

**A 1000 Crore  
Company.  
Powered By  
Ambition.**  
Annual Report 2011-2012



**V-GUARD**<sup>®</sup>

The name you can trust

## Innovation Personified...



**PGR Prasad**  
Chairman



**Kochouseph Chittilappilly**  
Vice Chairman



**Mithun Chittilappilly**  
Managing Director



**Dr George Sreeba**  
Joint Managing Director



**C.J. George**  
Director



**AK Nair**  
Director



***V-GUARD INDUSTRIES LIMITED***

**SIXTEENTH ANNUAL REPORT  
2011-2012**



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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

**SIXTEENTH ANNUAL REPORT 2011 - 2012****BOARD OF DIRECTORS**

Shri. P G R Prasad	Chairman
Shri. Kochouseph Chittilappilly	Vice Chairman
Shri. Mithun K Chittilappilly	Managing Director
Dr. George Sreeba	Joint Managing 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

**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

**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

**LISTED AT**

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

**REMUNERATION COMMITTEE**

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

**BANKERS**

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

**PLANT LOCATIONS****CABLE & SOLAR**

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

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

**PUMP DIVISION**

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

**WATER HEATER & FAN DIVISION**

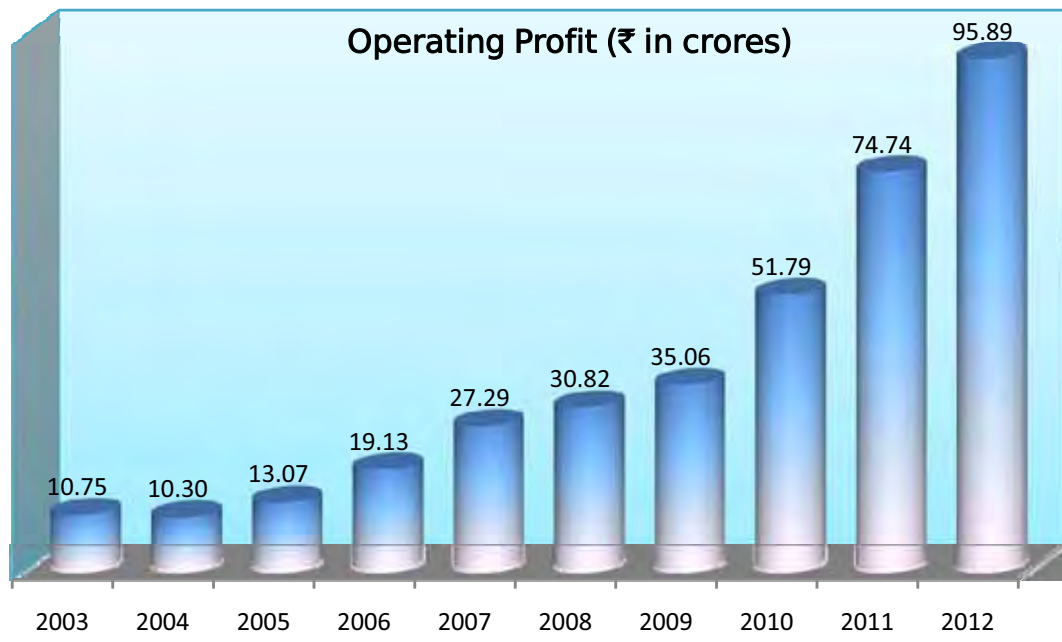
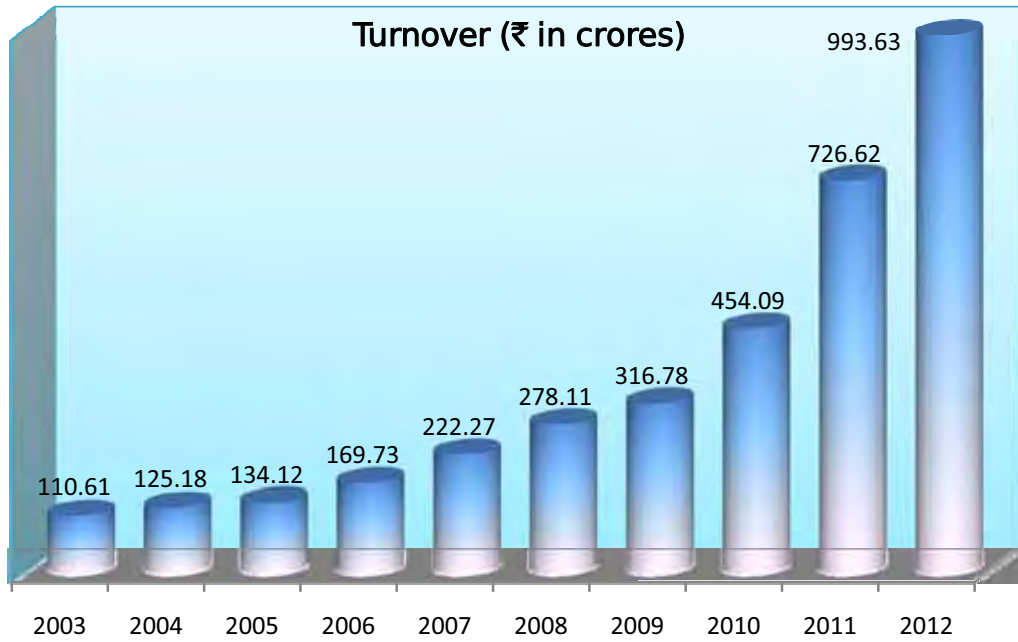
Vill.Bankebada, P.O., Moginand,  
 Tehsil Nahan, District Sirmour,  
 Himachal Pradesh-173030

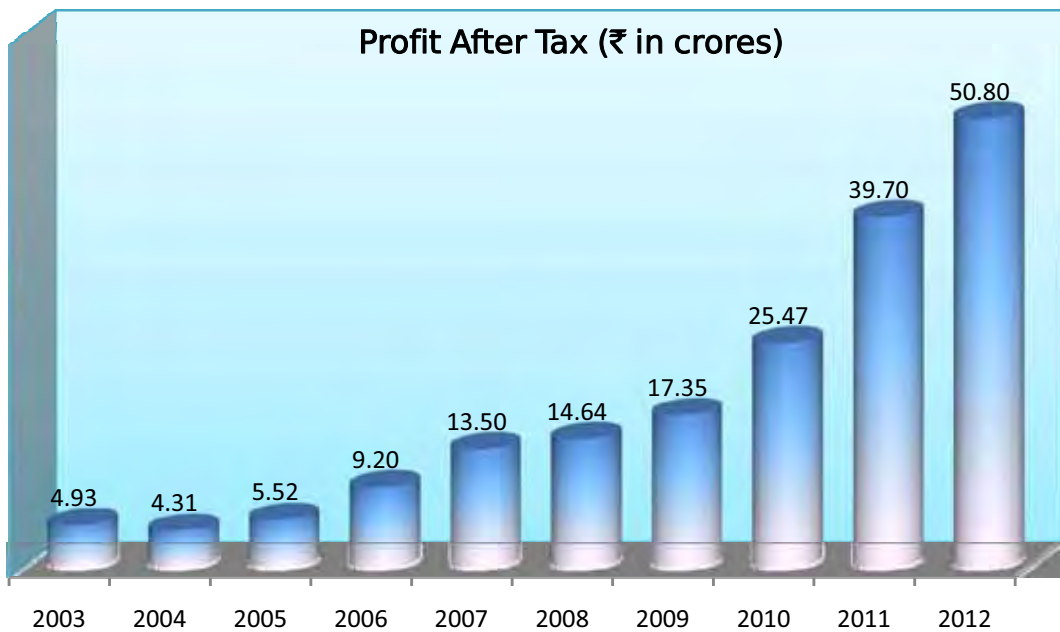
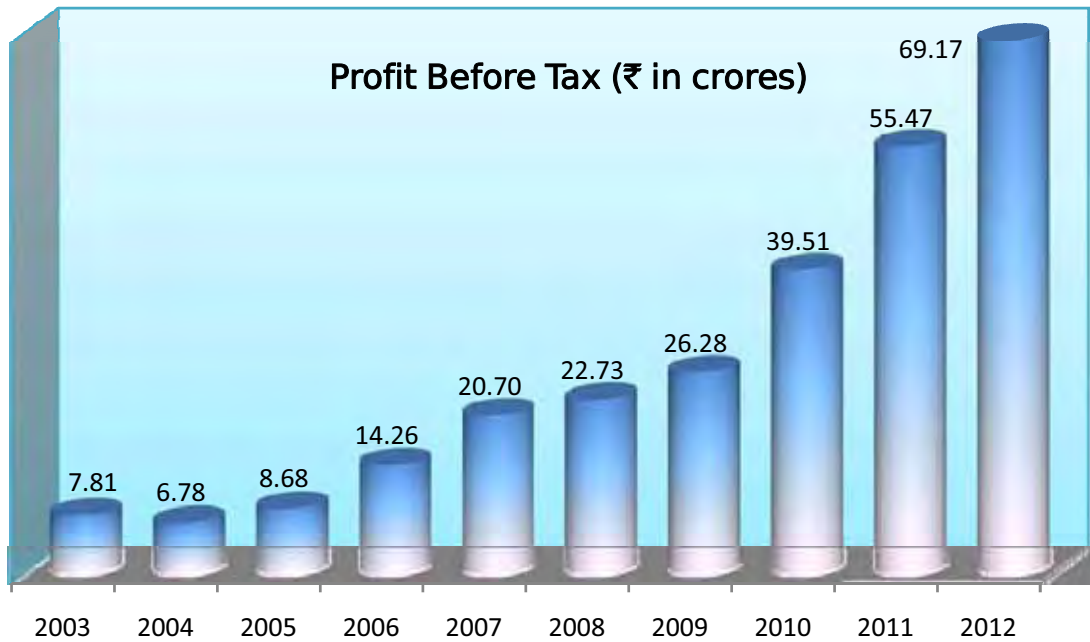


