plans to undertake more activities in the coming financial year to reaffirm its commitment to the societal development.

11. Adequacy of Internal Control Systems

The Company has formulated comprehensive Internal Control Manual for the entire operations of the Company. All the transactions of the Company are routed through the laid down procedures. The Company has also appointed M/s. Varma & Varma, Chartered Accountants to conduct the

internal audit of the Company. It has also formed an in-house Internal Audit Department, which regularly does the audit of branch offices and factories. Internal audit is conducted on a quarterly basis and the report and findings of Internal Auditors are placed before the Audit Committee and are reviewed in detail by the members. All significant observations and comments are placed before the Board of Directors and appropriate actions are taken based on the observations made by the Auditors.

The Company has an Enterprise Wide Risk Management System in place and has laid down procedures for risk assessment and mitigation procedures. As part of risk management process, the Company has formed committees at two levels, one being the apex body, known as Risk Management Team, headed by the Executive Director and comprising of Sr. Vice President and Vice Presidents, who are heading various Product Risk Groups and Chief Risk Officer and Assistant Risk Officer as members. The other committee, known as Product Risk Team for various products is headed by the Vice President concerned and comprising of product heads and representatives from other functions like Finance, Systems, Customer Service, Human Resource, Legal etc. The consolidated quarterly risk report is placed before the Audit Committee for its review and recommendation to the Board.

12. Corporate Governance

Your Company has complied with the Corporate Governance norms as stipulated under the provisions of the Listing Agreement entered into with the Stock Exchanges. A detailed Report on Corporate Governance forms part of the Annual Report. A certificate of Statutory Auditor confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

13. Management Discussion and Analysis Report

A detailed review of the industrial growth vis-à-vis the growth of the Company and the future outlook is given under the head Management Discussion and Analysis Report, which forms part of the Annual Report.

14. Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, with firm registration number-008072S, who are the statutory auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors upon the recommendation of the Audit Committee proposes the re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the statutory auditors of the Company.

15. Disclosure of Particulars of employees

The details of employees who are in receipt of salary in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 are given in Annexure I to the Directors' Report, which forms part of the Annual Report.

16. Energy conservation, Technology absorption and Foreign exchange earnings and outgo

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure II to the Directors' Report which forms part of the Annual Report.

17. Directors' Responsibility Statement

In accordance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors here by state that:-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2011 and of the profit of the Company for the year ended on that date;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts of the Company have been prepared on a going concern basis.

18. Acknowledgement

The Directors would like to place on record their sincere appreciation to the Company's customers, vendors, 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 to the contribution made by employees at all levels for achieving the remarkable growth in the turnover and profit and thank the Central Government and various State Governments and other Government agencies for their assistance and co-operation and look forward to their continued support in future also. 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

Kochi
17th May, 2011

Sd/-
Kochouseph Chittilappilly
Managing Director

Sd/-
Dr. George Sleeba
Joint Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Annexure I

**Information as per Section 217 (2A) of the Companies Act 1956,
read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees)
Amendment Rules, 2011 forming part of the Directors' Report for the year ended 31st March 2011**

Sl No	Name	Age (Years)	Designation	Remuneration (₹ in lakhs)	Nature of Employment	Qualification & Experience (In years)	Date of Commencement of employment	Previous Employment
1.	Mr. Kochouseph Chittilappilly	60	Managing Director	113.96	Appointed by the members of the Company at the Extra Ordinary General Meeting held on 25 th August 2007 for a period of five years.	M.Sc (Physics) 32 years	12.02.1996	Chief Executive, V-Guard Industries, Cochin.

For and on behalf of the Board of Directors

Sd/-

Kochouseph Chittilappilly
Managing Director

Sd/-

Dr. George Sleeba
Joint Managing Director

Kochi
17th May, 2011

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE II

Disclosures of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and out go as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A) **Conservation of energy:**

(a) Energy Conservation measures taken	<p>To improve the conservation of energy, the following measures were taken in our manufacturing and distribution system:</p> <ol style="list-style-type: none"> 1) Installed 8.24 Sq. Meters of Solar Collectors for heating water in newly built Family Quarters of the Cable Factory at Coimbatore. 2) During the year under review, the Company was able to generate energy of 9.72 lakhs units from Windmill, of which 8.49 lakhs units were used for own or captive consumption. 3) Installed 25 Nos Turbo Air Ventilator in Kala Amb factory for reducing temperature inside the factory.
(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.	NA
(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, there was a reduction in the energy consumption that resulted in reduction of the cost of production.
(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto.	NA

B) Technology absorption :

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

Research and Development (R&D)	
<p>1. Specific areas in which R&D carried out by the Company</p>	<ul style="list-style-type: none"> a) Reducing the manufacturing cost of Solar Water Heaters (300 LPD & 500 LPD), by reducing the number of vacuum tubes and using bigger diameter vacuum tubes in its place. b) Reducing Raw material cost by adding Tube inner sheath in LT Control Cables. c) Changing the roller design of Stranding machine for reducing Insulation Resistance (IR) failure in LT Power Cables. d) Increasing the inner tank life of electric water heaters. e) Improving thermal efficiency of electric water heaters. f) Reducing power consumption of ceiling fans. g) Improving the efficiency of open well submersible pumps. h) Achieving better productivity and yield by adopting better casting methods in pumps. i) Introducing Voltage stabilisers with SMD (surface mounted device) technology and micro controller based design. j) Developing wider range of application specific voltage stabilizers. k) Developing more ranges in off line UPS and Digital UPS
<p>2. Benefits derived as a result of the above R & D</p>	<ul style="list-style-type: none"> a) The Company was able to produce Products with better quality and reliability at reduced cost. b) Introduced ISI fan with power consumption of less than 55 W. c) By using PUF insulation in some models of Electric Water heaters, energy saving upto 15% could be achieved. d) Launched three models storage type electric water heater with 5-star labeling (Approved by Bureau of Energy Efficiency).

	<ul style="list-style-type: none"> a) Introduced Electric water heater with sacrificial anode and with SS assembly for enhancing the life of water heater. b) Power consumption reduced by 15% in few models of submersible pumps(VOS-FH110 and VOS-FH150). c) Stack molding adopted in making cast iron impellers (VC-H45) has resulted in better productivity. d) Adopting SMD technology and Micro controller based design in Voltage stabilisers has improved productivity, performance and reliability. e) Availability of application specific stabilizers have improved sales. f) Availability of more ranges in off line UPS and Digital UPS has helped to improve sales.
<p>3. Future Plan of action</p>	<ul style="list-style-type: none"> a) Developing Solar Water Heater inner tank with alternate material that can resist corrosion and give more tank life. b) Increasing the current carrying capacity & reducing the raw material content in LT power cables, to improve the compactness of the conductor and to give better shape to LT Power Cables. c) Designing ceiling fans with BLDC technology to reduce power consumption to less than 40 W. d) To achieve star rating for more storage type electric water heaters. e) Developing low cost electric water heater. f) Introducing additional features in electric water heaters. g) Achieving better power efficiency in electric fans by improving stator quality by changing to CRNO lamination. h) Achieving star rating for ceiling fans. i) Improving motor efficiency in mono block pumps.

	<ul style="list-style-type: none"> j) Developing new models of submersible pumps using oil cooled technology. k) Developing low cost wide range stabilisers for specific applications. l) Developing stabilizers with advanced features / star rating. m) Developing higher capacity on-line UPS ranges with features like energy saving and increased reliability. n) Developing wide range of Digital UPS for industrial and commercial applications.
4. Expenditure on R&D	
(a) Capital	₹ 1.18 Lakhs
(b) Recurring	₹ 131.83 Lakhs
(c) Total	₹ 133.01 Lakhs
(d) % of R&D expenditure to total sales	0.18%
Technology absorption, adaptation and innovations	
1. Efforts in brief, made towards technology absorption, adaptation and innovation	<ul style="list-style-type: none"> a) Automatic roller set up was made for manual TIG welding machine for consistent welding. b) Introduced HDPE tape instead of PVC tape to improve the strength of the core of the LT cables. c) Use of rubber shielded ball bearings in pumps instead of metal shielded ball bearings. d) Automatic insertion of insulation paper in motor stator of pumps. e) Use of new engg plastic(PBT) in centrifugal switches of single phase pumps.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.	<ul style="list-style-type: none"> a) The quality of welding has improved resulting in reduction of rejections due to weld corrosion in SS tanks used for Solar water heaters. b) Raw material cost of tape used in LT cable was reduced by 5-10% by changing from PVC to HDPE.

	<p>c) Use of rubber shielded ball bearings in pumps has reduced the possibility of moisture absorption and thereby reduction in the number of complaints.</p> <p>d) Automatic insertion of insulation paper has improved manufacturing productivity.</p> <p>e) Use of new engg plastic has improved the life and reliability of centrifugal switches used in pumps.</p>
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	
a) Technology imported I	Automated TIG Welding for linear welding and Heat pipe collar welding.
a) Year of import	2007
b) Has technology been fully absorbed?	Yes, for the purpose for which imported
c) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NA
b) Technology imported II	Imported IInd Insulating line Elements (Dual Takeup, Capstan, Breaking device and Dual Payoff) for the production of insulated cables up to a line speed of 1200m/min
a) Year of import	2009
b) Has technology been fully absorbed?	YES
c) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NA
C) <u>Foreign Exchange earnings and outgo:</u>	
Foreign Exchange earned	₹ 2.25 lakhs
Foreign Exchange used	₹ 3,666.40 lakhs
<p>For and on behalf of the Board of Directors</p> <p>Sd/- Kochouseph Chittilappilly Managing Director</p> <p>Sd/- Dr. George Sreeba Joint Managing Director</p>	
Kochi 17 th May, 2011	

REPORT ON CORPORATE GOVERNANCE

The Company's report on Corporate Governance for the year ended 31.03.2011 as required under Clause 49 of the Listing Agreements entered into with Stock Exchanges is presented as under:

I. CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is all about commitment to values and ethical business conduct. It encompasses adhering effectively to the governing laws, procedures, practices and the implicit rule that determines a management's ability to make sound decisions in the best interest of all stakeholders viz, shareholders, customers, employees, creditors, the suppliers etc.

At V-Guard Industries Limited, both the Board of Directors and the Management are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. The Corporate Governance arrangements of the Company are under constant review. The Board of Directors performs the pivotal role in the governance system and constantly reviews the existing practices adopted and strive to improve them in the best interest of all stakeholders. The decision making process at the Company is transparent and documentary evidence is available for each and every transaction of the Company. The Board has also formed various sub-committees and defined guidelines and formulated framework for the meetings of the sub-committees. The members of these sub-committees discuss and deliberate the matters and proposals which are coming within their terms of reference and provide its recommendation to the Board to take accurate decisions.

The Board also ensures that accurate and timely financial and strategic information are given to the present and potential investors.

The Company is in compliance with the guidelines on Corporate Governance as stipulated under Clause 49 of the Listing Agreement executed with Stock Exchanges where the shares of the Company are listed. The details of compliance in this regard are furnished herein below:

II. BOARD OF DIRECTORS**A. Composition of the Board**

The Board of your Company consists of members having experience and knowledge in various fields of Management. The Company is immensely benefited from the professional expertise of the Independent Directors in their individual capacity as Independent Professionals / Business Executives and through their invaluable experience, in achieving corporate excellence. As on 31st March, 2011, the total strength of the Board of the Company is six Directors, comprising of three Executive Directors and three Non-Executive Independent Directors. The Chairman of the Board is a Non Executive Director. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement with the stock exchanges.

None of the Directors are disqualified under Section 274 (1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules 2003. Necessary disclosures have been made by the Directors stating that they do not hold any membership in more than 10 committees or chairmanship of more than 5 committees in terms of Clause 49 of the Listing Agreement.

B. Meetings & Attendance

The Board of Directors plays the primary role in ensuring good governance and adoption of best management practices. Strategic planning and policy formulations are looked after by the Board. The Senior Management Personnel heading respective business units are responsible for all day-to-day operations, productivity and profitability of their units.

The Board meets at least once in every quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board meetings are also convened to address the specific needs of the Company. In case of business exigencies, some resolutions are also passed by circulation which will be ratified in the succeeding meetings as a matter of good Corporate Governance. The meetings are governed by a structured agenda. All the agenda items are backed by comprehensive agenda notes containing all the vital information so as to enable the Directors to have focused discussion at the meetings and to take right decisions. All the relevant information as enumerated in Annexure I A to Clause 49 of the Listing Agreement is placed before the Board. The agenda and agenda notes are circulated to all the Directors well in advance of each meeting of the Board of Directors. Where it is not practical to send the relevant information as a part of the Agenda papers, the same is tabled at the meeting. The presentations covering the Company's Performance, operations and business strategy are also made to the Board.

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board. The significant decisions of the Board are promptly communicated to the departments or business units concerned. Action taken report on decisions of the previous meeting(s) is placed at the immediately succeeding meeting for noting or reviews by the Board.

During the year 2010-11, the Board met six times i.e. on 27th May, 2010, 28th May, 2010, 21st July, 2010, 12th November, 2010, 20th January, 2011, 25th March, 2011. The maximum interval between any two meetings was well within the maximum gap of four months. The Board Meetings of the Company are generally held at the Registered Office of the Company.

The names, position and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them are given below:

Name & Position of the Director	Category	No. of shares held as on 31.03.2011	Attendance at		Directorships and Chairmanship / Membership of Board / Committees in other companies as on 31.03.2011		
			Board Meetings	Last AGM	Director	Committee Member	Committee Chairman
Mr. P G R Prasad Chairman	Non-Executive – Independent	Nil	5	No	2	2	1
Mr. Kochouseph Chittilappilly Managing Director	Promoter & Executive	73,66,518	6	Yes	1	Nil	Nil
Dr. George Sleeba* Joint Managing Director	Executive	Nil	6	Yes	Nil	Nil	Nil
Mr. Mithun K Chittilappilly Executive Director	Promoter & Executive	47,92,577	6	Yes	Nil	Nil	Nil
Mr. C J George Independent Director	Non-Executive Independent	Nil	4	Yes	3	2	1
Mr. A K Nair Independent Director	Non Executive Independent	Nil	6	Yes	6	2	1

* Dr. George Sleeba was inducted on the Board as an Additional Director on 27th May, 2010 and was subsequently appointed as the Joint Managing Director with effect from 1st June, 2010 with the consent of the members at their 14th Annual General Meeting held on 26th July, 2010.

Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies that are neither a subsidiary nor a holding company of a Public Company, Companies under section 25 of the Companies Act, 1956 and of Companies incorporated outside India.

Chairmanship / Membership of Board Committees include Chairmanship / Membership of Audit Committee and Shareholders' Grievance Committee only, as clarified by SEBI. The membership or Chairmanship of Board Committees of Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956 are excluded for the purpose.

Resume of Directors retiring and seeking reappointment is appended in the Notice of the Annual General Meeting.

C. Quarterly compliance Report

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

D. Code of Business Conduct and Ethics for Senior Management

V-Guard Industries Limited is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. The Company's Code of Conduct and Ethics is intended to provide guidance and assistance in recognizing and dealing with ethical issues, mechanisms to report unethical conduct, and also to promote a culture of integrity and accountability. The Board of Directors play an important role in ensuring good governance and

have laid down the Code of Conduct and ethics for Directors and Senior Management personnel of the Company, which is also uploaded in the Company's website www.vguard.in.

III. COMMITTEES OF THE BOARD

The Board has in compliance with the requirements of Clause 49 of the Listing Agreement and Companies Act, 1956, formed three Sub-Committees which are, Audit Committee, Shareholders' Grievance/Transfer Committee and Remuneration Committee. Each Committee of the Board functions according to the terms of reference as approved by the Board. Meeting of each Sub-committee is convened by the respective Committee Chairman. The composition and terms of reference of these Sub-Committees including the number of meetings held during the financial year and the related attendance are given below:

A. AUDIT COMMITTEE

The Company has constituted an Audit Committee at the Board level with the powers and role that are in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process, internal control measures, risk management policies and mitigation processes, utilization of proceeds of initial public offer, related party transactions, quarterly working capital utilization, net current assets position, cash flow statement and other matters which has a direct impact on finance and accounts. The Committee members also review the internal audit report periodically as well as the action taken report for the observations made by the Internal Auditors. The Committee reviews the quarterly unaudited and annual audited financial results and makes its recommendations to the Board.

The Company's Audit Committee consists of Four Directors, of which three are Non-Executive Independent Directors. The Chairman of the Audit Committee, Mr. P G R Prasad, has an expert knowledge in finance and accounting and all the other members of the Committee are financially literate. The Company Secretary acts as the secretary to the Audit Committee.

The composition of the Audit Committee as on 31st March, 2011 is as under:-

Name	Category	Position
Mr. P G R Prasad	Non-Executive Independent	Chairman
Mr. C J George	Non-Executive Independent	Member
Mr. A K Nair	Non-Executive Independent	Member
Mr. Mithun K Chittilappilly	Executive Director	Member

(i) Meetings & Attendance during the year

During the Financial Year 2010-11, four meetings of the members of Audit Committee were held on 27th May, 2010, 21st July, 2010, 12th November, 2010 and 20th January, 2011 respectively. The meetings are usually held at the Registered Office of the Company. The Chief Financial Officer and the representatives of the Internal Auditors and the Statutory Auditors are invited to attend and participate in the meeting. The audited financial results of the Company for the year ended 31st March, 2011 were taken on record at the meeting held on 17th May, 2011. Attendance of

Committee members at the Audit Committee meetings held during the financial year 2010-11 is as follows:-

Name	No. of meetings held	No. of meetings attended
Mr. P G R Prasad	4	3
Mr. Mithun K Chittilappilly	4	4
Mr. C J George	4	4
Mr. A K Nair	4	4

Mr. C J George occupied the position of Chairman of the Audit Committee at the meeting held on 21st July, 2010, as Mr. P G R Prasad was not present for the meeting. He was also present at the 14th Annual General Meeting as Chairman of Audit committee to answer Shareholders' queries on financial statements.

(ii) Terms of Reference

The terms of reference of Audit Committee are broadly as under:

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
2. Recommending to the Board, the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
3. Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
4. Reviewing the financial statements and draft audit report, including the quarterly / half yearly financial information.
5. Reviewing with the management, the annual financial statements before submission to the board focusing primarily on:
 - a. Any changes in accounting policies and practices.
 - b. Major accounting entries involving estimates based on the exercise of judgment by management.
 - c. Qualifications in the audit report.
 - d. Significant adjustments arising out of audit.
 - e. The going concern assumption.
 - f. Compliance with accounting Standards.
 - g. Compliance with Stock Exchanges and legal requirements concerning financial statements.
 - h. Any related party transactions as per Accounting Standard 18.
6. Reviewing the Company's financial and risk management policies.
7. Disclosure of Contingent Liabilities.

8. Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
9. Reviewing the adequacy of internal audit function, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
10. Discussion with the internal auditors of any significant findings and follow up there on.
11. 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 the matter to the board.
12. 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.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. SHAREHOLDERS GRIEVANCE / TRANSFER COMMITTEE

The Company has constituted Shareholders Grievance / Transfer 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 and dematerialization of equity shares.

(i) Composition:

The composition of the Shareholders’ Grievance / Transfer Committee as on 31st March, 2011 is as follows:

Name	Category	Position
Mr. C J George	Non-Executive Independent	Chairman
Mr. Mithun K Chittilappilly	Executive Director	Member
Mr. P G R Prasad	Non-Executive Independent	Member

(ii) Terms of reference:

The terms of reference of Shareholders Grievance / Transfer Committee are as follows:

- a) Looks into shareholders’ complaints like, non-receipts of dividend warrants, refund orders, non credit of shares allotted in IPO, non-receipt of Annual Reports, transfer of shares etc.
- b) Overseeing and reviewing matters connected with the transfer of shares and its approval, splitting up of share holding, approving re-mat requests and issue of duplicate share certificates.
- c) Oversee the performance of the registrars and transfer agents, and recommends measures for overall improvement in the quality of investor services.
- d) Affix or authorize fixation of the common seal of the Company on the share certificates.

(iii) Meetings and Attendance during the year

During the financial year 2010-11, the Committee met six times i.e. on 27th May, 2010, 02nd July, 2010, 25th September, 2010, 18th October, 2010, 20th January, 2011 and 25th March, 2011. Attendance of the members at the meetings held during the financial year 2010-11 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	6	5
Mr. P G R Prasad	6	3
Mr. Mithun K Chittilappilly	6	6

(iv) 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 :

Sl. No.	Nature of Complaints received	Opening as on 01.04.2010	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31.03.2011
1.	Non credit of shares	2	Nil	Nil	2
2.	Non receipt of refund order	Nil	Nil	Nil	Nil
3.	Non receipt of Dividend	1	74	75	Nil
	Total	3	74	75	2

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

As per the SEBI Circular dated 24th April, 2009, bearing reference no. SEBI/CFD/DIL/LA/1/2009/24/04, every company 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 01-04-2010	2350	22
No of shareholders who approached for the transfer and the Shares transferred during the year 2010-11	445	4
Closing balance as on 31.03.2011	1905	18

Note: The voting rights on these shares (1905 Shares) lying in the Demat Suspense Account shall remain frozen till the rightful owners of such shares claim the shares.

(vi) Prevention of Insider Trading

As per the SEBI (Prohibition of Insider Trading) Regulations 1992, the Compliance Officer and Company Secretary are responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. Accordingly, V-Guard has introduced a comprehensive code of conduct for prevention and regulation of insider trading in the Company's shares by insiders. All the Directors on the Board, employees at senior management level at all locations and other employees who have access to unpublished price sensitive information of the Company are governed by this Code.

(vii) Compliance Officer

Mr. A. Jacob Kuruvilla, Chief Financial Officer of the Company is the Compliance Officer for complying with the requirements of SEBI regulations and the Listing Agreement with Stock Exchanges.

C. REMUNERATION COMMITTEE

The Company has constituted a Remuneration committee consisting of three Non Executive Independent Directors and an Executive Director. The broad terms of reference of Remuneration Committee includes the following:

- a) Review of remuneration payable to the Directors and Senior Management officials of the Company
- b) Reviewing and advising the Board over the remuneration policies of the Company generally and
- c) Such other matters as may be decided by the Board from time to time.

(i) Composition

The composition of the Remuneration Committee as on 31st March, 2011 is as follows:

Name	Category	Position
Mr. C J George	Non-Executive Independent	Chairman
Mr. P G R Prasad	Non-Executive Independent	Member
Mr. A K Nair	Non-Executive Independent	Member
Mr. Kochouseph Chittilappilly	Managing Director	Member

(ii) Meetings and Attendance during the year

The members of Remuneration Committee met on 27th May, 2010 during the financial year 2010-11 and all the members were present for the meeting.

(iii) Details of Remuneration paid to the Directors during the financial year 2010-11 are as follows:

(₹ in Lakhs)

Name	Salary	Perquisites	Commission	Sitting fees	Total
Mr. P G R Prasad	-	-	5.00	0.85	5.85
Mr. Kochouseph Chittilappilly	51.48	4.84	57.64	-	113.96
Dr. George Sleeba	20.60	3.40	24.02	-	48.02
Mr. Mithun K Chittilappilly	13.00	5.66	28.82	-	47.48
Mr. A K Nair	-	-	-	0.85	0.85
Mr. C J George	-	-	-	0.90	0.90
Total	85.08	13.90	115.48	2.60	217.06

The details of remuneration payable by the Company to the Whole-time Directors, and their service contract were included in the Notice and the Explanatory Statement to the Annual General Meeting in which their appointment or re-appointment, as the case may be, was approved by the Shareholders.

The Non-Executive Directors of the Company are paid sitting fees @ ₹ 10,000/- and ₹ 5,000/- for attending the meetings of the Board and Sub Committees of the Board respectively. The Shareholders of the Company have approved the payment of commission to Mr. P G R Prasad, Chairman of the Board, considering his active involvement in ensuring the compliance with corporate governance practices and chalking out various policies and procedures associated with the operations of the Company.

IV. GENERAL BODY MEETINGS

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

Financial year ended	Date	Time	Venue
31-03-2010	26-07-2010	10.00 a m	Hotel International, Veekshanam Road, Kochi – 682035
31-03-2009	27-07-2009	10.00 a.m	Hotel International, Veekshanam Road, Kochi – 682035
31-03-2008	14-07-2008	10.00 a.m	Hotel International, Veekshanam Road, Kochi – 682035

Special Resolutions passed at the last three AGMs:

14th Annual General Meeting held on 26th July, 2010

- (i) To appoint Dr. George Sleeba, as the Joint Managing Director of the Company pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.
- (ii) To pay commission to Mr. P G R Prasad, Chairman of the Board, as per the provisions of Sections 198, 309, 310 of the Companies Act, 1956 and Article 129 of the Articles of Association, an amount not exceeding 1% of the Net Profits of the Company, for a period of 5 years commencing from 01st April, 2010 to 31st March, 2015.

13th Annual General Meeting held on 27th July, 2009

- (i) To appoint Mr. N Sreekumar as the Joint Managing Director of the Company pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.
- (ii) Revising the remuneration payable to Mr. Kochouseph Chittilappilly, Managing Director pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.
- (iii) Revising the remuneration payable to Mr. Mithun K Chittilappilly, Executive Director pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.

12th Annual General Meeting held on 14th July, 2008

- (i) Change in Deployment/utilization of Initial Public Offer Proceeds of the Company.

VI. OTHER DISCLOSURES**(i) Related Party Transactions**

Details of transactions with related parties are disclosed in the notes to the Accounts. In the opinion of the Board, none of the transactions with any of the related parties were in conflict with the interest of the Company.

(ii) Utilization of proceeds of Public Issue

Detailed note showing the utilization of the proceeds of the public issue is included in the notes to the accounts. Your Company has fully utilized the proceeds of the Initial Public Offer for execution of various projects envisaged in the offer document dated 29th February, 2008 as on 31st March, 2011. Construction activities relating to setting up of distribution cum service centers at Hubli and Vijayawada has commenced and the same is expected to be completed by third quarter of fiscal 2011-12 and the fund required for the said projects will be met either through bank borrowings or internal accruals as the case may be.

(iii) Disclosure of Risk Management

The Company has an Enterprise Wide Risk Management System in place and has laid down procedures for risk assessment and its mitigation. As part of risk management process, the Company has formed committees at two levels, one being the apex body, known as Risk Management Team and is headed by the Executive Director and comprising of Sr. Vice President and Vice Presidents, who are heading various Product Risk Groups and Chief Risk Officer and Assistant Risk Officer as members. The other committee, known as Product Risk Team for various products groups is headed by the Vice President concerned and comprising of product heads and representatives from other functions like Finance, Systems, Customer Service, Human Resource, Legal etc.

The Product Risk Groups holds meeting in every quarter and review the risks and mitigation measures in the respective product groups and submit their reports along with the minutes

of the meetings to the Risk Management Team, which will review and consolidate the Risk report and submit quarterly reports before the Audit Committee for its review and recommendation to the Board. The Company is also maintaining Risk Registers for each product and the same are updated quarterly.

(iv) Management Discussion And Analysis

A detailed report on Management Discussion and Analysis forms part of this Annual Report.

VII. GENERAL INFORMATION TO SHAREHOLDERS

(i) Date, Venue and Time of the 15th Annual General Meeting

Date : 25th July, 2011

Venue : Hotel International, Veekshanam Road, Ernakulam.

Time : 4.00 p.m.

(ii) Dates of Book Closure

The Register of Members and Share Transfer Books will remain closed from 15th July, 2011 to 25th July, 2011 (both days inclusive)

(iii) Board Meetings & Financial Calendar

Financial Year: 01st April, 2011 to 31st March, 2012

Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the year 2011-12.

For the quarter ending 30th June, 2011 : 26th July, 2011

For the quarter ending 30th September, 2011 : 22nd October, 2011

For the quarter ending 31st December, 2011 : 21st January, 2012

For the year ending 31st March, 2012 : May, 2012

(iv) Dividend

A final Dividend of 35% i.e. ₹ 3.50 per Equity Share is recommended by the Board of Directors at their meeting held on 17th May, 2011 which is subject to the approval of the shareholders at the ensuing Annual General Meeting and if approved will be payable on or after 25th July, 2011 but within the statutory time limit of 30 days.

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 the 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 Service (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, May Flower Avenue, Behind Senthil Nagar, Souripalayam Road, Coimbatore-641028 latest by 14th July, 2011.

(v) Unpaid Dividend Amount

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, 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. The Company had declared a final dividend of 25% for the years 2007-08 and 2008-09 and 30% for the year 2009-10, at the Annual General Meetings held on 14th July, 2008, 27th July, 2009 and 26th July, 2010 respectively.

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 IEPF by the Company

Financial Year	Date of Declaration of Dividend	Due date of transfer to IEPF
2007-08	14 th July, 2008	13 th July, 2015
2008-09	27 th July, 2009	26 th July, 2016
2009-10	26 th July 2010	25 th July 2017
2010-11	25 th July, 2011	24 th July, 2018

(vi) Listing on Stock Exchanges & Stock Codes

Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) since 13th March, 2008. Listing fees for the financial year 2011-12 have been paid to both the Stock Exchanges. The Stock codes of the Company at the Stock Exchanges are as follows:

The Bombay Stock Exchange Limited : Scrip Code 532953

The National Stock Exchange of India Limited : Symbol VGUARD/ Series: EQ

Company's ISIN : INE951I01019

(vii) Custodial Fees

As per the revised circular issued by the Securities and Exchange Board of India No. MRD/Dop/SE/Dep/Cir-2/2009, dated 10th February, 2009, the Company has paid the custodial fees for the year 2011-12 to NSDL and CDSL on the basis of the total number of folios maintained by them as on 31st March, 2011. But on the basis of Circular CIR/MRD/DP/05/2011 dated 27th April, 2011, SEBI has modified the methodology of calculating the Annual Issuer Charges. The Annual issuer charges would be based on the average no. of folios during the previous year instead of the total number of folios as on 31st March of the previous year. The Company will be paying custodial charges based on the new circular from the current financial year onwards.