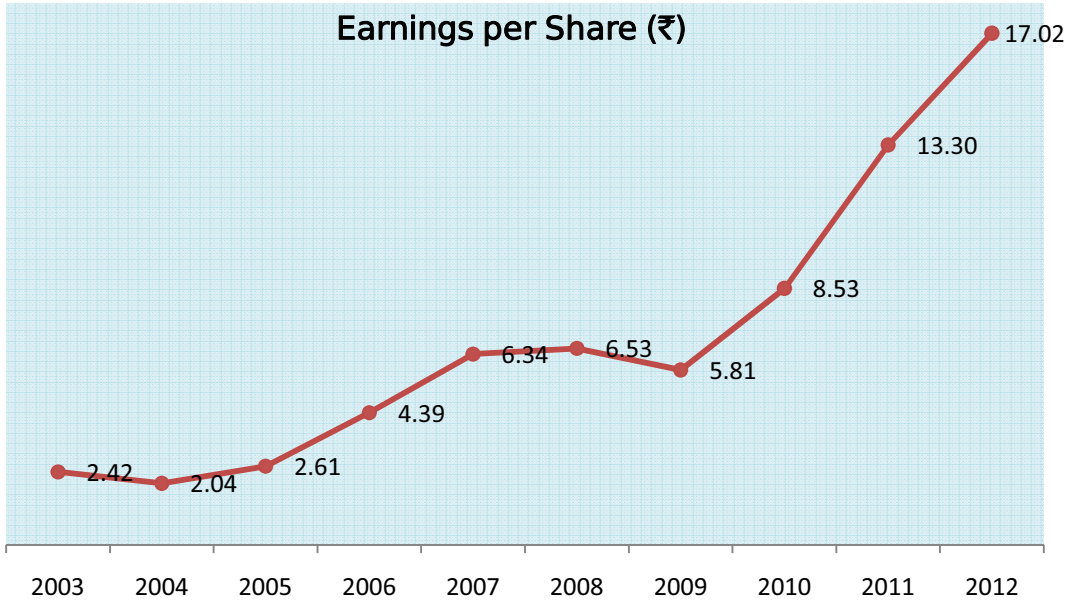




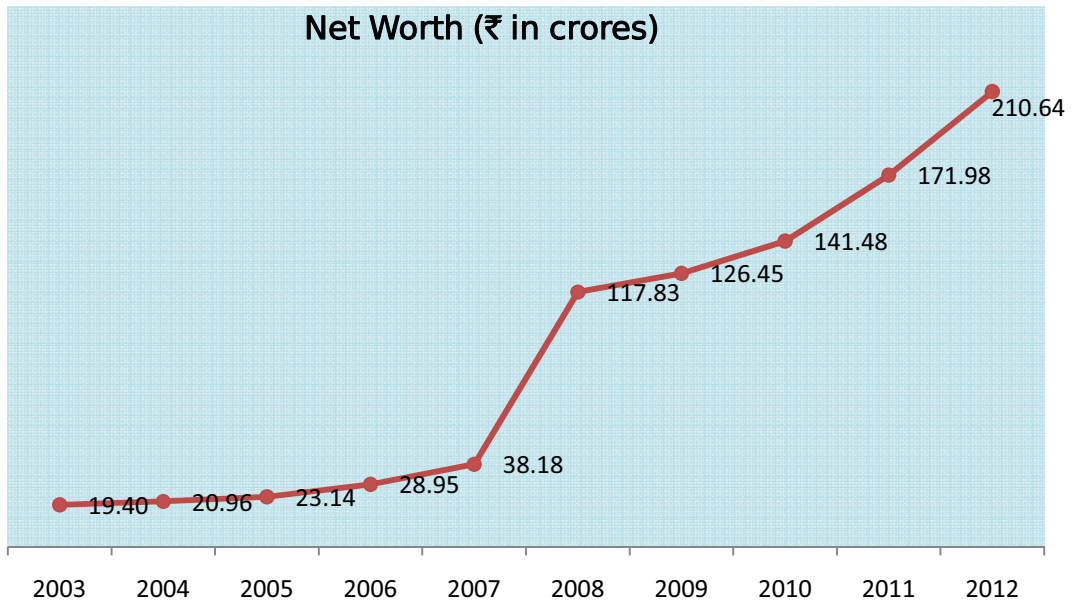
**A DECADE'S JOURNEY**







Note: All margin figures are before exceptional items



**Chairman's Message 2011-2012**

Dear Shareholders,

I have immense pleasure in informing you that the Financial Year 2011-12 has been another milestone in the history of our Company and a memorable year for the Organization with gross revenue from operations crossing ₹ 1000 crores. This has been made possible by the dedicated efforts and sustained performance of the employees and unstinted support and co-operation extended by our business associates, vendors and valued customers, who have reposed their faith in the Company.

During the year under review gross revenue from operations was ₹ 1,006.78 crores and net revenue from operations was ₹ 993.63 crores representing a growth of 36.75% over the net revenue from operations of ₹ 726.62 crores for the previous year. The Profit After Tax increased from ₹ 39.70 crores in 2010-11 to ₹ 50.80 crores in 2011-12, showing an increase of 28%. Considering the improved profitability, the Board of Directors has recommended dividend of ₹ 3.50 per share to the members of the Company.

Your Company has completed the construction of distribution centres at Hubli and Vijayawada during the year under review and thus completed all the projects of the Initial Public Offer. Project relating to construction of a state of art facility for the manufacture of Solar Water Heater of different capacities at the industrial land acquired in Perundurai has been completed and commercial production is expected to commence during the Financial Year 2012-13. Other expansion projects for the year such as enhancement of storage space available at Palakkad, Kochi and Bangalore were successfully completed and work relating to strengthening of the existing production unit of Electric Water Heater and Fan at Kala Amb, Himachal Pradesh is also progressing as per schedule.

As Your Company is operating pan India with many products, the need for enhancing the brand awareness and recall at national level was considered imperative for its future growth and to achieve the same, certain initiatives were taken by the Management which has paid off well.

To achieve the growth targets as envisaged and also with a view to strengthen the existing systems and internal control procedures, it was decided to implement SAP based ERP system considering the activities and pan India operations of the Company. I would like to say that the project was successfully carried out during the year and the Organisation will reap the benefits in the coming years.

During the year under review Your Company had organized "V-Guard BIG IDEA Business Plan Contest 2011" inviting B-Tech and B-School students to come up with Business Plans as to what they thought the Company should be doing for achieving its growth plans in future and to make V-Guard a trusted household name. The basic objective of this initiative was to know the expectation of educated youth in terms of the products and services that the Company should offer in future and to create awareness about the Company and its products among the young generation, who are the prospective customers of the Company. The contest was also intended to generate ideas for new business opportunities for the Company, while serving the social objective of helping the students to excel in their Engineering and Management career by cultivating the habit of creative entrepreneurial

dreaming. I am happy to mention that the contest was a great success with participation from some of the well known educational institutions in the country in the field of Engineering and Management.