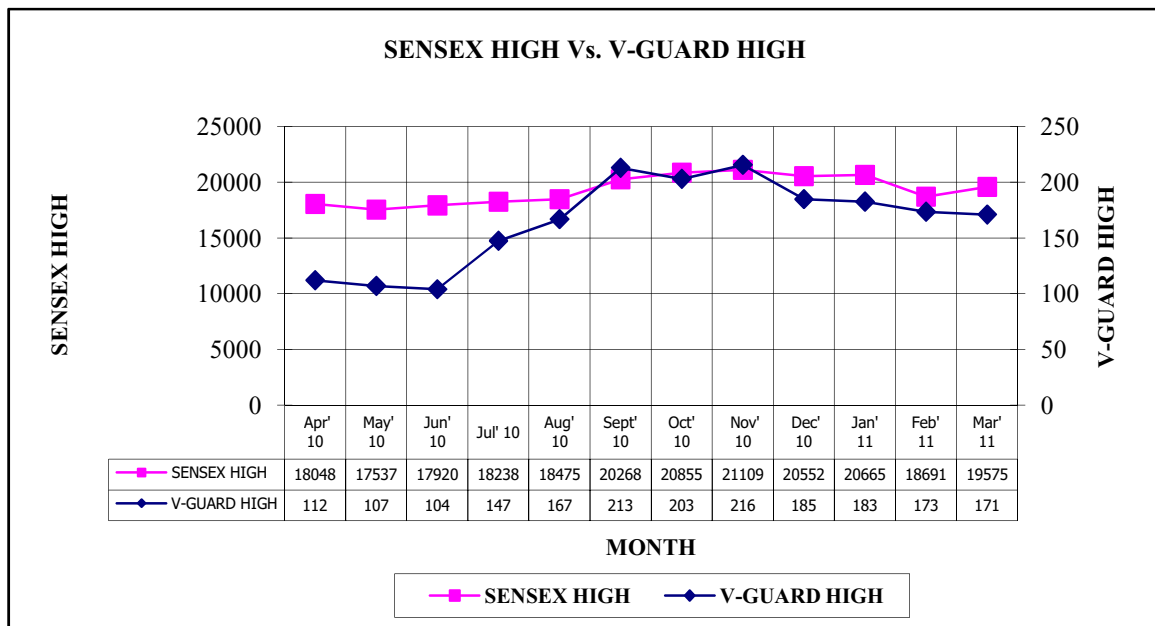
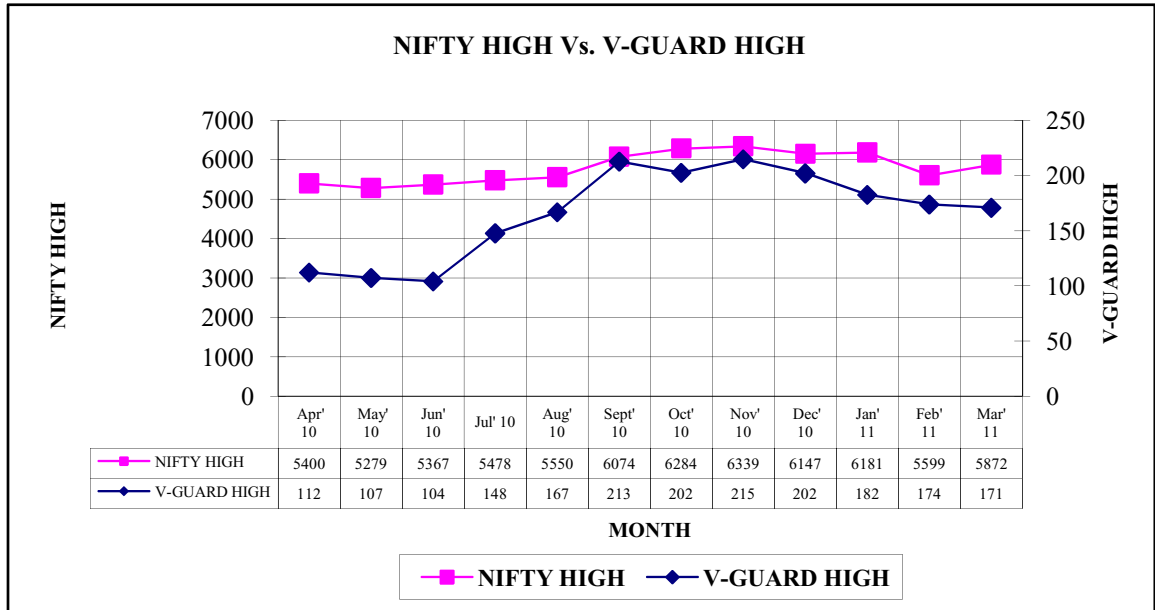
(viii) Stock Market Data

Monthly high and low quotations during each month during the last financial year 2010-11 as well as the volume of shares traded at the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited are as follows:

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (₹ In Lakhs)	High (₹)	Low (₹)	Volume (₹ in Lakhs)
Apr' 10	112.00	88.20	8,827.18	112.00	89.45	4,402.58
May' 10	107.10	92.30	2,275.43	106.90	91.70	973.24
Jun' 10	103.95	94.25	1,946.19	104.00	94.15	626.73
Jul' 10	147.60	99.20	14,296.67	147.40	100.95	6,741.19
Aug' 10	166.75	142.10	14,403.96	166.80	142.00	7,359.84
Sept' 10	212.75	156.20	25,610.09	212.90	156.55	8,845.79
Oct' 10	202.45	185.50	5,969.35	203.00	184.90	1,704.36
Nov' 10	214.80	152.20	9,792.14	215.50	153.00	3,034.03
Dec' 10	202.00	155.00	3,262.82	184.75	155.60	837.23
Jan' 11	182.45	156.05	3,915.30	182.50	162.00	1,467.84
Feb' 11	173.80	139.00	2,346.46	173.45	139.00	967.86
Mar' 11	170.80	150.00	1,550.47	171.00	150.05	307.32



V-Guard Industries Limited Vs NSE S&P CNX NIFTY and BSE SENSEX

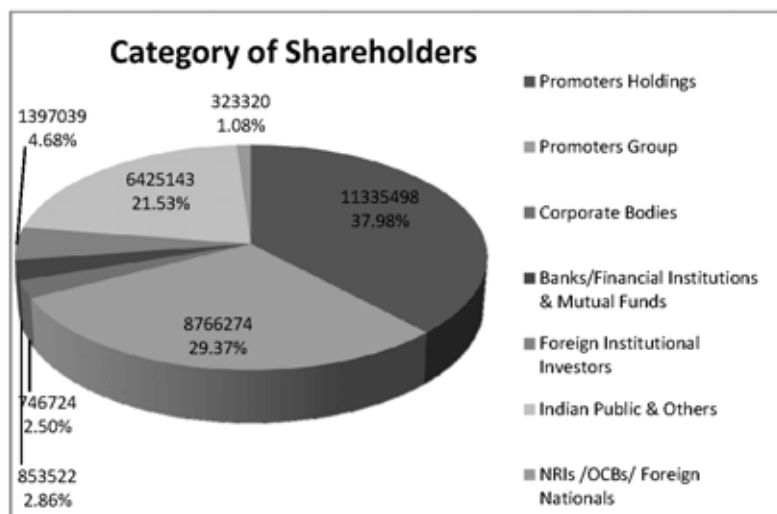


(ix) Share holding Pattern: Distribution of shareholding as on 31st March, 2011

Shares	Shareholders		Shareholding	
	Number	%	Number	%
1 - 500	24284	93.7968	2529257	8.4739
501 - 1000	783	3.0243	625347	2.0951
1001 - 2000	351	1.3557	522950	1.7521
2001 - 3000	143	0.5523	365019	1.2229
3001 - 4000	66	0.2549	230007	0.7706
4001 - 5000	88	0.3399	405322	1.3580
5001 - 10000	91	0.3515	644974	2.1609
10001 and above	84	0.3244	24524644	82.1664
	25890	100.0000	29847520	100.0000

(x) Category of Shareholders

Category	No. of Shares	% to the total no. of shares
Promoters Holdings	11335498	37.98
Promoters Group	8766274	29.37
Corporate Bodies	746724	2.50
Banks, Financial Institutions & Mutual Funds	853522	2.86
Foreign Institutional Investors	1397039	4.68
Indian Public & Others	6425143	21.53
NRIs /OCBs/ Foreign Nationals	323320	1.08
Total	29847520	100.00



(xi) Shares held in Physical and Dematerialized Form

Particulars	No. of shares	Percentage
Shares held in Dematerialized form	29477345	98.76
Shares held in Physical form	674817	2.26
Total	29847520	100.00

(xii) Registrar & Share Transfer Agents and Share Transfer Systems

Link Intime India Private Limited
Surya, 35, May Flower Avenue,
Behind Senthil Nagar, Souripalayam Road,
Coimbatore-641028
Phone: 0422-2314792, Email: coimbatore@linkintime.co.in

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. In case of shares held in physical form, the transferred share certificates duly endorsed are dispatched within 20 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Agreement, the share transfer system of the company is audited every six months by a Practicing Company Secretary and a certificate to that effect is issued by him. The Company holds Share Transfer Committee Meetings as may be required for approving the share transfer, transmission and rematerialisation of equity shares.

(xiii) Means of Communications

The Company regularly intimates information like the 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 the shares of the Company are listed, to enable them to post it into their websites.

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

(xiv) Address for Correspondence

Jayasree K
Company Secretary
33/2905 F, Vennala High School Road,
Vennala, Kochi-682028
E-mail: jayasree@vguard.in
Ph: 0484-3005000

(xv) Website

The Website of the Company, www.vguard.in contains comprehensive information about the Company, Directors, products, branch details, distributor locator, media details, service helpline details etc. It serves to inform the shareholders by providing key information like shareholding pattern, financial results, shareholder information, other developments, contact

information of the official of the Company who is responsible for handling investor grievances etc.

(xvi) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements as stipulated under Clause 49 of the Listing Agreement. A certificate from the statutory auditors of the Company to this effect has been included in this report. Besides mandatory requirements, the Company has constituted a Remuneration Committee to consider and recommend the remuneration of the Directors and senior management officials. The Company has not complied with the other non-mandatory disclosures stipulated in the Listing Agreement for the time being.

CEO/CFO Certification

Mr. Kochouseph Chittilappilly, Managing Director and Mr. A. Jacob Kuruvilla, Chief Financial Officer have given CEO/CFO Certificate to the Board. The Board has taken on record the CEO/CFO certificate as per the format given under clause 49 (v) at its meeting held on 17th May, 2011.

DECLARATION ON CODE OF CONDUCT

As required by Clause 49 (ID) of the Listing Agreement, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company.

Kochi
17th May, 2011.

Sd/-
Kochouseph Chittilappilly
Managing Director



AUDITORS' CERTIFICATE

**To The Members of
V-guard Industries Limited**

We have examined the compliance of conditions of Corporate Governance by **V-GUARD INDUSTRIES LIMITED** (“the Company”) for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

Sd/-
M. Ramachandran
Partner
(Membership No.16399)

Kochi
17th May, 2011

MANAGEMENT DISCUSSION & ANALYSIS REPORT**1. ECONOMIC SCENARIO AND INDUSTRY OVERVIEW**

After the global economic recession, many of the world economies are growing in a slow pace even today; however, the Indian economy had showed faster recovery from the second half of 2009-10 and has achieved robust and steady economic growth during the fiscal 2010-11. With impressive growth in major sectors like agriculture, manufacturing, services, automobiles and realty, the country's GDP rate has grown by 8.5% during the fiscal 2010-11.

Indian consumer industry also witnessed good growth during the year under review. Increasing urbanisation coupled with high disposable income of individuals and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern and has resulted in increased consumer spend towards branded products both in rural and urban markets of India.

2. OVERALL PERFORMANCE

V-Guard continues to enjoy a leading position in the electrical and electronic consumer market in the country. With a large variety of products, strong brand equity and widely spread distribution channel, the Company enjoys a unique position to cater to the consumer needs of various segments. The Company achieved net sales of ₹ 726.34 crores during the year under review, charting a growth of 59.96%, over the net sales of ₹ 454.09 crores for the previous year. Following the robust growth achieved in sales, the Company recorded a Net Profit of ₹ 39.70 crores, without considering exceptional profit of ₹ 3.63 crores during the year under review, which is 55.84 % more compared to the previous year. The contribution from Non-South Indian markets in the turnover is more than ₹ 160.00 crores in the fiscal 2010-11. The products that accounted more to achieve the sales were wires, stabilizers and pumps.

3. BUSINESS REVIEW**3.1 VOLTAGE STABILIZERS**

The Company's flagship product Voltage Stabilizers has achieved a turnover of ₹ 166.82 crores during the year under review, which is 23% of the total net sales. Pursuant to the surge in the consumer durable industry there was a significant increase in the sale of white goods like refrigerators, air conditioners, washing machines etc., which has resulted in an increase in the sale of stabilizers for air conditioners, refrigerator etc. During the year under review, the product has grown by 44.73% in value, when compared with the sale of previous year.

New models of stabilizers meant for air conditioners were introduced considering the local requirements of non-south Indian markets with reduced cost. New models were also introduced for tread mill, washing machine and micro wave oven.

The Company's persistent efforts to maintain the quality of the product, bringing out improvements on an on-going basis by introducing new models that meets the local market demands, focused R & D efforts and strong channel network across the country, have all contributed to maintain its dominant position in the sector.

The main threat faced in the product line is the seasonal nature of many of the white goods and the aggressive campaign by the manufacturers of the white goods stating that the appliance contains in-built stabilizers. Besides these, the increasing inflation rate, competition from the unbranded segment, improved power distribution etc., may hamper the future growth of the product.

During the year under review, the Company came out with an ad campaign to overcome the impact of the claim of the manufacturers of the white goods that their appliance contains in-built stabilizers which has helped to create awareness on the retailers and customers how the stabilizers protects the appliance during the power cut and also from the voltage fluctuation when the power comes back. Through this awareness creation ad, it was able to create a positive impact on the mindset of the consumers on the need for a stabilizer.

Your Company is expecting the consumer industry to grow in a good pace in the current fiscal and this will create an increased demand for appliances like LCD TV, refrigerators, air conditioners and consequently an impressive growth in the stabilizers suitable for these appliances. Focus is being given to expand the marketing network to rural markets and other untapped markets as well as to increase the sale in the new segments of stabilizers for LCD TVs, tread mill, washing machine etc.

3.2 WIRING CABLES

Your Company is one of the leading manufacturers of wires in the branded segment in the country. Total sales achieved in the wire segment for the year under review was ₹ 206.05 crores and it accounted for 28.40% of the total net sales of the Company.

Growth during the year under review was driven by the increased demand from sectors like building and construction, automobile, aviation, energy, engineering and telecommunications. Construction industry has revived considerably, after the economic slowdown and as a result, there is an overall improvement in the demand for wires. The growth in the sales in terms of quantity and value was 35% and 68% respectively, when compared with the sales of previous fiscal. Capacity utilisation of the factories were also considerably improved during the year under review. Increase in the volume and efficient purchase of raw-materials resulted in better sales growth and profitability.

The major strength of this product segment is good network for distribution, increased brand image in south and non-south Indian markets and better quality of products. However, brand awareness is to be further increased in the non-south Indian market and efforts are to be made to procure more orders from Govt. departments, various public and private sector organizations etc. Moreover, high volatility in the price of the major raw-materials is one of the major reasons for low margin. Risk associated with the increase in copper price can be mitigated by efficiently planning the procurement of copper and also keeping the inventory of wires at low levels.

As major growth sectors in the country is expected to come out with impressive growth during the fiscal 2011-12, the way ahead for the product seems to be good and focus will be given to tap the potential in the rural parts of the country and also increase the market share of the

non-south Indian market. As the construction industry is expected to grow further, efforts shall be made to procure more project / institutional orders.

3.3 PUMPS AND MOTORS

During the year under review, the Company was able to achieve moderate growth in the pump segment consisting of single and three phase pumps. Impressive sales was achieved in the first half of the fiscal, however due to the extended monsoon, growth was sluggish during the second half. Total sale achieved was ₹ 121.00 crores, showing a growth of 42% over the sales achieved during the financial year 2009-10. The product line was able to contribute 16.65% of the total net sales of the Company.

New models were introduced as per the geographical requirements and efforts were made to increase the brand visibility especially in the non-south Indian markets and also in the rural and semi urban areas. With the support of more below the line activities, increased penetration was achieved in respect of three phase pumps in tier II & tier III cities. More number of Dealers were appointed in unrepresented areas of non-South Indian markets with a view to expand our marketing network. The Company was also able to introduce 5 star rated models suited for different segments of customers.

Sale of the product may get affected due to climatic conditions and also there is stiff competition from the players both in the organized and unorganised sectors. Non-availability of skilled man power from the industry may also hamper the growth of the product.

Your Company is planning to give more concentration in new market segments with products like agricultural pumps, motors & industrial pumps and also three phase pumps in a big way.

3.4 ELECTRIC WATER HEATERS (GEYSERS)

Electrical products segment has shown a good growth in the country during the year under review contributing to an impressive growth in the product line. Seasonal factors like good monsoon rains, early winters in the northern parts of the country have also favoured the growth of the product. During the year under review, the total sale achieved was ₹ 60.00 crores which is 62% over the previous year's sale of ₹ 37.00 crores. Sale of Gas water heaters introduced in the previous year was extremely good.

Dealer network for the product was considerably increased both in the urban as well as rural markets. During the year under review, more number of economy models was introduced besides 5 star rated models that ensures reduction in the usage of energy. Your Company was able to introduce vitreous enamel tank to increase the life of the tanks and this change has been well accepted in the market.

The product has got good market potential in non-south India due to the climatic condition and the same can be capitalized by increasing the brand awareness and also the confidence level of the Dealers.

In case, the sale price of solar water heaters gets reduced considerably in future due to alternate technology in manufacture or by grant of high subsidy by the Government, there is a likelihood

of certain segment of customers shifting to solar water heaters thereby affecting the sale of electric water heaters to some extent. Moreover, power shortage prevalent in many parts of the country and increasing cost of power may also affect the future growth potential of electric water heaters. Your Company is planning to introduce new models and more star rated models to reduce energy consumption and for reduction in operational costs as a strategy to maintain the growth momentum.

3.5 SOLAR WATER HEATERS:

With a view to conserve electrical energy by curtailing power consumption in house hold appliances and industrial equipment, the Government is encouraging the use of alternate or renewable energy in place of electrical energy in a massive way. Further, to encourage the use of solar thermal devices for heating water, the Government has introduced subsidy to the end consumer. Many nationalized banks are also providing loans at cheaper interest rates for purchase of solar water heaters. Many of the state governments in the country have mandated the use of solar water heaters in commercial segments facilitating increased sale of higher capacity industrial and commercial models. These steps are expected to accelerate the growth of the solar water heater industry in the coming years.

To take advantage of the emerging scenario, your Company has introduced solar water heaters with improved and innovative designs for varying applications with a view to expand its market share in domestic and commercial segments. During the year under review, the marketing network for sales of solar water heaters was reorganized with introduction of direct sales to customers in major cities, to facilitate getting more project orders. Your Company is also enjoying superior technology in the manufacture of solar water heaters that give longer life of inner steel tanks, thus providing an edge over the competitors in the segment.

All these efforts have resulted in increasing the turnover of solar water heaters to ₹ 22.00 crores during the year under review registering a growth of 34% over the previous year's turnover of ₹ 16.40 crores.

Considering the future growth potential, your Company is on the threshold of setting up a major manufacturing facility for solar water heater with improved technology at Perundurai, near Erode, Tamil Nadu, in the land taken on lease from SIPCOT and the new manufacturing unit is expected to be commissioned by the third quarter of the fiscal 2011-12. This improved technology is intended to mitigate the present problem of corrosion of inner tank of solar water heaters in hard water areas. An investment of ₹ 8.00 crores is envisaged for the project. Your Company has also initiated the process for obtaining CRISIL rating for Solar Water Heater – Division, that will help the consumers to avail the subsidy announced by the Ministry of New and Renewable Energy (MNRE) while making purchases of solar water heaters. However, possibility of further increase in lending rates may have a negative impact on the purchase of solar water heaters utilizing the loans from commercial banks.

3.6 FANS

Growth in the electrical products segment in the country has supported the fan industry also to achieve an impressive growth in the year under review. In 2010-11, your Company achieved a net sale of ₹ 53.00 crores, which shows 107% growth over the net sale of ₹ 25.60 crores, recorded

in the previous year. Good range of products in the ceiling fans and new models of table, pedestal and wall mounting fans through imports and decorative models in ceiling fans have enabled the Company to achieve higher sales and improve the profitability in the product line. The Company was also able to improve the sale in the non-south Indian market by appointing more number of channel partners and also concentrating in the rural markets of various parts of the country.

As the booming construction industry is expected to give a fillip to the electrical segment industry, Your Company is confident of increasing its market share in the coming years in the product line. It is also planned to appoint more number of dealers in the unrepresented areas to expand our marketing network. Your Company is also carrying out continuous R & D activities in its pilot production unit located at Kala Amb, to reduce the cost of production, improve the quality and reliability and to introduce less energy consuming models.

More thrust is also given to capture more projects orders both from the Public and Private sector organizations. It is also proposed to introduce industrial exhaust fans to meet the requirement of industry in the coming years.

Sale of the product is highly dependent on the seasonality and also the growth in the realty sector. If the climatic conditions are not favourable, the sale may get affected. Moreover, competition from the unorganized sector is also a threat. To overcome the competition from the unorganized sector, your Company is involved in increasing its brand awareness by doing Below The Line activities. With continuous R&D and with introduction of more models of energy efficient fans, your Company is confident of increasing its market share and profitability in the coming year.

3.7 POWER & CONTROL CABLES

Your Company embarked into manufacture and marketing of LT Cables in 2009 by setting up a manufacturing facility at Coimbatore. LT Power and Control cables are mainly used in power generation and distribution plants and also in electrical systems within the premises. As the power sector and construction industry are growing at a faster rate, good growth potential is expected for the product. The Company achieved a net sales of ₹ 42.00 crores, during the year under review and registered a growth of 165% over the previous year. Order book consists of clients from major organizations from public and private sectors. Good brand image, consistency in quality of products and network with strong dealers are the main growth drivers in the product line.

The Company plans to grow further in the coming fiscal and increase its capacity utilization by getting more orders from Govt. and private institutions.

3.8 UNINTERRUPTED POWER SUPPLY (UPS) SYSTEMS

During the year under review, India's personal computer (PC) market registered a growth of 30% which is the highest since the year 2007. Nearly 25,00,000 PCs were shipped to Indian consumers, raising the overall sales by 26 per cent in the period. The demand for UPS in India is expected to be robust, especially from rural and semi-urban areas, where the rapid development in the IT infrastructure and elongated power cuts and load shedding is more, compared to what urban areas experience. During the year under review, the product line UPS has made an

incremental growth in sales both in terms of value and volume. Your Company was able to achieve net sales of ₹ 27.00 crores, thereby registering a growth of 56% over the previous year's sale of ₹ 17.36 crores.

The factors that drive sustainable growth in this segment are the quality and reliability of products, competitive prices, availability of the product through a wide distribution network and prompt after sales service support. Your Company is adopting strategies for penetrating the B and C class cities to ensure growth in this product line. Growth is also expected from hospitality industry as well as educational institutions, where the usage of UPS is more.

However, UPS is as an ancillary product of desktop computers and the demand of UPS depends directly on the demand of desktop computers. The sales growth of Laptops is indirectly affecting the sales of UPS in the Tier I and Tier II Cities. Your Company is taking steps to increase the range of models in the category of Line Interactive UPS and online UPS for wide range of applications as a strategy for increasing sales.

3.9 DIGITAL HOME UPS

Digital Home UPS industry is poised to grow aggressively in the coming years. The acute power shortage and load shedding stipulated by various State Governments and frequent long hour power failures have contributed to the growth of the product line in a big way. During the year under review, net sale achieved was ₹ 22.00 crores, registering a growth of 150% over the previous year's sale of ₹ 8.77 crores. In the year under review, the product reach was increased by making it available throughout the country by appointing number of Direct Marketing Associates and strengthening the marketing network. Your Company has also introduced battery for the Digital UPS during the fiscal 2010-11. Considering the huge market potential, the Company is confident of increasing the sales many fold in the coming years.

4. OPPORTUNITIES & THREATS

Your Company is engaged in the manufacturing and marketing of various products which forms part of the segments like electronic and electrical, consumer durable, agriculture, construction and power. Sales growth of the each product vertical is having a direct nexus with development of the core sectors of the economy. As the Indian economy is on a fast growing pace, all the key sectors are also showing excellent growth. The Indian consumer durable industry witnessed a tremendous growth during the year under review. Changing lifestyle, higher disposable income coupled with greater affordability, boom in the real estate and housing industry and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern. Rural markets and small towns have shown promising demand for durables and prosperity in rural India has been one of the major driving forces for rural growth.

Though the economy is growing in a fast manner, the high inflation prevalent in the country may affect the growth of the sectors like construction, consumer durables, agriculture etc. It may also affect the purchasing power of the people and slow down the movement of white goods. Besides, consumers are more aware of energy efficient appliances as they are proactively asking for star-rated refrigerators, air conditioners, water heaters, pumps etc. If the Company fails to introduce energy saving models, it will be facing difficult situation to market the products. Moreover, in the highly inflationary regime, price of the raw-materials may increase considerably

leading to increased cost of production. Attempts to pass on the price escalation to the consumer, may lead to, people opting for unbranded products, considering the price variation.

5. FUTURE OUTLOOK

The Indian economy is expected to maintain the growth momentum in the coming years. With the existing product range and by introducing new models which suits with the local requirements of various markets and by providing good after sales service, your Directors are confident of achieving desired growth levels and improve the profitability further. Possibility of adding one or two products coming in the home appliance segment is also under consideration. Thrust will be given to strengthen the existing manufacturing facilities by making additional investment wherever required. Efforts will be taken to improve the brand awareness in the new markets and more penetration will be made in the semi-urban and rural areas.

6. RISKS AND RISK MITIGATION

The Company has an Enterprise Wide Risk Management System in place and has laid down procedures for risk assessment and its mitigation. A two level committee monitors the risks and its mitigation measures on a regular basis. The lower level consists of 4 Product Risk groups each headed by a VP and comprising of concerned product heads and representatives from other functions like Finance, Systems, Customer Service, Human Resource, Legal etc. The apex body, known as Risk Management Team is headed by the Executive Director and comprise of Sr. Vice Presidents, Vice Presidents, Chief Risk Officer, Assistant Risk Officer and heads of various Product Risk Groups as members.

The Product Risk Groups holds periodical meetings and review the risks and mitigation measures in the respective product groups and submit their reports along with the minutes of the meetings to the Risk Management Team, which review and consolidate the Risk report and submit quarterly reports before the Audit Committee for its review and recommendation to the Board. The Company is also maintaining Risk Registers for each product and the same are updated on regular basis.

AUDITORS' REPORT

To the Members of
V-Guard Industries Limited

1. We have audited the attached Balance Sheet of **V-GUARD INDUSTRIES LIMITED** (“the Company”) as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor’s Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)

Sd/-

M. RAMACHANDRAN
Partner
(Membership No.: 16399)

KOCHI, 17th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (iii) (b) to (d), (f) and (g), (vi), (xii), (xiii) and (xix) of Companies (Auditor's Report) Order, 2003 (CARO), are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, the reconciliation of physical verification reports with fixed asset register is in progress and in the opinion of the Management, the impact of the discrepancies may not be material.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion, and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956 in respect of PVC Insulated Electrical Cables, LT Power & Control Cables, Pumps and Electric Fans and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge, and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Central Sales Tax Act	Central Sales Tax	Dy. Commissioner (Appeals), Cochin	1998-99	62.28
Tamil Nadu Value Added Tax Act	Value Added Tax	High Court of Madras	2008-09	59.70
Jharkhand Value Added Tax Act	Value Added Tax & Penalty	Commercial Taxes Tribunal	2009-10	2.30
Andhra Pradesh Value Added Tax Act	Value Added Tax	Addl.Dy.Commissioner (CT), Hyderabad	2005-06	0.75
Income Tax Act	Income Tax	Assessing Officer	2007-08	4.53

- (x) In our opinion, the Company does not have accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments, and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (xiii) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiv) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion, and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xvi) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xvii) The Management has disclosed the end use of money raised by public issues and we have verified the same.
- (xviii) To the best of our knowledge, and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

Sd/-
M. Ramachandran
Partner
(Membership No. 16399)

Kochi, 17th May, 2011

BALANCE SHEET AS AT 31ST MARCH 2011			
			(₹ in lakhs)
Particulars	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
<i>Shareholders' Funds</i>			
Share capital	1	2,984.75	2,984.75
Reserves and surplus	2	14,213.03	11,163.49
		17,197.78	14148.24
<i>Loan Funds</i>			
Secured loans	3	11,469.79	7,051.10
Unsecured loans	4	2,509.07	1,000.00
TOTAL		13,978.86	8,051.10
<i>Deferred Tax Liability (Net)</i>			
TOTAL		612.28	572.83
		31,788.92	22,772.17
APPLICATION OF FUNDS			
<i>Fixed Assets</i>			
Gross block	5	14,619.68	13,789.41
Less: Accumulated depreciation		3,242.27	2,559.64
Net block		11,377.41	11,229.77
Capital work-in-progress	6	200.16	288.75
		11,577.57	11,518.52
<i>Investments</i>			
	7	-	457.69
<i>Current Assets, Loans & Advances</i>			
Inventories	8	14,242.70	9,852.68
Sundry Debtors	9	12,307.02	7,559.92
Cash and Bank Balances	10	710.06	741.42
Loans and Advances	11	1,660.52	886.32
		28,920.30	19,040.34
<i>Less: Current Liabilities & Provisions</i>			
Liabilities	12	7,084.61	6,902.12
Provisions	13	1,624.34	1,342.26
		8,708.95	8,244.38
<i>Net Current Assets</i>			
TOTAL		20,211.35	10,795.96
		31,788.92	22,772.17
Significant Accounting Policies and Notes on Accounts		21	

Schedules 1 to 21 form an integral part of the financial statements.