With a view to offer value based product to the customers, few new products were added to our folder which includes, switch gear and induction cook top and these products are expected to do well in the current fiscal.

The future success of the Company depends on its ability to meet the customer needs and aspirations and environmental challenges on a continuing basis. Efforts shall be made to combine technology, design skills, creativity and quality in our products and services in a manner by which the customer can get the best value for money. To achieve the desired growth levels the strategy of penetrating the existing and new markets including the rural markets will be given thrust and in line with the growth in turnover, the existing after sales service net work will be further strengthened. Regarding introduction of new products, action has been taken to launch V-Guard mixer grinder during the second quarter of the fiscal. In line with the growth plans, it is proposed to take up new projects to increase production capacity of house wiring cables at Kashipur and production of fans & water heaters at Kala Amb, Himachal Pradesh and to construct new ware houses at Kochi and Hyderabad.

I would like to express my deep appreciation and thanks to the employees at all levels for their contribution to the growth of the Company, customers for their faith in the products and services of the Company and also the Business Associates, Vendors, Banks, Central and various State Governments for their continued support.

With Best Wishes

Sd/-  
**P G R Prasad**  
Chairman

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of V-Guard Industries Limited will be held at IMA House, Behind Jawaharlal Nehru Stadium, Jawaharlal Nehru Stadium Road, Kaloor, Palarivattom P.O., Cochin - 682 025 on Wednesday, the 25<sup>th</sup> day of July, 2012 at 10.00 a.m. to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2012 and Profit and Loss Account of the Company for the year ended on that date together with Cash Flow Statement, the Directors' Report and Auditors' Report thereon.
2. To declare final dividend for the year 2011-12 on Equity Capital.
3. To appoint a Director in place of Mr. P G R Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors other than the retiring Auditors of the Company.

RESOLVED THAT pursuant to the provisions of Section 224 read with Sections 225 and 190 of the Companies Act, 1956, M/s. S R Batliboi & Associates, Chartered Accountants, with Firm Registration No. 101049W be and are hereby appointed as the Statutory Auditors of the Company in the place of the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and the Board of Directors of the Company be and are hereby authorised 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 pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such approvals and sanctions as may be necessary, consent of the members of the Company be and is hereby accorded to appoint Mr. Mithun K Chittilappilly, as the Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> April, 2012 on the following terms and conditions and remuneration which was recommended by the members of the Remuneration Committee in their meeting held on 26<sup>th</sup> March, 2012.

**Salary:** ₹ 2,25,000/- p.m., with a power to the Board or any Committee thereof to give an annual increase upto 20% of the last drawn salary and also to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

**Commission:** Not exceeding 0.5% of the net profits of the Company calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956.

**Perquisites:** Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:

***CATEGORY 'A'*****(1) Housing:**

The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance up to a limit of 10% of his monthly salary. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. The monthly recurring cost for this shall however be subject to a ceiling of 10% of the monthly salary of the Managing Director.

**(2) Medical Reimbursement:**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year.

**(3) Leave Travel Concession:**

For self and family once in a year incurred in accordance with the rules of the Company.

**(4) Club Fees:**

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

**(5) Personal Accident Insurance:**

Premium not to exceed 5% of Annual Salary per annum.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the Managing Director.

**(6) Gratuity:**

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

**(7) Encashment of Leave:**

Unavailed leave can be encashed as per the rules of the Company.

**(8) Contribution to Provident Fund:**

Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company.

***CATEGORY 'B'***

**(9)** Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any financial year, during the currency of the tenure of Mr. Mithun K Chittilappilly as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Mithun K Chittilappilly shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors are hereby authorized to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such approvals and sanctions as may be necessary, consent of the members of the Company be and is hereby accorded to appoint Mr. Kochouseph Chittilappilly, as the Executive Vice-Chairman of the Company for a period of three years with effect from 1<sup>st</sup> April, 2012 on the following terms and conditions and remuneration which was recommended by the members of the Remuneration Committee in their meeting held on 26<sup>th</sup> March, 2012.

**Salary:** ₹ 3,50,000/- p.m., with a power to the Board or any Committee thereof to give an annual increase upto 20% of the last drawn salary with power to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

**Commission:** Not exceeding 0.75% of the net profits of the Company calculated in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956.

**Perquisites:** Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:-

#### ***CATEGORY 'A'***

##### **(a) Housing:**

The Company shall provide rent-free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Executive Vice-Chairman shall be entitled to house rent allowance up to a limit of 10% of his monthly salary. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. The monthly recurring cost for this shall however be subject to a ceiling of 10% of the monthly salary of the Executive Vice-Chairman.

##### **(b) Medical Reimbursement:**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year.

##### **(c) Leave Travel Concession:**

For self and family, once in a year incurred in accordance with the rules of the Company.

##### **(d) Club Fees:**

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee.



**(e) Personal Accident Insurance:**

Premium not to exceed 5% of Annual Salary per annum.

Explanation: “Family” means the spouse, the dependent children and dependent parents of Executive Vice – Chairman.

***CATEGORY ‘B’***

Provision of Car with driver for use on Company’s business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any financial year, during the currency of the tenure of Mr. Kochouseph Chittilappilly as the Executive Vice-Chairman, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Kochouseph Chittilappilly shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made there under or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors are hereby authorized to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.

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

**Sd/-  
Jayasree K  
Company Secretary**

Kochi  
Dated 30<sup>th</sup> May, 2012

**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 Ordinary and Special Businesses under item Nos. 4, 5 & 6 is annexed hereto. As per Clause 49 of the Listing Agreement executed with Stock Exchanges, the brief resume and functional expertise of the Directors proposed for appointment / reappointment is furnished below along with the details of Companies in which they hold Directorship and the details of membership or chairmanship of Sub-Committees of Board.
3. The Register of Members and Share Transfer Books of the Company will be closed from 14<sup>th</sup> July, 2012 to 25<sup>th</sup> July, 2012, 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 25<sup>th</sup> July, 2012 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 13<sup>th</sup> July, 2012.
  - 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 13<sup>th</sup> July, 2012.
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 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 advice about the change in address to their respective Depository Participant on or before 11<sup>th</sup> July, 2012.
6. 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.
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 12<sup>th</sup> July, 2012 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 12<sup>th</sup> July, 2012.
9. Members who are holding shares in physical form and opts dividend warrant are also requested to intimate their Savings 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 12<sup>th</sup> July, 2012 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 (2) of the Companies Act, 1956 (“the Act”), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4, 5 & 6 of the accompanying Notice dated 30<sup>th</sup> May, 2012.

**Item No. 4**

Your Company has received a Special Notice from a member, in terms of the provisions of Section 190 of Companies Act 1956, signifying his intention to propose the appointment of M/s. S R Batliboi & Associates, Chartered Accountants, with firm registration no. 101049W as Statutory Auditors of the Company in the place of retiring Auditors, in the ensuing Annual General Meeting of the Company. The Company has forthwith communicated to the retiring Auditors of the Special Notice received and they have not made any representation against the said Special Notice. A written certificate has been obtained from M/s. S R Batliboi & Associates to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956. Based on the recommendation of the members of Audit Committee, Your Directors recommend the resolution for approval by the members of the Company by passing an ordinary resolution.

None of the Directors is in any way concerned or interested in this resolution except to the extent of their shareholdings in the Company.

**Item Nos. 5 & 6**

Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly were re-appointed as the Managing Director and Executive Director of the Company for a period of five years with effect from 1<sup>st</sup> August, 2007 with the approval of the shareholders in their meeting held on 25<sup>th</sup> July, 2007. Presently the Company is on a fast growth trajectory and the Management intends to scale up the operations many fold by opening new branch offices and adding more products to the folder and making all efforts to strengthen the manufacturing base of the Company. Your Directors are of the opinion that to achieve the desired growth levels, more involvement of Whole-Time Directors and senior Management team of the Company is required and proposed to elevate Mr. Mithun K Chittilappilly and Mr. Kochouseph Chittilappilly to the position of Managing Director and Executive Vice-Chairman respectively. Your Directors in their meeting held on 26<sup>th</sup> March, 2012 had considered the above proposal and approved the appointments subject to the ratification of the members in their ensuing Annual General Meeting.