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-

M. RAMACHANDRAN
Partner

Place: Kochi

Date : 17th May, 2011

For and on behalf of the Board of Directors

Sd/-

KOCHOUSEPH CHITILAPPILLY
Managing Director

Sd/-

A. JACOB KURUVILLA
Chief Financial Officer

Place: Kochi

Date : 17th May, 2011

Sd/-

Dr. GEORGE SLEEBA
Joint Managing Director

Sd/-

JAYASREE K.
Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(₹ in lakhs)

Particulars	Schedule No.	For the year ended 31st March 2011	For the year ended 31st March 2010
INCOME			
Turnover (Gross)	14	73,746.63	46,229.03
Less : Excise duty		1,112.44	820.12
		72,634.19	45,408.91
Other income	15	198.86	142.44
		72,833.05	45,551.35
EXPENDITURE			
Cost of goods sold	16	52,639.88	30,768.58
Employee costs	17	3,748.20	2,681.14
Selling and distribution expenses	18	6,462.31	5,183.59
Establishment expenses	19	2,508.30	1,738.56
Financial expenses	20	1,133.38	513.25
Depreciation/Amortisation	5	793.67	714.96
		67,285.74	41,600.08
Profit Before Tax and Exceptional Item		5,547.31	3,951.27
Exceptional Item:			
Profit on Sale of Land		363.61	-
Profit Before Tax		5,910.92	3,951.27
Provision for tax:			
Current tax		1,607.80	1,270.26
Deferred tax		39.45	130.22
Income tax for earlier years		-	3.53
Net Profit		4,263.67	2,547.26
Balance brought forward from previous year		3,930.02	2,926.91
Profit available for appropriation		8,193.69	5,474.17
Appropriations:			
Transfer to General Reserve		500.00	500.00
Proposed Final Dividend		1,044.66	895.43
Corporate Dividend Tax thereon		169.47	148.72
		1,714.13	1,544.15
Balance carried to Balance Sheet - Schedule 2		6,479.56	3,930.02
Basic and Diluted Earnings Per share (In Rupees)			
- Before Exceptional Item		13.30	8.53
- After Exceptional Item		14.28	8.53
(Equity Shares of face value Rs.10/- each)			
(Refer Note 21 of Schedule 21)			
Significant Accounting Policies and Notes on Accounts	21		

Schedules 1 to 21 form an integral part of the financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
KOCHOUSEPH CHITILAPPILLY
Managing Director

Sd/-
Dr. GEORGE SLEEBA
Joint Managing Director

Sd/-
M. RAMACHANDRAN
Partner

Sd/-
A. JACOB KURUVILLA
Chief Financial Officer

Sd/-
JAYASREE K.
Company Secretary

Place: Kochi
Date : 17th May, 2011

Place: Kochi
Date : 17th May, 2011

CASH FLOW STATEMENT		
(₹ in lakhs)		
Particulars	2010-11	2009-10
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,910.92	3,951.27
Add / (Less):		
Depreciation / Amortisation	793.67	714.96
Financial expenses	1,133.38	513.25
Provision for doubtful debts & advances (Net)	40.93	61.11
Loss on sale / write off of fixed assets	10.05	0.90
Interest income from banks	(11.62)	(5.43)
Dividend from non-trade current investments	(20.37)	(33.49)
Cash flow before changes in working capital	7,856.96	5,202.57
Changes in working capital:		
(Increase) / Decrease in debtors	(4,788.02)	(2,743.11)
(Increase) / Decrease in inventories	(4,390.02)	(6,266.68)
(Increase) / Decrease in loans and advances	(634.30)	(254.09)
Increase / (Decrease) in current liabilities and provisions	356.14	3,408.96
Cash generated from operations	(1,599.24)	(652.35)
Less: Income tax paid (Net)	(1,810.97)	(1,254.55)
<i>Cash flows from / (used in) Operating Activities</i>	<i>(3,410.21)</i>	<i>(1,906.90)</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(963.33)	(2,541.55)
Sale of fixed assets	100.56	12.21
Dividend received from non-trade current investments	20.37	33.49
Purchase of investments	(20.37)	(1,933.49)
Sale of investments	478.05	2,611.84
Interest income received from banks	11.62	5.43
<i>Cash flows from / (used in) Investing Activities</i>	<i>(373.10)</i>	<i>(1,812.07)</i>

CASH FLOW STATEMENT

(₹ in lakhs)

Particulars	2010-11	2009-10
CASH FLOWS FROM FINANCING ACTIVITIES		
Term loan availed during the year	-	200.00
Term loans repaid during the year	(523.69)	(48.74)
Increase / (Decrease) in working capital loans	6,466.79	5,255.72
Increase / (Decrease) in medium term loans	(17.87)	13.69
Dividend paid	(890.60)	(743.05)
Corporate dividend tax paid	(148.72)	(126.81)
Interest paid	(1,133.96)	(499.53)
Cash flows from / (used in) financing activities	3,751.95	4,051.28
Net increase / (decrease) in cash & cash equivalents	(31.36)	332.31
Add: Opening cash & cash equivalents \$	741.42	409.11
Closing cash and cash equivalents \$	710.06	741.42
(\$ - Refer Note 17 of Schedule 21)		

Schedules 1 to 21 form an integral part of the financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-

M. RAMACHANDRAN
Partner

Place: Kochi
Date : 17th May, 2011

Sd/-
KOCHOUSEPH CHITILAPPILLY
Managing Director

Sd/-
A. JACOB KURUVILLA
Chief Financial Officer

Place: Kochi
Date : 17th May, 2011

Sd/-
Dr. GEORGE SLEEBA
Joint Managing Director

Sd/-
JAYASREE K.
Company Secretary

Schedules forming part of Balance Sheet as at 31st March 2011

(₹ in lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 1: SHARE CAPITAL		
Authorised		
30,000,000 Equity shares of Rs.10/- each	3,000.00	3,000.00
Issued, Subscribed, Called-up and Paid-up		
29,847,520 Equity shares of Rs.10/- each, fully paid up	2,984.75	2,984.75
	2,984.75	2,984.75
SCHEDULE 2: RESERVES & SURPLUS		
Securities Premium		
As per last Balance Sheet	5,244.46	5,244.46
	5,244.46	5,244.46
General Reserve		
As per last Balance Sheet	1,989.01	1,489.01
Transferred from Profit & Loss Account	500.00	500.00
	2,489.01	1,989.01
Profit and Loss Account		
	6,479.56	3,930.02
	14,213.03	11,163.49
SCHEDULE 3: SECURED LOANS		
Term loans from banks	383.39	907.08
Interest accrued and due	8.93	6.08
(Repayable within 1 year : Rs.153.90 lakhs (Previous Year: Rs.377.60 lakhs)		
Working capital loans from banks	11,010.07	6,052.35
Medium Term Loans:		
From banks	17.47	39.20
From others	51.56	47.70
Less: Interest Suspense	(1.63)	(1.31)
(Repayable within one year Rs. 38.81 lakhs (Previous Year: Rs.57.23 lakhs)	67.40	85.59
(Refer Note 1 of Schedule 21 for details of security provided for loans)	11,469.79	7,051.10
SCHEDULE 4: UNSECURED LOANS		
Working capital loans from banks	2,500.00	1,000.00
Book Overdraft	9.07	-
	2,509.07	1,000.00

SCHEDULE 5: FIXED ASSETS											
(₹ in lakhs)											
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1st April 2010	Additions during the year	Deletions/Transfers during the year	As at 31st March 2011	Up to 31st March 2010	For the year	On Deletions/Transfers	Up to 31st March 2011	As at 31st March 2011	As at 31st March 2010	
<i>Tangible Assets:</i>											
Freehold land	1,478.48 <i>1,411.99</i>	32.60 66.49	68.63 -	1,442.45 <i>1,478.48</i>	- -	- -	- -	- -	1,442.45 <i>1,478.48</i>	1,478.48 <i>1,411.99</i>	
Leasehold land	426.38 -	- 426.38	- -	426.38 <i>426.38</i>	1.79 -	4.31 1.79	- -	6.10 1.79	420.28 <i>424.59</i>	424.59 -	
Buildings	4,334.34 2,434.83	377.39 1,899.51	12.80 -	4,698.93 <i>4,334.34</i>	235.07 159.76	99.56 75.31	1.93 -	332.70 235.07	4,366.23 <i>4,099.27</i>	4,099.27 2,275.07	
Plant & Machinery	5,240.23 3,282.59	405.26 1,964.31	26.79 6.67	5,618.70 <i>5,240.23</i>	1,407.33 1,006.11	425.84 405.33	26.79 4.11	1,806.38 1,407.33	3,812.32 <i>3,832.90</i>	3,832.90 2,276.48	
Office equipments	201.58 91.24	25.58 112.62	4.32 2.28	222.84 <i>201.58</i>	45.14 29.82	11.97 16.37	2.28 1.05	54.83 45.14	168.01 <i>156.44</i>	156.44 61.42	
Computers	558.70 366.46	138.81 208.55	46.17 16.31	651.34 <i>558.70</i>	220.29 179.96	88.99 56.31	46.11 15.98	263.17 220.29	388.17 <i>338.41</i>	338.41 186.50	
Furniture and Fixtures	261.09 123.84	40.74 139.07	0.11 1.82	301.72 <i>261.09</i>	101.99 73.11	32.66 30.40	0.11 1.52	134.54 101.99	167.18 <i>159.10</i>	159.10 50.73	
Vehicles	226.54 238.30	31.54 12.69	62.83 24.45	195.25 <i>226.54</i>	61.79 56.07	22.37 21.48	33.82 15.76	50.34 61.79	144.91 <i>164.75</i>	164.75 182.23	
<i>Intangible Assets:</i>											
Trademark	1,062.07 <i>1,062.07</i>	- -	- -	1,062.07 <i>1,062.07</i>	486.24 378.27	107.97 107.97	- -	594.21 486.24	467.86 <i>575.83</i>	575.83 683.80	
Total	13,789.41	1,051.92	221.65	14,619.68	2,559.64	793.67	111.04	3,242.27	11,377.41	11,229.77	
<i>Previous Year</i>	<i>9,011.32</i>	<i>4,829.62</i>	<i>51.53</i>	<i>13,789.41</i>	<i>1,883.10</i>	<i>714.96</i>	<i>38.42</i>	<i>2,559.64</i>	<i>11,229.77</i>	<i>7,128.22</i>	

Note: Previous year figures are shown in italics.

Schedules forming part of Balance Sheet as at 31st March 2011

(₹ in lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 6: CAPITAL WORK-IN-PROGRESS		
Capital work-in-progress	144.89	260.20
Advances for Capital expenditure	75.27	48.55
Less: Provision for Doubtful Advances	(20.00)	(20.00)
	200.16	288.75
SCHEDULE 7: INVESTMENTS		
<i>Current Investments - At lower of cost and fair value</i>		
<i>Unquoted, Non-trade</i>		
In Mutual Funds (Refer Note 6 of Schedule 21)	-	457.69
(Market Value: Nil (Previous Year: 457.69 lakhs))	-	457.69
SCHEDULE 8: INVENTORIES		
Raw materials	1,493.31	800.48
Goods-in-transit	787.12	488.65
Finished goods	9,780.93	7,135.71
Stock-in-process	1,449.59	985.73
Scrap stock	234.95	120.99
Stores, Spares and Consumables	496.80	321.12
	14,242.70	9,852.68
SCHEDULE 9: SUNDRY DEBTORS		
Considered Good		
Debts outstanding for a period exceeding six months	50.18	16.13
Other debts	12,256.84	7,543.79
	12,307.02	7,559.92
Considered Doubtful		
Debts outstanding for a period exceeding six months	99.03	24.36
Other debts	-	34.16
	99.03	58.52
Less: Provision for doubtful debts	99.03	58.52
	-	-
[Debts considered good in respect of which the company is fully secured: Rs. 874.73 lakhs (Previous Year: Rs.789.13 lakhs) and debts considered good for which the company holds no security other than the debtor's personal security: Rs. 11,432.29 lakhs (Previous Year: Rs.6,770.79 lakhs)]		
	12,307.02	7,559.92



Schedules forming part of Balance Sheet as at 31st March 2011

(₹ in lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 10: CASH AND BANK BALANCES		
Cash on hand	3.19	2.05
Cheques on hand	6.18	94.40
Balance with Scheduled Banks:		
- in current accounts	477.72	549.22
- in current accounts - unclaimed dividend	13.33	8.50
- in EEFC account	2.59	2.00
- in deposit accounts (Pledged with banks as security for guarantee/letter of credit facility provided by them)	207.05	85.25
	710.06	741.42
SCHEDULE 11: LOANS AND ADVANCES		
(Unsecured and Considered Good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Considered Good	1,231.38	647.04
Considered Doubtful	2.59	2.59
Less: Provision for doubtful advances	(2.59)	(2.59)
	1,231.38	647.04
Advance Income Tax (Net of Provisions)	139.90	-
Deposits :		
With Government authorities	181.70	164.87
With others	107.54	74.41
	1,660.52	886.32
SCHEDULE 12: CURRENT LIABILITIES		
Sundry Creditors		
- Dues to Micro and Small Enterprises (Refer Note 16 of Schedule 21)	958.77	525.91
- Others	3,406.58	2,466.47
Acceptances (Refer Note 2 of Schedule 21 for details of security.)	984.88	2,532.38
Deposits from distributors, dealers etc.	821.32	705.80
Investor Education & Protection Fund shall be credited by:		
- Unclaimed dividend (Refer Note 25 of Schedule 21)	13.33	8.50
Other liabilities	878.73	638.95
Interest accrued but not due on loans	21.00	24.11
	7,084.61	6,902.12
SCHEDULE 13: PROVISIONS		
Employee benefits	62.50	47.30
Warranty (Refer Note 25 of Schedule 21)	347.71	187.54
Proposed Final Dividend	1,044.66	895.43
Corporate Dividend Tax thereon	169.47	148.72
Income Tax (Net of Advance Tax)	-	63.27
	1,624.34	1,342.26

Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011

(₹ in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
SCHEDULE 14: TURNOVER (Gross)		
Sale of products		
Sales	77,568.43	48,750.82
Less: Trade / Quantity discounts allowed	(3,821.80)	(2,521.79)
	73,746.63	46,229.03
SCHEDULE 15: OTHER INCOME		
Service charges	28.03	27.92
Mould hire charges [TDS: Rs.1.28 lakhs (Previous Year: Rs.1.84 lakhs)]	44.83	29.65
Dividend from non-trade current investments	20.37	33.49
Interest from banks (Gross) [TDS: Rs.0.89 lakhs (Previous Year: Rs.0.98 lakhs)]	11.62	5.43
Other interest (Gross) [TDS: Rs.0.93 lakhs (Previous Year: Rs. 0.37 lakhs)]	46.80	17.11
Miscellaneous income (Gross) [TDS: Rs.0.06 lakhs (Previous Year: Rs.1.33 lakhs)]	47.21	28.84
	198.86	142.44
SCHEDULE 16. COST OF GOODS SOLD		
a) <u>Raw Materials Consumed (Manufacturing)</u>		
Opening stock	800.48	366.95
Add: Purchases	23,335.74	14,921.38
	24,136.22	15,288.33
Less: Closing stock	1,493.31	800.48
	22,642.91	14,487.85
b) <u>Cost of Goods Sold (Trading)</u>		
Opening stock	4,174.65	1,948.71
Add: Purchases	30,250.40	19,452.36
Add: Freight inward	1,100.66	577.34
	35,525.71	21,978.41
Less: Closing stock	5,660.83	4,174.65
	29,864.88	17,803.76
Add: Packing expenses	154.49	102.80
" Spares and Components	465.02	361.86
	30,484.39	18,268.42


Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011

(₹ in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
c) <u>Manufacturing Expenses</u>		
Power and Fuel	290.53	285.43
Consumables	98.23	77.64
Packing expenses	529.24	384.30
Factory expenses	28.96	29.43
Excise duty	32.76	47.50
Labour charges	230.75	129.70
Powder coating expenses	44.05	31.98
	1,254.52	985.98
d) <u>Change in Finished Stock (Manufacturing)</u>		
Opening stock:		
Finished goods	2,961.06	656.40
Stock-in-process	1,106.72	341.00
Stock-in-process - Trial production stock	-	113.59
	4,067.78	1110.99
Used for Captive consumption	(5.07)	(16.88)
	4,062.71	1,094.11
Closing stock:		
Finished goods	4,120.10	2,961.06
Stock-in-process (Including scrap)	1,684.55	1,106.72
	5,804.65	4,067.78
Increase / (Decrease) in stock	1,741.94	2,973.67
Total (a+b+c+d)	52,639.88	30,768.58
SCHEDULE 17: EMPLOYEE COSTS		
Salaries and Wages (Refer Note 9 of Schedule 21)	3,229.56	2,299.40
Bonus and Ex-gratia	148.16	126.86
Contribution to Provident & other funds	154.84	100.94
Gratuity	20.79	16.92
Staff welfare expenses	194.85	137.02
	3,748.20	2,681.14
SCHEDULE 18: SELLING & DISTRIBUTION EXPENSES		
Discounts and Incentives	3,050.95	2,540.60
Advertisement and Sales promotion	2,766.95	2,313.88
Freight outward	552.03	292.12
Sales tax, Turnover tax, etc.	66.34	20.19
Gifts and Compliments	17.96	6.90
Commission to Consignment agent	8.08	9.90
	6,462.31	5,183.59

Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011

(₹ in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
SCHEDULE 19: ESTABLISHMENT EXPENSES		
Rent	165.94	105.37
Power and Fuel	53.05	86.03
Postage & Communication	166.74	115.97
Printing and Stationery	56.40	47.29
Insurance	52.83	47.16
Rates and Taxes	132.57	69.01
Travelling expenses	599.91	365.77
R & D expenses (Refer Note 9 (d) of Schedule 21)	131.83	123.63
Professional charges (Refer Note 10 of Schedule 21)	99.05	74.81
Legal charges	3.29	3.94
Installation Charges	3.70	-
Office expenses	115.56	89.07
Repairs & Maintenance - Machinery	94.84	91.96
Repairs & Maintenance - Building	26.23	40.40
Repairs & Maintenance - Others	174.82	104.48
Warranty commitment charges	407.51	194.80
Bank charges	89.02	69.53
Donations	25.86	30.68
Commission/Brokerage	2.89	1.23
Provision for Doubtful debts & Advances	58.55	61.11
Bad Debts Written Off (Net of write off against provision - Rs.0.41 lakhs)	1.09	-
Miscellaneous expenses	16.50	9.44
Loss on sale / write off of fixed assets (Net)	10.05	0.90
Foreign exchange fluctuation loss (Net)	17.47	2.33
Sitting fees to Directors	2.60	3.65
	2,508.30	1,738.56
SCHEDULE 20: FINANCIAL EXPENSES		
Interest on fixed loans	1,055.94	447.43
Other interest	77.44	65.82
	1,133.38	513.25

Schedules forming part of Financial Statements for the year ended 31st March 2011

**SCHEDULE 21 - SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

I. Significant Accounting Policies

Accounting Convention

The financial statements are prepared under historical cost convention on accrual basis and in accordance with the requirements of Companies Act, 1956 and Accounting Standards specified in Rule 3 of the Companies (Accounting Standards) Rules, 2006.

Use of Estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost of assets comprises of purchase cost (net of cenvat credit, if any) and other costs attributable to bringing the assets to working condition for the intended use.

Intangible Assets

Trademark and computer software are classified as intangible assets. Acquisition cost of trademark comprises of purchase cost and other expenses incurred in connection with its registration. Cost of software comprises of purchase cost (net of cenvat credit, if any) and other costs attributable to bringing the assets to working condition for the intended use.

Impairment of Assets

Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discount factor. Reversal of impairment loss is recognised as income in the Profit and Loss Account.

Borrowings Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the cost of assets up to the date such assets are ready for their intended use. Other borrowing costs are recognized as expense in the period in which they are incurred.

Depreciation/Amortisation

Depreciation on fixed assets, other than moulds and patterns & dies, is provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956. Moulds and Patterns & Dies are depreciated over their useful life of 5 years, as estimated by the Management. Depreciation on addition is provided from the month the asset is put to commercial use and on deletion upto the month of sale. Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase.

Trademark and Computer Software are amortized over a period of ten years and five years respectively. Leasehold land is amortized under straight-line method over the period of lease.

Investments

Long term investments are stated at cost less provision for diminution, other than temporary, in their value. Current Investments are stated at lower of cost and market/fair value.

Inventories

Manufactured goods are valued at lower of cost, including excise duty payable at the time of removal of goods wherever applicable, and net realizable value. Cost is computed under weighted average method and includes attributable direct costs and production overheads.

Traded goods are valued at lower of cost and net realizable value. Cost is computed at weighted average purchase price including applicable taxes and freight directly attributable to the purchase of traded goods.

Stock-in-process is valued at lower of cost and net realizable value. Cost includes attributable direct costs and production overheads incurred up to the respective stage of completion.

Other items of inventory are valued at lower of cost, computed under weighted average method, and net realizable value.

Excise Duty

Excise duty is accounted on removal of finished goods from the factory and provision is made for excise duty payable on stock of finished goods in hand at the balance sheet date.

Employee Benefits**Post-employment Benefit Plans**

Contributions to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account of the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested,

and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employees render the service. These benefits include compensated absences such as paid annual leave and performance incentives.

Long-term employee benefits

Compensated absences which are not expected to occur within the twelve months after the end of the period in which the employee renders the related services are recognised as liability at the present value of the defined benefit obligation at the balance sheet date.

Research & Development

Expenditure on research and development is charged to profit and loss account. Assets acquired for research and development are capitalised and depreciated in the same manner as other fixed assets.

Revenue Recognition

Sales revenue is recognised on transfer of title to the goods to the buyer. Dividend income is accounted for when right to receive dividend is established. Interest income is accounted on time proportion basis.

Foreign Exchange Transactions

Foreign exchange transactions are recorded at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at year-end rates. Exchange gain/loss, if any, is credited / charged to the profit and loss account.

Segment Reporting

The accounting policies used for segment reporting are in line with the accounting policies of the Company. Revenues, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues, expenses, assets and liabilities, which relate to the enterprise as a whole, and are not allocable to segments on a reasonable basis, have been included under 'Unallocated Corporate Revenues, Expenses, Assets and Liabilities' respectively.

Earnings Per Share

Basic and diluted earnings per share is computed in accordance with Accounting Standard 20 – ‘Earnings Per Share’, specified in rule 3 of the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if securities or contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares outstanding during the year and dilutive potential equity shares outstanding at year end.

Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such asset items can be realised.

Provisions, Contingent Liabilities and Contingent Assets

A Provision is recognized, in terms of Accounting Standard 29 – ‘Provisions, Contingent Liabilities and Contingent Assets’, specified in Companies (Accounting Standards) Rules, 2006, when there is a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, which can be reliably estimated. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the financial statements.

II. NOTES ON ACCOUNTS

1. Particulars of Security provided for loans are as under: -

Term Loans from Banks:

- a) Term loan of Rs.370 lakhs from Dhanlaxmi Bank Ltd. is secured by hypothecation by way of (1) first charge on the plant and machinery, tools and accessories in respect of specific assets financed by the bank, namely (a) 2 x 230 KW Wind Mills situated at Dharapuram Taluk, Erode, Tamil Nadu, (b) Machinery and equipment in respect of Solar Water Heater Unit at K.G Chavadi, Coimbatore; and (c) Office cum godown building at Mansoorabad Village, Renga Reddy District, Andhra Pradesh; and (2) equitable mortgage of 4 acres of land relating to the Wind Mills, at Erode, Tamil Nadu and 2091.5 sq. meters of land at Mansoorabad Village in Andhra Pradesh.
- b) Term loan of Rs.100 lakhs from Dhanlaxmi Bank Ltd. is secured by way of equitable mortgage of 106.424 cents of land at Edappally South Village, Kanayannur Taluk, Vennala Desom, together with godown with an area of 1578.40 sq meters.
- c) Term loan of Rs.1,000 lakhs from State Bank of India is secured by way of (a) charge over the registered Trade Mark “V-GUARD”; and (b) exclusive charge over (i) Plant and Machinery in the trading division having establishments at Ernakulam, Bangalore, Coimbatore and Hyderabad; (ii) Factory building and plant and machinery at Solar Water Heater Division; (iii) 113.293 cents of land at High School Road, Vennala; (iv) 1306 cents of land at K.G Chavadi, Coimbatore; and (v) 12.52 cents of land at Mettupalayam Road, Coimbatore. Balance outstanding in this facility as on 31.03.2011 is Rs. Nil (Previous Year: Rs.120 lakhs).
- d) Term loan of Rs.800 lakhs from State Bank of India is secured by way of (a) charge over the assets acquired / constructed out of bank finance, viz., corporate office building at Vennala; (b) extension of equitable mortgage over 113.293 cents of land at High School Road, Vennala, 1306 cents of land at K.G Chavadi, Coimbatore, 12.52 cents of land at Mettupalayam Road, Coimbatore, and (c) extension of charge over Plant and Machinery in Trading Division and Solar Water Heater Division and factory building of Solar Water Heater Division. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, wife of Sri. Kochouseph Chittilappilly.
- e) Term loan of Rs.200 Lakhs from Punjab National Bank is secured by way of mortgage of 622.50 Cents of land at Survey No.37/2, 37/3 and 37/4 together with godown building at Thenkurissi Village near NH-47 Junction, Palakkad. Balance outstanding in this facility as on 31.03.2011 is Rs. Nil (Previous Year: Rs. Nil).

Medium Term Loans from Banks:

Medium term loans from Dhanlaxmi Bank Ltd. and HDFC Bank Ltd. are secured by way of hypothecation of vehicles financed by the lender.

Medium Term Loans from Others:

Medium term loan from Cisco Systems Capital India Pvt. Ltd. is secured by way of hypothecation of fixed assets financed by the lender.

Working Capital Loans from Banks:

Working capital loans from State Bank of India, Dhanlaxmi Bank Ltd., Citibank N.A., HDFC Bank Limited and Standard Chartered Bank are 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, book debts and all other movable assets including document of title to goods and third pari-passu charge on all fixed assets of the Company including immovable properties.

2. Company has availed supplier bill-discounting facilities from Small Industries Development Bank of India (SIDBI), State Bank of India, Standard Chartered Bank and Dhanlaxmi Bank Ltd. The security details of these facilities are as follows:

- a) The limit with SIDBI is secured by a second charge by way of hypothecation of all the movable assets including movable plant, machinery, spares, tools, accessories, equipments, computers etc., both present and future, of the Company and personal guarantee of Shri Kochouseph Chittilappilly, Managing Director of the Company.
- b) The limits with State Bank of India, Standard Chartered Bank and Dhanlaxmi Bank Ltd. are secured by way of extension of security provided for working capital loans.

3. Contingent Liabilities:

(₹ in lakhs)

	Particulars	2010-11	2009-10
(a)	Disputed sales tax matters, pending in appeal	127.62	125.35
(b)	Claims against the Company not acknowledged as debts	7.05	-
(c)	Disputed income tax matters, pending in appeal	4.53	-
(d)	Open letters of credit for import / inland purchases	627.33	343.72

4. Estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances): Rs.1,572.12 lakhs. (Previous Year: Rs.343.96 lakhs).

5. Utilization during the year out of proceeds received from the Initial Public Offer (IPO) of equity shares:

(₹ in lakhs)

Details of Implementation of Projects			Details of use of IPO Proceeds	
Particulars of Projects	Envisaged in the Prospectus	Invested in Projects upto 31.03.2011	Particulars	Amount
Setting up of facilities for cable manufacturing in Coimbatore and Uttaranchal	4,478.20	4,154.27	Issue Proceeds	6,560.00
Setting up development and Pilot Production Plants for Water Heaters, Fans and Pumps at Himachal Pradesh and Coimbatore	567.11	620.26	Less: Funds pending utilisation (invested in mutual funds)	--
Investment for setting up Service and Distribution Centres at Bangalore, Hubli and Vijayawada	956.52	572.10	Funds utilized out of IPO Proceeds	6,560.00
Issue management expenses	486.95	515.54	Out of IPO Proceeds	6,560.00
General Corporate Purpose*	904.56	802.00	Out of Internal Accruals	104.17
Total	7,393.34	6,664.17	Amount invested in Projects	6,664.17

* - Out of the above, the project for setting up of enameling plant at Coimbatore amounting to Rs. 904.56 lakhs was abandoned with the approval of the share holders vide Special Resolution passed in their twelfth Annual General Meeting held on 14.07.2008. The members also approved that fund earmarked for the said purpose can be utilised for the General Corporate Purpose of the Company.

6. Details of Current Investments - Unquoted & Non-trade (stated at lower of cost and net asset value): (₹ in lakhs)

Name of Security	No. of units as on 31.03.2011	Book Value as on 31.03.2011	No. of units as on 31.03.2010	Book Value as on 31.03.2010
SBI Mutual Fund - Liquid Plus Institutional Plan Daily Dividend (203,538 units (including dividend reinvested - 203,538) were purchased during the year and 4,777,674 were sold during the year)			4,574,136	457.69
Total	--	--	4,574,136	457.69

7. (a) Particulars in respect of opening stock, closing stock and turnover of manufactured goods:

Particulars	Units	OPENING STOCK		NET TURNOVER		CLOSING STOCK	
		Qty.	Value (Rs. in lakhs)	Qty.	Value (Rs. in lakhs)	Qty.	Value (Rs. in lakhs)
2010-2011							
a) PVC Insulated Cables	K.mts	29,900	2,187.01	245,141	20,604.65	30,084	2,721.79
b) LT Power & Control Cables	K.mts	392	399.43	4,096	4,105.45	812	762.31
c) Solar Water Heater	Nos.	1,315	156.01	10,322	2,138.00	817	102.77

Particulars	Units	OPENING STOCK		NET TURNOVER		CLOSING STOCK	
		Qty.	Value (Rs. in lakhs)	Qty.	Value (Rs. in lakhs)	Qty.	Value (Rs. in lakhs)
2009-2010							
a) PVC Insulated Cables	K.mts	3,959	292.97	182,953	11,985.39	29,900	2,187.01
b) LT Power & Control Cable	K.mts	-	-	1,777	1,524.07	392	399.43
c) Solar Water Heater	Nos.	1,012	126.80	8,016	1,626.13	1,315	156.01

Note: The Ministry of Corporate Affairs, Government of India, vide Notification No. S.O. 301(E) dated 8th February 2011, has exempted manufacturing / multi-product companies from disclosing particulars of goods which form less than 10% of the total value of turnover under clauses 3(i)(a) and 3(ii)(a) of Part II of Schedule VI of the Companies Act, 1956. The Company has accordingly disclosed quantitative particulars of goods which constitute 10% or more of the turnover for the current year and / or previous year.

(b) Particulars in respect of Opening Stock, Purchases and Closing Stock of Traded Goods

(i) Stabilizer:

Particulars	2010-11		2009-10	
	Qty. (Nos.)	Value (Rs. in lakhs)	Qty. (Nos.)	Value (Rs. in lakhs)
Opening Stock	233,999	1,612.87	85,203	669.87
Purchases	1,496,416	9,946.88	1,319,340	7,268.39
Net Sales	1,555,374	16,681.89	1,170,544	12,204.64
Closing Stock	175,041	1,651.24	233,999	1,612.87

(ii) Pump:

Particulars	2010-11		2009-10	
	Qty. (Nos.)	Value (Rs. in lakhs)	Qty. (Nos.)	Value (Rs. in lakhs)
Opening Stock	41,446	975.04	18,947	657.78
Purchases	328,364	7,948.67	248,766	5,324.30
Net Sales	322,535	10,862.99	226,267	7,637.98
Closing Stock	47,275	1,209.28	41,446	975.04

(iii) Water Heater:

Particulars	2010-11		2009-10	
	Qty. (Nos.)	Value (Rs. in lakhs)	Qty. (Nos.)	Value (Rs. in lakhs)
Opening Stock	29,914	637.42	15,765	309.03
Purchases	157,236	3,258.35	128,112	2,457.55
Net Sales	167,703	5,437.45	113,963	3,619.89
Closing Stock	19,447	470.19	29,914	637.42

(iv) Electric Fan:

Particulars	2010-11		2009-10	
	Qty. (Nos.)	Value (Rs. in lakhs)	Qty. (Nos.)	Value (Rs. in lakhs)
Opening Stock	63,298	407.03	16,680	110.94
Purchases	552,212	4,262.43	330,232	2,150.52
Net Sales	508,495	4,914.52	283,614	2,538.17
Closing Stock	107,015	849.99	63,298	407.03

Note: The Ministry of Corporate Affairs, Government of India, vide Notification No. S.O. 301(E) dated 8th February 2011, has exempted trading / multi-product companies from disclosing particulars of goods which form less than 10% of the total purchase under clauses 3(i)(a) and 3(ii)(b) of Part II of Schedule VI of the Companies Act, 1956. The Company has accordingly disclosed quantitative particulars of goods which constitute 10% or more of the total purchases for the current year and / or previous year.

8. Particulars in respect of raw materials consumed:

Particulars	2010-11		2009-10	
	Qty. (Kgs.)	Value (Rs. in lakhs)	Qty. (Kgs.)	Value (Rs. in lakhs)
Copper	3,578,881	15,595.94	3,011,056	10,259.48
PVC	3,341,406	2,185.36	2,772,004	1,555.46

Note: The Ministry of Corporate Affairs, Government of India, vide Notification No. S.O. 301(E) dated 8th February 2011, has exempted manufacturing / multi-product companies from disclosing particulars of goods which form less than 10% of the value of raw material consumption under clause 3(ii)(a) of Part II of Schedule VI of the Companies Act, 1956. The Company has accordingly disclosed quantitative particulars of goods which constitute 10% or more of the value of raw materials consumed during the current year and / or previous year.

9. (a) Salaries and Allowances include the following remuneration paid to Managing Director and Whole-time Directors:

(₹ in lakhs)

Particulars	2010-2011			2009-10		
	Salary	Commission	Perquisites	Salary	Commission	Perquisites
Managing Director	51.48	57.64	4.84	48.51	41.14	2.30
Whole time Directors	33.60	52.84	9.06	29.42	34.28	4.65
Total	85.08	110.48	13.90	77.93	75.42	6.95

- Perquisites have been valued in accordance with the Income Tax Rules, 1962.
- The above remuneration is within the limits specified u/s 198 of the Companies Act, 1956.
- Provisions for / contributions to employee retirement benefits, which are based on actuarial valuations done for the Company as a whole, are excluded from the above.

(b) Payments to Non-executive Directors:

(₹ in lakhs)

Particulars	2010-11	2009-10
Commission to Chairman	5.00	-
Sitting fees	2.60	3.65
Total	7.60	3.65

(c) Computation of net profit in accordance with section 198 / 309(5) of the Companies Act, 1956 and commission payable to the Chairman, Managing Director, Joint Managing Director (from June, 2010 to March, 2011) and Executive Director:

(₹ in lakhs)

Particulars	2010-11	2009-10
Profit before tax and exceptional Item	5,547.31	3,951.27
Add:		
Managerial remuneration	214.46	158.76
Sitting fees paid to Directors	2.60	3.65
Adjusted Net Profit	5,764.37	4,113.68
Commission payable to Chairman Rs.5,00,000/-, Managing Director @ 1% , Joint Managing Director @ 0.5% and Executive Director @ 0.5% (Previous year @ 1% to Managing Director ,0.5% to Joint Managing Director and 0.5% to Executive Director)	115.48	75.42

(d) R&D expenses include salary and allowances of R&D staff amounting to Rs.83.17 lakhs (Previous Year: Rs. 85.25 lakhs)

10. Professional charges include remuneration paid to Statutory Auditors as:

(₹ in lakhs)

Particulars	2010-11	2009-10
Statutory Audit Fee	12.00	10.00
Tax Audit Fee	2.00	2.50
Reimbursement of out-of-pocket expenses	0.45	0.29
Fees for Quarterly Limited Reviews	4.00	2.25
Certifications	0.43	1.13
Service tax thereon	1.94	1.68
Total	20.82	17.85

11. Particulars in respect of Installed Capacity and Actual Production (as certified by Management and relied upon by Auditors):

Particulars	2010-11 Qty.	2009-10 Qty.
Installed Capacity:		
PVC Insulated Cables (In Mtrs. for Three shifts)	563,730,000	310,403,260
LT Power & Control Cable (In Kms. For Three shifts)	5,700	2,888
Solar Water Heaters (In Nos. for Three shifts)	22,575	18,000
Pumps (In Nos. for Single shift)	30,000	20,000
Electric Fans (In Nos. for Single shift)	200,000	200,000
Water Heaters (In Nos. for Single shift)	135,000	—
Actual Production:		
PVC Insulated Cables (Mtrs.) (All sizes converted to equivalent units of 1 and 1.5 sq mm dia)	309,686,292	258,022,884
LT Power & Control Cable (Kms.)	4,516	2,147
Solar Water Heaters (Nos.) (All sizes converted to equivalent units of 100 LPD)	13,218	13,231
Pumps (Nos.)	18,821	12,943
Electric Fans (Nos.)	69,566	2,942
Water Heaters (Nos.) (All sizes converted to equivalent units of 1 Litre)	35,250	—

Note: As cables, solar water heaters and water heaters are of different sizes, total production has been restated to a uniform unit of measurement.

12. C.I.F. Value of Imports: (₹ in lakhs)

Particulars	2010-11	2009-10
Raw Materials	266.46	224.04
Capital Goods	—	145.57
Finished Goods	3,306.32	1,118.28
R & D Components	87.60	106.55
Total	3,660.38	1,594.44

13. Expenditure in Foreign Currency: (Rs. in lakhs)

Particulars	2010-11	2009-10
Traveling expenses	6.02	6.54

14. Consumption of Raw Materials:

Particulars	2010-11		2009-10	
	Value (Rs. in lakhs)	%	Value (Rs. in lakhs)	%
Imported	255.37	1	224.04	2
Indigenous	22,387.54	99	14,263.81	98
Total	22,642.91	100	14,487.85	100

15. Earnings in Foreign Currency:

(₹ in lakhs)

Particulars	2010-11	2009-10
F.O.B value of exports	2.25	8.73

16. The disclosure with regard to dues to Micro and Small Enterprises are as follows: (₹ in lakhs)

Particulars	2010-11	2009-10
Principal amount remaining unpaid to Micro and Small Enterprises as at the end of accounting year	958.77	525.91
Interest due thereon	--	--
Amount of interest paid by the Company along with the amount of the payment made to the supplier beyond the appointed day during the year	--	--
Amount of interest due and payable for the period of delay in making payment (which have been paid, but beyond the appointed day) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	--	--
Amount of interest accrued and remaining unpaid at the end of the accounting year	--	--
Unpaid interest brought forward to current year	--	--

Note: The information given in Schedule 12 - Current Liabilities regarding 'Dues to Micro and Small Enterprises' has been determined to the extent such parties have been identified by the Management based on enquiries made with the vendors. This has been relied upon by the auditors.

17. Notes on Cash Flow Statement:

- a) The Cash Flow Statement has been prepared under the 'indirect method' specified in Accounting Standard – 3 "Cash Flow Statements" notified under Companies (Accounting Standards) Rules, 2006.

- b) Cash and Cash Equivalents includes (a) fixed deposits of Rs.207.05 lakhs (Previous Year: Rs. 85.25 lakhs), given as security for guarantee and letter of credit facility extended by State Bank of India and Dhanlaxmi Bank Ltd.; and (b) unclaimed dividends amounting to Rs.13.33 lakhs (Previous Year: Rs. 8.50 lakhs) lying in current accounts, not available for use by the Company.

18. Employee Benefits:

The Company has provided the following benefits to its employees during the year:

I. Defined Contribution Plan – Provident Fund:

During the year, the Company has recognised the employer’s contribution to Employees Provident Fund Organisation amounting to Rs.42.95 lakhs (Previous Year: Rs. 27.34 lakhs) as part of Employee Costs in Schedule 17 of the financial statements.

II. State Plans:

- a) Employer’s contribution to Employees’ State Insurance Scheme.
- b) Employer’s contribution to Employees’ Pension Scheme, 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account, included as part of Employee Costs in Schedule 17 of the financial statements:

Details of Plans	2010-11	2009-10
Employer’s contribution to Employees’ State Insurance Scheme	Rs.63.70 lakhs	Rs.26.38 lakhs
Employer’s contribution to Employees’ Pension Scheme, 1995	Rs.97.50 lakhs	Rs.62.06 lakhs

III. Defined Benefit Plan - Gratuity

Gratuity liability is funded with Life Insurance Corporation of India. In accordance with the revised Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefit using the following assumptions:

(₹ in lakhs)

Particulars	2010-11	2009-10
Discount Rate (per annum)	8% p.a.	7% p.a.
Rate of increase in compensation levels	4% p.a.	4% p.a.
Rate of return on plan assets	7.50% p.a.	7.50% p.a.
Expected average remaining working lives of employees (years)	27.15 years	27.75 years

The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Other disclosures required under revised Accounting Standard 15 are as follows: (₹ in lakhs)

(A) Change in Present Value (PV) of Obligation:		
Particulars	2010-11	2009-10
Opening PV of Obligation	142.74	121.41
Current service cost	22.53	19.68
Interest cost	12.32	9.19
Actuarial (gain) / loss on obligation	1.96	3.61
Benefits paid	(14.93)	(11.15)
Past service cost	--	--
Closing PV of Obligation	164.62	142.74
(B) Change in the Fair Value (FV) Plan Asset:		
Opening FV of Plan Asset	179.04	171.42
Expected return on Plan Asset	13.43	12.86
Actuarial gain / (loss)	2.59	2.70
Contributions by the employer	2.57	3.21
Benefits paid	(14.93)	(11.15)
Closing FV of Plan Asset	182.70	179.04
(C) Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Plan Asset:		
Closing PV of Obligation	164.62	142.74
Closing FV of Plan Asset	182.70	179.04
Funded Status [Surplus/(Deficit)]*	18.08	36.30
*Included under the head 'Advances recoverable in cash or in kind or for value to be received' in Schedule 11 of financial statements.		
(D) Amounts recognized in Profit and Loss Account:		
Current service cost	22.53	19.68
Interest cost	12.32	9.19
Expected return on Plan Assets	(13.43)	(12.86)
Actuarial (gains) / losses	(0.63)	0.91
Past service cost	--	--
Net amount recognised in Profit and Loss Account*	20.79	16.92
* - Included in Schedule 17 - Employee cost.		
(E) Constitution of Plan Asset:		
Equity instruments	--	--
Debt instruments	--	--
Property	--	--
Insurer managed asset #	182.70	179.04
# The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information		

Particulars	Year Ended (Rs. in lakhs)				
	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11
Defined Benefit Obligation	Not Applicable	83.28	121.41	142.74	164.62
Plan Asset	Not Applicable	123.20	171.42	179.04	182.70
Surplus / (Deficit)	Not Applicable	39.92	50.01	36.30	18.08
Exp. Adj. on Plan Liabilities	Not Applicable	Not Available	Not Available	Not Available	Not Available
Exp. Adj. on Plan Assets	Not Applicable	Not Available	Not Available	Not Available	Not Available

- Details were not available in the actuarial valuation report received from the Actuary.