Your Directors recommend the resolutions given in the item Nos. 5 & 6 to be approved by the members of the Company by way of passing ordinary resolutions.

Mr. Mithun K Chittilappilly and Mr. Kochouseph Chittilappilly, Directors of the Company are interested in the above mentioned resolutions.

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

**Sd/-  
Jayasree K  
Company Secretary**

Kochi  
Dated 30<sup>th</sup> May, 2012

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting**

<b>Particulars</b>	<b>Mr. P G R Prasad</b>	<b>Mr. Mithun K Chittilappilly</b>	<b>Mr. Kochouseph Chittilappilly</b>
Date of Birth	12.12.1945	02.09.1980	29.12.1950
Date of Appointment	16.08.2007	01.04.2003	12.02.1996
Qualifications	<ul style="list-style-type: none"> <li>▪BSc (Mechanical Engineering),</li> <li>▪Certified Associate of the Indian Institute of Bankers,</li> <li>▪Chartered Financial Analyst, Institute of Chartered Financial Analysts of India, Hyderabad,</li> <li>▪Certified Financial Planner, Financial Planning Standards Board of India.</li> </ul>	<ul style="list-style-type: none"> <li>▪Graduate in Commerce,</li> <li>▪MBA (Finance &amp; Marketing).</li> </ul>	<ul style="list-style-type: none"> <li>▪Post Graduate in Physics.</li> </ul>
Directorship held in other Companies	<ul style="list-style-type: none"> <li>▪Steelco Gujarat Ltd.</li> <li>▪Anupam Industries Ltd.</li> </ul>	NIL	<ul style="list-style-type: none"> <li>▪Pearl Spot Resorts Ltd.</li> </ul>
Membership/ Chairmanship of Committees of other public Companies	<ul style="list-style-type: none"> <li>▪Chairman of the Audit Committee of Anupam Industries Ltd.</li> <li>▪ Member of the Audit Committee and Shareholders' Grievance Committee of Steelco Gujarat Ltd.</li> </ul>	NIL	NIL
Number of Shares held in the Company	NIL	4807149	7366518

<p>Brief Profile</p>	<p>Mr. P G R Prasad has worked with State Bank of India and its subsidiaries from 1970 to 2005 in various capacities. He retired as Managing Director and Chief Executive of SBI Mutual Fund. He was also a member of the Advisory Committee for Mutual Funds, Securities &amp; Exchange Board of India, Mumbai, Member of expert Group constituted by the Securities Exchange Board of India to suggest amendments in SEBI Act, Director on the Board of Financial Planning Standards Board of India and various other venerated posts in various capacities.</p>	<p>Mr. Mithun K Chittilappilly after completing his graduation in Commerce joined V-Guard to be trained in various departments of the Company ranging from Finance to Marketing. He was occupying the position of Executive Director from 1<sup>st</sup> April, 2004 till 31<sup>st</sup> March, 2012. He is presently occupying the position of Managing Director of the Company with effect from 1<sup>st</sup> April, 2012.</p>	<p>Mr. Kochouseph Chittilappilly is the Founder of V-Guard. He is the recipient of numerous awards, which were bestowed on him for his exemplary performance in business. Among them are Business Man of the Millennium 2000 from Rashtra Deepika, Tourism Man of the year from Destination Kerala, Management Leadership Award from Kerala Management Association and Samman Pathra Award for top income tax payer from Hon'ble Union Minister of State for Finance. He has been the driving force behind the Company's sustained growth and currently occupying the position of Executive Vice-Chairman of the Company with effect from 1<sup>st</sup> April, 2012.</p>
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**DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting the Sixteenth Annual Report of the Company on the business and operations together with the audited financial statements for the year ended 31<sup>st</sup> March, 2012.

**1. Financial Results**

(₹ in lakhs)

Particulars	Year ended 31-3-2012	Year ended 31-3-2011
Revenue from operations (gross)	100,677.92	73,774.66
Less:Excise duty	1,315.25	1,112.44
<b>Revenue from operations (net)</b>	<b>99,362.67</b>	<b>72,662.22</b>
Operating expenditure	90,008.88	65,358.69
Operating profit before Depreciation, Interest, Tax & Exceptional Item	9,353.79	7,303.53
Finance costs	1,702.53	1,133.38
Depreciation and amortization expense	969.36	793.67
Other income	235.22	170.83
<b>Profit Before Tax &amp; Exceptional Item</b>	<b>6,917.12</b>	<b>5,547.31</b>
Exceptional Items	-	363.61
<b>Profit Before Tax</b>	<b>6,917.12</b>	<b>5,910.92</b>
Tax expense:		
a) Current Tax	2,023.00	1,607.80
b) Deferred tax	(185.98)	39.45
	1,837.02	1,647.25
<b>Net Profit</b>	<b>5,080.10</b>	<b>4,263.67</b>
Balance brought forward	6,479.56	3,930.02
<b>Profit available for appropriation</b>	<b>11,559.66</b>	<b>8,193.69</b>
<b><u>Appropriations</u></b>		
Transfer to General Reserve	700.00	500.00
Dividend proposed:-		
Final dividend proposed	1,044.66	1,044.66
Tax on final dividend proposed	169.47	169.47
	1,914.13	1,714.13
Balance carried to Balance Sheet	9,645.53	6,479.56

## **2. Company's Performance**

After a promising start to the decade in 2010-11, with achievements like maintaining GDP growth rate around 8%, bringing down fiscal deficit to 4.8% of GDP as well as containing current account deficit to 2.6%, the fiscal year 2011-12 has been challenging for the Indian Economy. The year started on a note of optimism through impressive growth in exports and high levels of foreign exchange inflows, only to moderate as the year progressed through continued monetary tightening in response to the untamed inflationary pressures. High levels of inflation and higher interest rates gradually gave way to a slow-down in the growth of economy. Despite the consumer durables, electrical, electronic industries witnessing one of its worst performances last year, Your Company was able to secure double digit growth with its strong distribution net work and delivery of quality products to its consumers.

Net revenue from operations for the year under review was ₹ 993.63 crores representing a growth of 36.75% over the net revenue from operations of ₹ 726.62 crores for the previous year. The Profit After Tax increased from ₹ 39.70 crores in 2010-11 to ₹ 50.80 crores in 2011-12, an increase of 28%. 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 ₹ 700.00 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 ₹ 1044.66 lakhs and ₹ 169.47 lakhs towards dividend tax, resulting in a total outflow of ₹ 1214.13 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 14<sup>th</sup> July, 2012 to 25<sup>th</sup> July, 2012, both days inclusive.

## **5. Projects of the Initial Public Offer**

Your Company has successfully completed all the projects of the Initial Public Offer 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, Himachal Pradesh respectively and Service and Distribution Centre at Bangalore, Hubli and Vijayawada.

## **6. New Projects**

Considering the growth potential, Your Directors had decided to strengthen the manufacturing base of Solar Water Heater and construction of a state of art facility for the manufacture of Solar



Water Heater of different capacities at the industrial land acquired in Perundurai has been completed during the year under review. Commercial production is expected to commence during the Financial Year 2012-13. Also the expansion of storage space available at Palakkad, Kochi and Bangalore was also successfully completed and work relating to strengthening of the existing production unit of Electric Water Heater and Fan at Kala Amb, Himachal Pradesh is progressing. The projects of expansion for the current fiscal include construction of new ware house at Kochi and Hyderabad and increasing the production capacity of Kashipur.

## **7. Fixed Deposit**

The Company has not accepted any fixed deposit during the year under review.

## **8. Change in Directors**

Your Company's Board consists of total six Directors- three Executive and three Non-Executive Independent Directors. During the year under review, there was no change in the Board of Directors.

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

Your Directors in their meeting held on 26<sup>th</sup> March, 2012 appointed Mr. Mithun K Chittilappilly and Mr. Kochouseph Chittilappilly, as Managing Director and Executive Vice-Chairman of the Company respectively for a period of three years effective from 1<sup>st</sup> April, 2012. The said appointments will be subject to the approval of the members, in the ensuing Annual General Meeting. Resolutions seeking approval of the members for the said appointments have been incorporated in the Notice of the 16<sup>th</sup> Annual General Meeting.

Brief resume of the Directors seeking appointment and re-appointment, nature of their expertise in specific functional areas and names of Companies in which they hold Directorship / 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 HR Team at your Company ensures the core function of Human Resource Management in meeting the organizational requirements. The HR Team is fully backed and guided by a professional Management Team and work closely to ensure that the Company Vision is perpetuated down the line to meet the Company's targeted results and goals.

To strengthen the Management Team, your Company has inducted competent professionals at various levels which includes Director (Marketing & Strategy), Sr. General Manager (HR) and General Manager (R & D). In addition, the Company has also recruited a Vice President (R&D) who will be joining shortly.

To supplement the business growth, extensive training programmes have been planned for employees across verticals for knowledge and skill development. The training programmes include a week long orientation programme for new joiners, Leadership Development Programme including Out Bound Training for Top Management employees and skill development programme for middle level. In order to develop a talent pool to take up responsibilities at higher levels in

future, the Company has introduced a Management Trainee (MT) Scheme from the year 2012. The first batch of MTs have joined the service. Your Company is also working on implementing Balance Score Card for aligning business activities to the Vision and Strategy of the Company and for effective Performance Management System.

Total Employee strength was 1363 as on 1<sup>st</sup> April, 2011 and as on 31<sup>st</sup> March 2012, the number has increased to 1599. The increase has been mainly due to the business growth and expansion activities undertaken during the Financial Year 2011-12.

#### **10. Corporate Social Responsibility**

Your Company has been making meaningful contributions to the society in different areas, for decades now. CSR activities at V-Guard Industries Ltd. extend well beyond its business objectives, and the Company's concerns for the society are evident from the various initiatives it has taken in different fields. V-Guard aims at bringing about a radical transformation in the quality of life of people living in and around the operating divisions of the Company through positive intervention in social upliftment programs. Its key areas of focus are Health, Education, Environment, Women Empowerment and Youth Development.

Some of the CSR activities undertaken are:

- A. Social Welfare Fund for Ailing Cancer Patients
- B. Employment Opportunities to Women & Underprivileged
- C. Extending Educational assistance to poor students through Rajagiri Outreach Program
- D. Caring for the aged women and differently abled children through the Thomas Chittilappilly Trust
- E. Children Education Sponsorship Project (CESP)
- F. Adoption of Government Vennala Higher Secondary School, Ernakulam with the objective of improving its physical infrastructure and quality of education.

#### **11. Adequacy of Internal Control Systems**

The Company has formulated comprehensive Internal Control Manual for the entire operations of the Company to ensure that all transactions are carried out adhering to the laid down procedures. The Company has appointed M/s. Varma & Varma, Chartered Accountants to conduct the internal audit of the Company. It has also an in-house Internal Audit Cell that regularly does the audit of branch offices and factories. Internal Audit is conducted on a quarterly basis. 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 and improvements made in the systems wherever required.

#### **12. Implementation of Information Systems**

In order to strengthen the internal control systems and improve the management information system, the Company has implemented SAP based ERP system during the year under review which went live with effect from 13<sup>th</sup> February, 2012. The Board is pleased to state that the new system has been successfully implemented and is getting stabilised.

**13. 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 is attached to this Report. A certificate of Statutory Auditor confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

**14. 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 this Report.

**15. 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.

Your Company has received a Special Notice from a member, in terms of the provisions of Section 190 of Companies Act, 1956, signifying his intention to propose the appointment of M/s. S R Batliboi & Associates, Chartered Accountants, with firm registration no. 101049W as Statutory Auditors of the Company in the place of retiring Auditors, in the ensuing Annual General Meeting of the Company. The Company has forthwith communicated to the retiring Auditors of the Special Notice received and they have not made any representation against the said Special Notice. A written certificate has been obtained from M/s. S R Batliboi & Associates to the effect that in case of their appointment as Statutory Auditors of the Company, the appointment will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Board of Directors upon the recommendation of the Audit Committee proposes the appointment of M/s. S R Batliboi & Associates, as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

**16. 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, which forms part of this report.

**17. 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 which forms part of this report.

**18. Directors' Responsibility Statement**

In accordance with the provisions of Section 217 (2AA) of the Companies Act 1956, Your Directors hereby 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 judgment 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 31<sup>st</sup> March, 2012 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.

**19. Acknowledgement**

Your 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 of the contribution made by employees at all levels for achieving the outstanding performance and growth in the turnover and 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. 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**

**Sd/-  
Kochouseph Chittilappilly  
Vice Chairman**

**Sd/-  
Mithun K Chittilappilly  
Managing Director**

Kochi  
30<sup>th</sup> May, 2012

**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 31<sup>st</sup> March, 2012.**

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	61	Executive Vice - Chairman	130.88	Appointed by the Board of Directors in their meeting held on 26 <sup>th</sup> March, 2012 for a period of three years with effect from 1 <sup>st</sup> April 2012.	MSc (Physics) 33 years	12.02.1996	Managing Director, V-Guard Industries Ltd., Cochin.

**For and on behalf of the Board of Directors**

Kochi  
30<sup>th</sup> May, 2012

**Sd/-  
Kochouseph Chittilappilly  
Vice Chairman**

**Sd/-  
Mithun K Chittilappilly  
Managing Director**

**ANNEXURE TO THE DIRECTORS' REPORT**

**Annexure II**

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

**A) Conservation of energy:**

<p>(a) Energy Conservation measures taken</p>	<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"> <li>1. 40W Tube Lights in cable factory were replaced by 20W CFL lights.</li> <li>2. 52 numbers of Turbo Air Ventilators were installed at the Cable factory, Chavady, to reduce atmospheric temperature at the work area resulting in power saving due to reduced usage of electrical fans.</li> <li>3. Installed an additional 3000LPD Solar Water Heating system for providing hot water at the LT Cable factory for the purpose of curing XLPE insulated cables.</li> <li>4. Developed “green stabilizer” for TV which conserves energy and eliminates phantom power loss.</li> </ol>
<p>(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.</p>	<p>NA</p>
<p>(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.</p>	<p>By implementing the aforesaid measures, there has been reduction in the energy consumption that has resulted in the reduction of cost of production. Development of green stabilizers has offered potential for reduction in the energy consumption at the consumers' end. Installation of Turbo Air ventilators has facilitated improvement in the atmospheric temperature at the work place.</p>
<p>(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.</p>	<p>NA</p>

**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&amp;D carried out by the Company</p>	<ul style="list-style-type: none"> <li>a. Compaction dies were introduced in bunching of copper wires in Cable Unit.</li> <li>b. Wire tension controller was designed and fabricated in-house and put into use in Extruder-A, of Cable Unit to reduce the number of wire breaks and to increase the productivity of the machine.</li> <li>c. Introduction of centering rod system at Cable Unit to set centering of the tooling faster and to acquire uniform PVC / XLPE coating.</li> <li>d. Online welding of Aluminium rod was introduced in Rod Break Down Machine to reduce the setup time.</li> <li>e. Aluminum wire breakages in Rod Break Down Machine due to the wetness of coils has been controlled by replacing PCD dies in the entry level in the place of TC dies, thus resulting in reduction of scrap generated and loss of production time.</li> <li>f. Developed wider range of application-specific voltage stabilizers.</li> <li>g. Introduced Voltage Stabilizers with Surface Mounted Device technology and micro controller based design.</li> <li>h. Developing more ranges in Digital UPS.</li> <li>i. Developed a Solar Water Heater of 60 litre capacity having unique design, that reduce cold water mixing, thereby increasing the hot water output.</li> <li>j. Reduction in the manufacturing cost of Solar Water Heaters (100 LPD, 125 LPD, 150 LPD &amp; 200 LPD) by using bigger diameter vacuum tubes in place of smaller Dia tubes, enabling reduction in the number of vacuum tubes without affecting system performance &amp; required collector area.</li> <li>k. CFD analysis for many pump, fan models.</li> <li>l. Computerized noise pattern detection.</li> <li>m. Automating ceiling Fan testing set up.</li> <li>n. Improving electrical design of motors.</li> <li>o. Lubrication of ball bearings.</li> </ul>

<p>2. Benefits derived as a result of the above R &amp; D</p>	<ul style="list-style-type: none"> <li>a. Introduction of Compaction die gives a saving of ₹ 66.0 lakhs / annum</li> <li>b. Re-designed wire tensioner device has reduced the wire breaks, scrap and improved the productivity of the machine.</li> <li>c. Set up time has been significantly reduced and centricity has much improved, due to introduction of Centre- rod system.</li> <li>d. The Company was able to produce products with better quality and reliability at reduced cost.</li> <li>e. Adoption of SMD technology and Micro Controller based design in Voltage Stabilizers has improved productivity, performance and reliability.</li> <li>f. Availability of application-specific stabilizers have improved sales.</li> <li>g. Availability of more ranges in Digital UPS has helped to improve sales.</li> <li>h. The Company was able to produce products with better quality and reliability at reduced cost as per customer needs.</li> <li>i. The Company was able to develop a unique product that has good market potential.</li> <li>j. Increase in performance of products arising from improvement in efficiencies as the result of implementing better designs and reduction in costs.</li> <li>k. Improved quality of products due to more stringent quality control.</li> </ul>
<p>3. Future plan of action</p>	<ul style="list-style-type: none"> <li>a. NANO dies are proposed for Rod Break Down &amp; MM30 Drawing Machines to replace present PCD dies for better drawability.</li> <li>b. Developing low cost wide range Stabilizers for specific applications.</li> <li>c. Developing Stabilizers with advanced features / star rating.</li> <li>d. Developing higher capacity on-line UPS ranges with features like energy saving and increased reliability.</li> </ul>



	<ul style="list-style-type: none"> <li>e. Developing wide range of Digital UPS for industrial and commercial applications.</li> <li>f. Develop Solar Water Heaters in 250 LPD, 300 LPD, 500 LPD &amp; 1000 LPD capacities by using bigger diameter vacuum tubes.</li> <li>g. Develop Solar Water Heater tanks with polymer materials that can resist corrosion and give longer life.</li> <li>h. Further automation of testing facilities for electromechanical products.</li> <li>i. Obtain BEE star rating for ceiling Fans.</li> </ul>
<b>4. Expenditure on R&amp;D</b>	
(a) Capital	₹ 3.4 lakhs
(b) Recurring	₹ 176.44 lakhs
(c) Total	₹ 179.84 lakhs
(d) % of R&D expenditure to total sales	0.18%

**Technology absorption, adaptation and innovations**

<p>1. Efforts in brief, made towards technology absorption, adaptation and innovation</p>	<ul style="list-style-type: none"> <li>a) In house manufactured X-Head assembly for Extruder was put into use.</li> <li>b) Maintenance dept. has manufactured (in house) Steel re-winder machine, pull out capstan meant for sector insulated core processing, air wiper for Extruder 80 machine and under roller spare for DT.2600 machine.</li> <li>c) Introduced reprocessed ABS cabinets for some models of stabilizers.</li> <li>d) Air Pressure testing set up was made for doing leak test of Solar Water Heater inner tanks.</li> </ul>
<p>2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.</p>	<ul style="list-style-type: none"> <li>a. There is substantial reduction in the cost of manufacture due to in- house manufacturing.</li> <li>b. Reduction in the cost of production and in impact on environment.</li> <li>c. Productivity has improved in terms of reduced testing time.</li> </ul>

<b>3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following informations may be furnished.</b>	
<b>a) Technology imported I</b>	PUF filling Machine for PUF Insulation of Solar Water Heaters
b) Year of import	2011
c) Has technology been fully absorbed?	Yes
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	N A
<b>a) Technology imported II</b>	Imported second Insulating Line Elements (Dual Takeup, Capstan, Breaking device and Dual Payoff) for the production of insulated cables upto a line speed of 1200m/min.
b) Year of import	2009
c) Has technology be fully absorbed?	Yes
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	N A
<b>C) <u>Foreign Exchange earnings and outgo:</u></b>	
Foreign Exchange earned	₹ 9.68 lakhs
Foreign Exchange used	₹ 5,104.89 lakhs
<p><b>For and on behalf of the Board of Directors</b></p> <p><b>Sd/-</b>  <b>Kochouseph Chittilappilly</b>  <b>Vice Chairman</b></p> <p><b>Sd/-</b>  <b>Mithun K Chittilappilly</b>  <b>Managing Director</b></p>	
<p>Kochi  30<sup>th</sup> May, 2012</p>	

## REPORT ON CORPORATE GOVERNANCE

**The Company's report on Corporate Governance for the year ended 31.03.2012 as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges is presented as under:**

### **I CORPORATE GOVERNANCE PHILOSOPHY**

The Company's philosophy is to conduct business and its dealings with all stakeholders in compliance with law and high standards of business ethics and to improve the statutory requirements with regard to Corporate Governance. The Company would continue to strengthen its principles of transparency, fairness and accountability to achieve long-term value for its shareholders on a continuous and sustainable basis in harmony with the interests of all the stakeholders.

Your Company is in compliance with the Corporate Governance guidelines as stipulated under various clauses of the Listing Agreement entered into with Stock Exchanges. A report on the matters mentioned in the said clauses and the practices followed by the Company is detailed below:

### **II. BOARD OF DIRECTORS**

#### **A. Composition of the Board**

The Board of the Company has been constituted in a manner which ensures optimum mix of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2012, the Board of the Company consists of six Directors of which three are non-executive Independent Directors. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement with the Stock Exchanges.

As per the declarations received by the Company, none of the Directors is 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 membership in more than 10 committees or are acting as Chairman in more than 5 Committees in terms of Clause 49 of the Listing Agreement.

#### **B. Meetings & Attendance**

During the Financial Year 2011-12, the Board met five times i.e. on 17<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 28<sup>th</sup> October, 2011, 31<sup>st</sup> January, 2012 and 26<sup>th</sup> March, 2012. 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 31.03.2012	Attendance at		Directorships and Chairmanship / Membership of Board / Committees in other Companies as on 31.03.2012		
			Board Meetings	Last AGM	Director	Committee Member	Committee Chairman
Mr. P G R Prasad Chairman	Non Executive Independent	Nil	4	Yes	2	2	1
Mr. Kochouseph Chittilappilly Executive Vice-Chairman (w.e.f. 01.04.2012)	Promoter and Executive	73,66,518	5	Yes	1	Nil	Nil
Mr. Mithun K Chittilappilly Managing Director (w.e.f. 01.04.2012)	Executive	48,07,149	5	Yes	Nil	Nil	Nil
Dr. George Sreeba Joint Managing Director	Executive	Nil	5	Yes	Nil	Nil	Nil
Mr. C J George Independent Director	Non Executive Independent	Nil	3	No	4	2	1
Mr. A K Nair Independent Director	Non Executive Independent	Nil	5	Yes	6	2	1

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 also excluded for the purpose.

Resume of Directors seeking appointment and 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 applicable 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

The Company has strong transparent and ethical governance in practices for prevention of Insider Trading in the shares and securities of the Company for its Directors and Designated employees. In compliance with Clause 49 of Listing Agreement, V-Guard Industries Limited has adopted a code of conduct for Directors and ethics for senior management personnel of the Company, which is uploaded in the Company's website [www.vguard.in](http://www.vguard.in)

## III. COMMITTEES OF THE BOARD

The Board has constituted 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 Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Committee assists the Board in ensuring correctness of the Company’s financial reporting and disclosure processes, internal controls, risk management policies and processes, appointment and / or reappointment of Statutory and Internal Auditors and associated matters.

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 31<sup>st</sup> March, 2012 is as under:-

<b>Name</b>	<b>Category</b>	<b>Position</b>
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	Managing Director (w.e.f. 01.04.2012)	Member

**(i) Meetings & Attendance during the year**

During the Financial Year 2011-12, four meetings of the members of Audit Committee were held on 17<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 28<sup>th</sup> October, 2011 and 31<sup>st</sup> January, 2012 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 31<sup>st</sup> March, 2012 was reviewed by the Committee in its meeting held on 29<sup>th</sup> May, 2012. Attendance of Committee members at the Audit Committee meetings held during the Financial Year 2011-12 is as follows:-

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

**(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 and internal 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 and 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.
14. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors.

## 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 31<sup>st</sup> March, 2012 is as follows:

Name	Category	Position
Mr. C J George	Non-Executive Independent	Chairman
Mr. Mithun K Chittilappilly	Managing 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:

- Look 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.
- 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.
- Oversee the performance of the registrars and transfer agents and recommends measures for overall improvement in the quality of investor services.
- Affix or authorize fixation of the common seal of the Company on the share certificates.

### (iii) Meeting and Attendance during the year:

During the Financial Year 2011-12, the Committee met seven times i.e. on 13<sup>th</sup> July, 2011, 06<sup>th</sup> September, 2011, 23<sup>rd</sup> September, 2011, 28<sup>th</sup> October, 2011, 30<sup>th</sup> November, 2011, 18<sup>th</sup> January, 2012 and 06<sup>th</sup> March, 2012. Attendance of the members at the meetings held during the Financial Year 2011-12 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	7	7
Mr. P G R Prasad	7	2
Mr. Mithun K Chittilappilly	7	7

### (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 01.04.2011	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31.03.2012
1	Non credit of shares	2	3	2	3
2	Non receipt of refund order	Nil	Nil	Nil	Nil
3	Non receipt of Dividend	Nil	33	33	Nil
	<b>Total</b>	<b>2</b>	<b>36</b>	<b>35</b>	<b>3</b>

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

As per the SEBI Circular dated 24<sup>th</sup> 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 01-04-2011	1905	18
No of shareholders who approached for the transfer and the Shares transferred during the year 2011-12	80	1
Closing balance as on 31.03.2012	1825	17

Note: The voting rights on these shares (1825 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 31<sup>st</sup> March, 2012 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	Promoter and Vice Chairman (w.e.f. 01.04.2012)	Member

#### (ii) Meetings and Attendance during the year:

The members of Remuneration Committee met 2 times i.e. on 17<sup>th</sup> May, 2011 and 26<sup>th</sup> March, 2012 during the Financial Year 2011-12 and all the members were present for the meeting.

#### (iii) Details of Remuneration paid to the Directors during the Financial Year 2011-12 are as follows:

(₹ in Lakhs)

Name	Salary	Perquisites	Commission	Sitting fees	Total
Mr. P G R. Prasad	-	-	5.50	0.70	6.20
Mr. Kochouseph Chittilappilly	56.63	2.61	71.64	-	130.88
Mr. Mithun K Chittilappilly	14.30	3.73	35.82	-	53.85
Dr. George Sreeba	26.70	3.02	25.00	-	54.72
Mr. A K Nair	-	-	-	0.80	0.80
Mr. C J George	-	-	-	0.90	0.90
Total	97.63	9.36	137.96	2.40	247.35

The Non-Executive Directors of the Company are paid sitting fees for attending the meetings of the Board and Sub-committees. The Company is paying commission to Mr. P G R Prasad, Chairman of the Board with the approval of the shareholders for a period of five years effective from 1<sup>st</sup> April, 2010. Dr. George Sleeba was appointed as the Joint Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> June, 2010, with the approval of the Board and shareholders and an agreement dated 1<sup>st</sup> June, 2010 has been executed with him. Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly, Directors were appointed as the Vice-Chairman and Managing Director respectively effective from 1<sup>st</sup> April, 2012.

#### **IV GENERAL BODY MEETINGS**

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

<b>Financial Year ended</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
31.03.2011	25.07.2011	04.00 p.m.	Hotel International, Veekshanam Road, Kochi – 682035
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

#### **Special Resolutions passed at the last three AGMs:**

##### **15<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> July, 2011**

NIL

##### **14<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> 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 01<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2015.

##### **13<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> 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.

**Postal Ballot**

The Company has not made any postal ballot during the last three years.

**V OTHER DISCLOSURES****(i) Related Party Transactions**

Details of transactions with related parties are disclosed in the note no. 26.4 to the Financial Statements. 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) Disclosure of Risk Management**

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

**(iii) Management Discussion And Analysis**

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

**VI GENERAL INFORMATION TO SHAREHOLDERS****(i) Date, Venue and Time of the 16<sup>th</sup> Annual General Meeting**

Date 25<sup>th</sup> July, 2012

Venue IMA House, Behind Jawaharlal Nehru Stadium, Jawaharlal Nehru Stadium Road, Kaloor, Palarivattom P. O., Cochin - 682 025

Time 10.00 a.m.

**(ii) Dates of Book Closure**

The Register of Members and Share Transfer Books will remain closed from 14<sup>th</sup> July, 2012 to 25<sup>th</sup> July, 2012 (Both days inclusive).

**(iii) Board Meetings & Financial Calendar**

Financial Year: 01<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013

**Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the year 2012-13**

For the quarter ending 30<sup>th</sup> June, 2012 : 7<sup>th</sup> August, 2012

For the quarter ending 30<sup>th</sup> September, 2012 : 27<sup>th</sup> October, 2012

For the quarter ending 31<sup>st</sup> December, 2012 : 21<sup>st</sup> January, 2013

For the year ending 31<sup>st</sup> March, 2013 : Audited results will be adopted

**(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 30<sup>th</sup> May, 2012 which is subject to the approval of the shareholders at the ensuing Annual General Meeting and if approved will be payable on or after 25<sup>th</sup> July, 2012 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 12<sup>th</sup> July, 2012.

#### **(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 and 35% for the year 2010-11, at the Annual General Meetings held on 14<sup>th</sup> July, 2008, 27<sup>th</sup> July, 2009 and 26<sup>th</sup> July, 2010 and 25<sup>th</sup> July, 2011 respectively. The Board also recommended payment of dividend of ₹ 3.50 per share for the Financial Year 2011-12, subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

<b>Financial Year</b>	<b>Date of Declaration of Dividend</b>	<b>Due date of transfer to IEPF</b>
2007-08	14 <sup>th</sup> July, 2008	13 <sup>th</sup> July, 2015
2008-09	27 <sup>th</sup> July, 2009	26 <sup>th</sup> July, 2016
2009-10	26 <sup>th</sup> July, 2010	25 <sup>th</sup> July, 2017
2010-11	25 <sup>th</sup> July, 2011	24 <sup>th</sup> July, 2018
2011-12	25 <sup>th</sup> July, 2012	24 <sup>th</sup> July, 2019

#### **(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 13<sup>th</sup> March, 2008. Listing fees for the Financial Year 2012-13 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**

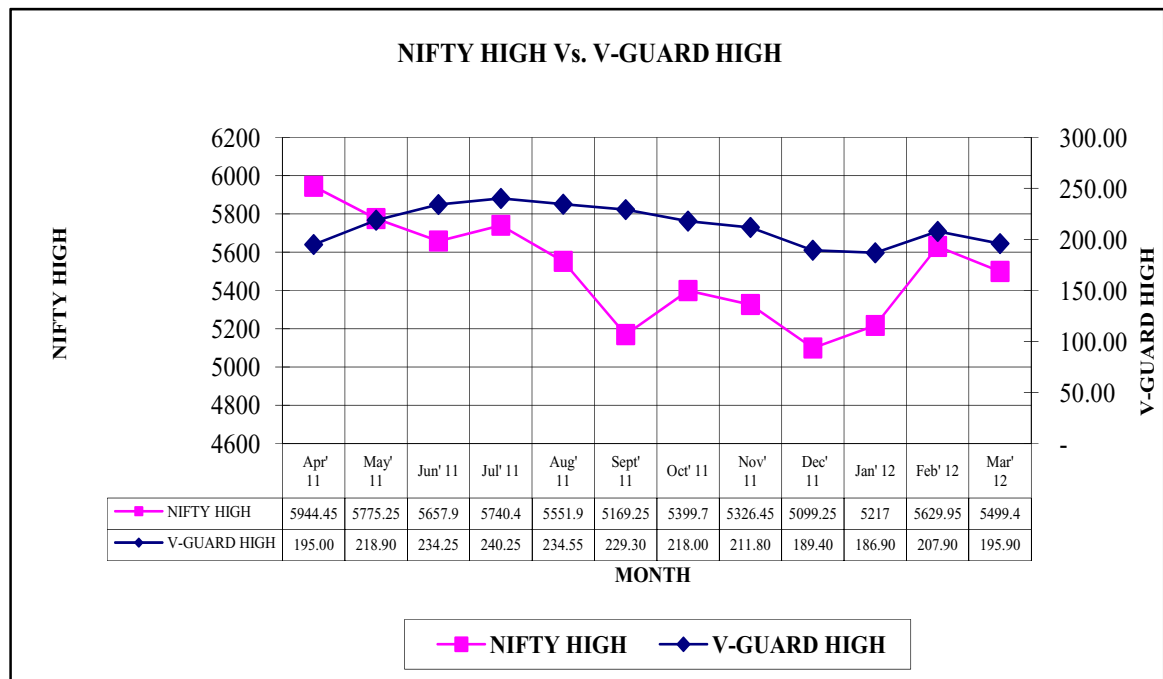
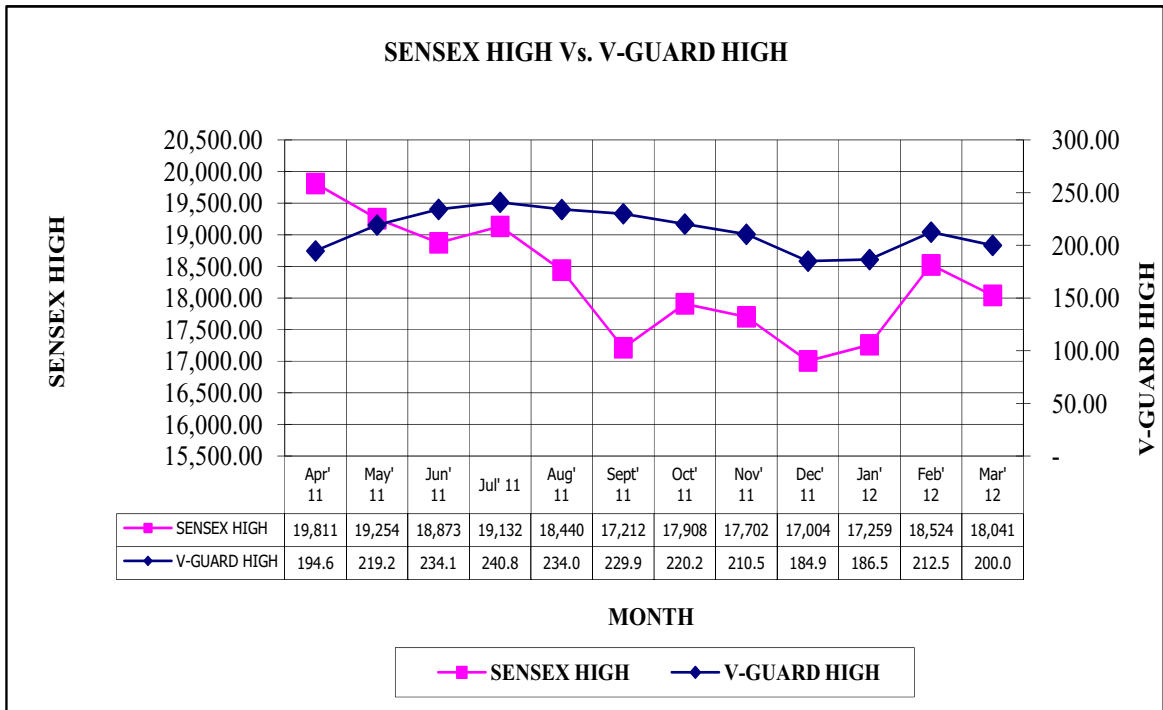
The Company has paid the custodial fees to the NSDL and CDSL as per the SEBI Circular CIR/ MRD/DP/05 2011 dated 27<sup>th</sup> April, 2011 for the year 2012-13.

**(viii) Stock Market Data**

Monthly high and low quotations during each month during the last Financial Year 2011-12 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' 11	195.00	166.00	3,081.23	194.65	165.70	818.06
May' 11	218.90	175.00	15,103.57	219.25	176.00	3,695.84
June' 11	234.25	204.80	17,219.16	234.10	208.10	4,794.03
July' 11	240.25	219.10	10,251.42	240.80	218.30	2,538.78
Aug' 11	234.55	190.10	4,016.71	234.00	191.00	856.59
Sept' 11	229.30	204.15	3,355.94	229.95	202.85	423.27
Oct' 11	218.00	200.40	2,165.40	220.20	200.20	242.92
Nov' 11	211.80	168.00	2,747.06	210.50	167.50	280.59
Dec' 11	189.40	142.85	1,399.13	184.95	141.25	324.33
Jan' 12	186.90	154.00	1,682.29	186.50	153.25	251.16
Feb' 12	207.90	184.90	2,746.90	212.50	184.75	305.37
Mar' 12	195.90	166.65	1,224.12	200.00	168.25	192.28

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

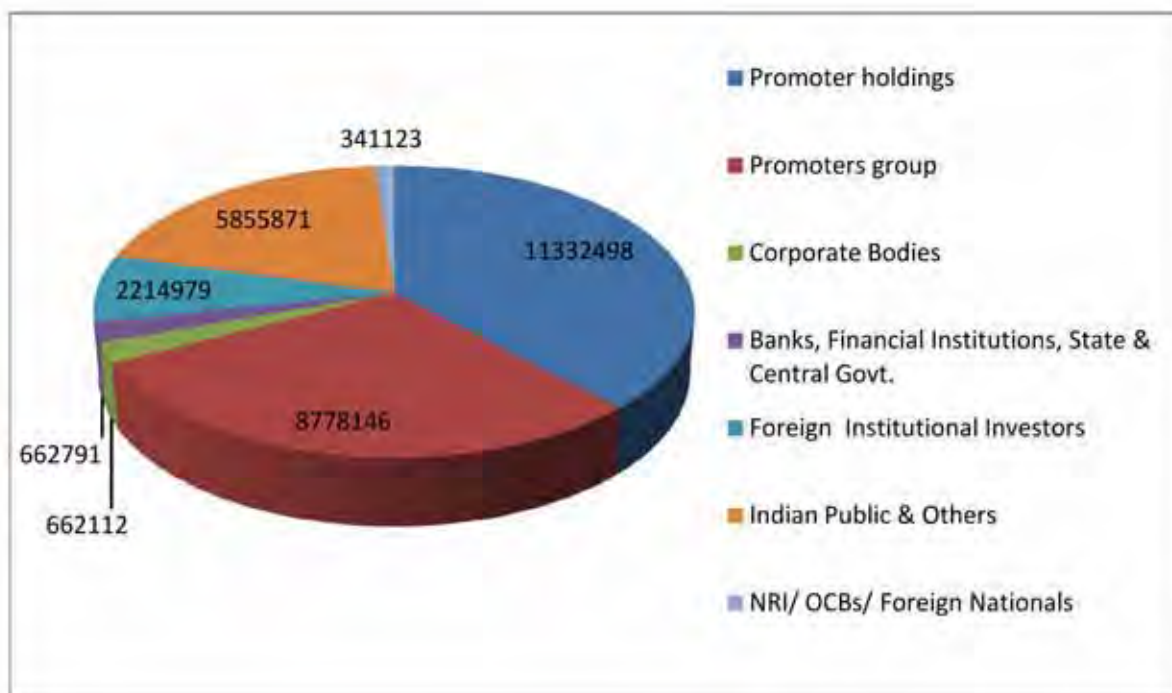


**(ix) Share holding Pattern:** Distribution of shareholding as on 31<sup>st</sup> March, 2012

Shares	Shareholders		Shareholding	
	Number	%	Number	%
1 - 500	22153	94.1159	2180178	7.3044
501 - 1000	670	2.8465	538732	1.8049
1001 - 2000	295	1.2533	438318	1.4685
2001 - 3000	115	0.4886	288442	0.9664
3001 - 4000	56	0.2379	195228	0.6541
4001 - 5000	85	0.3611	387419	1.2980
5001 - 10000	84	0.3569	585301	1.9610
10001 and above	80	0.3399	25233902	84.5427
	<b>23538</b>	<b>100.0000</b>	<b>29847520</b>	<b>100.0000</b>

**(x) Category of Shareholders**

Category	No. of Shares	% to the total no. of shares
Promoters Holdings	11332498	37.97
Promoters Group	8778146	29.41
Corporate Bodies	662112	2.22
Banks, Financial Institutions, State & Central Govt.	662791	2.22
Foreign Institutional Investors	2214979	7.4
Indian Public & Others	5855871	19.62
NRIs /OCBs/ Foreign Nationals	341123	1.14
<b>Total</b>	<b>29847520</b>	<b>100.00</b>



(xi) Shares held in