19. Segment Disclosures:

- a) Business segments have been identified as per Accounting Standard 17 – ‘Segment Reporting’ taking into account the product portfolio, internal reports, organisation structure, etc.
- b) The Company has considered business segment as the primary segment for the purpose of disclosure.
- c) Types of products in each Business Segment:

Business Segment	Types of Products
Electronics	Voltage Stabilizers, UPS and Digital Home UPS
Electrical / Electro Mechanical Products	PVC Insulated Cables, Pumps, Water Heaters, Fans and LT Power and Control Cables.
Others	Solar Water Heaters, Gas Water Heaters, Water Level Controller, Windmill Energy etc.

- d) The Segment Revenues, Results, Assets and Liabilities include amounts identifiable to specific segments and amounts allocated to all segments on a reasonable basis.

(Rupees in lakhs)

e) Primary Business Segment information:

Particulars	Electronics		Electrical /Electro Mechanical		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment Revenues:								
External Sales	21,563.49	14,829.37	48,426.80	28,452.02	2,643.90	2,127.52	72,634.19	45,408.91
Inter Segment Sales	--	--	--	--	--	--	--	--
Total Revenue	21,563.49	14,829.37	48,426.80	28,452.02	2,643.90	2,127.52	72,634.19	45,408.91
Result:								
Segment Result	3,473.39	2,663.87	2,897.77	1,553.37	420.67	363.08	6,791.83	4,580.32
Other Income	52.37	38.61	58.91	33.89	57.93	45.44	169.21	117.94
Unallocated Corporate Income							40.10	17.88
Unallocated Corporate Expenses							(352.43)	(290.54)
perating profit							6,648.71	4,425.60
Financial Expenses							(1,133.38)	(513.25)
Interest Income							11.62	5.43
Dividend Income							20.37	33.49
Provision for Taxes incl. Deferred Tax							(1,577.59)	(1,404.01)
Profit from Ordinary Activities							3,969.73	2,547.26
Exceptional Item -								
Profit on sale of land (Net of tax)							293.94	-
Net Profit							4,263.67	2,547.26
Other information:								
Segment Assets	6,145.29	4,254.88	25,602.81	18,224.13	1,292.20	1,016.30	33,040.30	23,495.31
Unallocated Corporate Assets							7,457.57	7,521.24
Total Assets							40,497.87	31,016.55
Segment Liabilities	1,161.47	798.10	3,063.77	1,717.79	100.83	68.37	4,326.07	2,584.26
Unallocated Corporate Liabilities							18,361.74	13,711.22
Total Liabilities							2,2687.81	16,295.48
Capital Expenditure	--	--	379.53	803.18	6.89	4.02	386.42	807.20
Unallocated Capital Expenditure							576.91	1,734.35
Total Capital expenditure							963.33	2,541.55
Depreciation			401.48	398.41	40.71	39.93	442.19	438.34
Unallocated Depreciation							351.48	276.62
Total Depreciation							793.67	714.96
Non-cash expenses other than depreciation	--	--	--	--	--	--	--	--

f) The Company's operations are situated predominantly in India. Hence, secondary geographical segment information disclosure is not applicable.

20. Related Party Disclosures

I. Related Party Disclosures under Accounting Standard 18:

a) Nature of Relationship and Name of Related Parties:

Sl. No.	Nature of Relationship	Name of Related Party
(i)	Key Management Personnel (KMP)	Mr.P.G.R Prasad (Chairman), Mr. Kochouseph Chittilappilly (Managing Director), Mr. Mithun K. Chittilappilly (Executive Director), Dr. George Sreeba (Joint Managing Director).
(ii)	Relatives of Key Management Personnel	Ms. Sheela Kochouseph, Mr. Arun K. Chittilappilly, Mr. C. T. John - Wife, Son and Brother respectively of Mr. Kochouseph Chittilappilly.
(iii)	Enterprises in which the Key Management Personnel and his relatives have substantial interest	M/s. Wonderla Holidays Private Limited, V-Star Creations Private Limited, M/s. Vintes Developers Private Limited and M/s Electro Controls.

b) Transactions during the year and balance outstanding at the balance sheet date:

(₹ in lakhs)

Particulars	Key Management Personnel		Enterprises in which the KMP and his relatives have substantial interest		Relatives of KMP	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Transactions during the year:						
Rent received	—	—	—	2.15	—	—
Rent paid	0.68	24.22	—	—	—	2.10
Remuneration	215.31	158.76	—	—	—	—
Dividend paid	364.83	294.15	—	—	274.02	228.35
Sale of land	—	—	438.63	—	—	—
Balance at year end:						
Receivable	—	5.89	—	—	—	—
Payable	112.73	75.42	—	—	—	—
Cumulative value of personal guarantees / collateral securities provided	1,300.00	1,300.00	—	—	800.00	800.00

Note: (1) No amounts pertaining to the related parties have been written off / written back during the year.

(2) Amounts outstanding in loan / acceptance accounts as at the balance sheet date for which guarantees have been given: Rs.849.73 lakhs (Previous Year: Rs.489.99 lakhs)



II. Related party disclosures under Listing Agreement entered into by the Company with Stock Exchanges: (₹ in lakhs)

Particulars	As at 31.03.2011	As at 31.03.2010	Maximum amount outstanding during the year	
			2010-11	2009-10
Loans and advance to subsidiaries	--	--	--	--
Loans and advance to associates	--	--	--	--
Loans and advances in the nature of loans where there is: (i) no repayment schedule or repayment beyond seven years (ii) no interest or interest below section 372A of the Companies Act, 1956	--	--	--	--
Loans and advance to companies / firms in which directors are interested	--	--	--	--
Investments by the loanee in the shares of the Company when there is an existing loan	--	--	--	--

21. Earnings Per Share is computed as follows:

Particulars	2010-11	2009-10
Profit attributable to equity shareholders (A) (Rs. in lakhs)		
- Before Exceptional Item	3,969.73	2,547.26
- After Exceptional Item	4,263.67	2,547.26
Weighted average number of Equity Shares outstanding (B)	298.48	298.48
Basic / Diluted Earnings Per Share (A/B) - In Rs. (Equity shares of Rs.10/- each):		
- Before Exceptional Item	13.30	8.53
- After Exceptional Item	14.28	8.53

22. Break up of Deferred Tax Liability (Net):

(₹ in lakhs)

Particulars	As on 31.03.2010	For the Year	As on 31.03.2011
Deferred Tax Liability Item:			
Depreciation / Amortisation	686.65	97.62	784.27
Deferred Tax Asset Items:			
Expenditure disallowed under Section 43B of the Income Tax Act	(31.23)	8.50	(22.73)
Provision for doubtful debts & advances	(20.30)	(13.47)	(33.77)
Provision for warranty	(62.29)	(53.20)	(115.49)
Net Deferred Tax Liability	572.83	39.45	612.28
<i>Previous Year</i>	<i>442.61</i>	<i>130.22</i>	<i>572.83</i>

23. The year-end foreign currency exposures, which are not hedged by derivative instrument or otherwise, are as follows:

Nature	Currency	Amount	Indian Rupees (In lakhs)
Advances given	US Dollar	444,778 (206,032)	197.04 (92.57)
	Euro	- (7,907)	- (4.72)

Note: Previous year's figures are shown in brackets.

24. The amount of unclaimed dividends lying in separate bank accounts as at the Balance Sheet date is Rs.13.33 lakhs (Previous Year: Rs. 8.50 lakhs). There is no amount due and outstanding as at the Balance Sheet date to be credited to the Investor Education and Protection Fund.
25. Disclosure under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets:

(₹ in lakhs)

Particulars	As at 31.03.2010	Provided during the year	Reversed during the year	As at 31.03.2011
Provision for warranty	187.54 (143.00)	347.71 (187.54)	187.54 (143.00)	347.71 (187.54)

Note: Previous year's figures are shown in brackets.

26. Previous year's figures have been re-grouped/re-classified wherever necessary to conform to classification for the current year.

Schedules 1 to 21 form an integral part of the Financial Statements.

Signatures to Schedules 1 to 21

For and on behalf of the Board of Directors

Sd/-
KOCHOUSEPH CHITILAPPILLY
Managing Director

Sd/-
Dr. GEORGE SLEEBA
Joint Managing Director

Sd/-
A. JACOB KURUVILLA
Chief Financial Officer

Sd/-
JAYASREE K.
Company Secretary

Place : Kochi

Date : 17th May, 2011



**BALANCE SHEET ABSTRACT
AND A COMPANY'S GENERAL BUSINESS PROFILE**

I REGISTRATION DETAILS

Registration No.

0	1	0	0	1	0
---	---	---	---	---	---

 State Code

0	9
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

1	1
---	---

Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Rights Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Private Placement

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS
(Amount in Rs. Thousands)**

Total Liabilities

			3	1	7	8	8	9	2
--	--	--	---	---	---	---	---	---	---

Total Assets

			3	1	7	8	8	9	2
--	--	--	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

			2	9	8	4	7	5
--	--	--	---	---	---	---	---	---

Reserve & Surplus

			1	4	2	1	3	0	3
--	--	--	---	---	---	---	---	---	---

Secured Loans

			1	1	4	6	9	7	9
--	--	--	---	---	---	---	---	---	---

Unsecured Loans

			2	5	0	9	0	7
--	--	--	---	---	---	---	---	---

Deferred tax Liability

					6	1	2	2	8
--	--	--	--	--	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

			1	1	5	7	7	5	7
--	--	--	---	---	---	---	---	---	---

Investments

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

			2	0	2	1	1	3	5
--	--	--	---	---	---	---	---	---	---

Miscellaneous Expenditure

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Accumulated Losses

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover

				7	2	8	3	3	0	5
--	--	--	--	---	---	---	---	---	---	---

Total Expenditure

				6	7	2	8	5	7	4
--	--	--	--	---	---	---	---	---	---	---

Profit/Loss Before Tax

				5	5	4	7	3	1
--	--	--	--	---	---	---	---	---	---

Profit/Loss After Tax

				4	2	6	3	6	7
--	--	--	--	---	---	---	---	---	---

Earnings per share in Rs.

									1	4
--	--	--	--	--	--	--	--	--	---	---

Dividend % (Final dividend)

									3	5	%
--	--	--	--	--	--	--	--	--	---	---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCT/SERVICES OF THE COMPANY (As per moneraty terms)

Item Code (ITC No.)

8	5	3	6	3	0	0	9	2	0
---	---	---	---	---	---	---	---	---	---

V	O	L	T	A	G	E	S	T	A	B	I	L	I	Z	E	R	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

B	E	L	O	W	1	0	0	0	V	O	L	T	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---

8	5	3	5	4	0	0	2	9	0
---	---	---	---	---	---	---	---	---	---

V	O	L	T	A	G	E	S	T	A	B	I	L	I	Z	E	R	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

A	B	O	V	E	1	0	0	0	V	O	L	T	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---

		8	4	1	3	7	0	0	0
--	--	---	---	---	---	---	---	---	---

O	T	H	E	R	C	E	N	T	R	I	F	U	G	A	L	P	U	M	P	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

		8	5	4	4	2	0	2	2
--	--	---	---	---	---	---	---	---	---

P	V	C	I	N	S	U	L	A	T	E	D	C	A	B	L	E	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

For and on behalf of the Board of Directors

Sd/-

KOCHOUSEPH CHITILAPPILLY

Managing Director

Sd/-

Dr, GEORGE SLEEBA

Joint Managing Director

Sd/-

A. JACOB KURUVILLA

Chief Financial Officer

Sd/-

JAYASREE K.

Company Secretary

Place: Kochi

Date : 17th May, 2011



NATIONAL ELECTRONIC CLEARING SERVICE (NECS MANDATE FORM)

(For shares held in physical form)

1. First Shareholder's Name :
2. Shareholder's Folio No. :
3. Particulars of Bank Account :
 - a) Bank Name :
 - b) Branch Name :
 - c) Account No. :
 - d) Account Type : SB Current Cash Credit
(tick whichever is applicable)
 - e) Ledger folio No. of the Bank A/c (as :
Appearing on the cheque book)
 - f) 9 Digit code no. of the Bank & :
Branch appearing on the MICR
Cheque issued by the Bank

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

Date:

Signature of First Shareholder

Note:

- 1) Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code numbers.
- 2) Members who have not opted for NECS facility earlier are requested to fill up the enclosed mandate form and forward the same to Link Intime India Private Limited, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028 latest by 14th July, 2011.
- 3) Members who have already availed the NECS facility may intimate Link Intime India Private Limited in the aforesaid address of any change in the Bank account details already furnished latest by 14th July, 2011.
- 4) **Members who have opted for the soft copy of the Annual Report as per the 'Green Initiative' may kindly take a print out of the NECS mandate and dispatch the same to the aforesaid address latest by 14th July, 2011.**



V-GUARD INDUSTRIES LIMITED

Registered Office: 33/2905 F, Vennala High School Road, Vennala, Kochi-682028

PROXY FORM

Fifteenth Annual General Meeting – 25th July, 2011

Regd.FolioNo./DP Client ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I/We..... ofin the district ofbeing a member(s) of the above named company hereby appoint of..... in the district of or failing him of in the district of as my/our proxy to vote for me/us on my /our behalf at the Fifteenth Annual General Meeting of the Company to be held on Monday the 25th day of July, 2011 at 4.00 PM at Hotel International, Veekshnam Road, Cochin - 682035 and at any adjournment thereof.

Signed this..... day of.....2011



Signature:

Note:

- 1) The proxy in order to be effective must be returned so as to reach the company at the above address not less than 48 hours before the time for holding the aforesaid meeting and should be duly stamped, completed and signed.
- 2) **Members who have opted for the soft copy of the Annual Report as per the ‘Green Initiative’ may kindly take a print out of the Proxy form and dispatch the same to the aforesaid address.**



V-GUARD INDUSTRIES LIMITED

Registered Office: 33/2905 F, Vennala High School Road, Vennala, Kochi-682028

ATTENDANCE SLIP

Fifteenth Annual General Meeting – 25th July, 2011

Regd. Folio No./DP Client ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

For Physical Shareholders only

Name & Address of the Shareholder	Regd. Folio No.	No. of Shares held

I hereby record my presence at the Fifteenth Annual General Meeting of the Company at 4.00 P.M. at Hotel International, Veekshanam Road, Kochi-682035 on Monday, the 25th July, 2011

If Shareholder, please sign here	If proxy, please sign here

Note:

- 1) Members are requested to fill up the attendance slip and hand it over at the venue.
- 2) Members who have opted for physical copy of Annual Report are requested to bring their copy of Annual Report to the meeting.
- 3) **Members who have opted for the soft copy of the Annual Report as per the ‘Green Initiative’ may kindly take a print out of the Attendance Slip and hand it over at the venue.**

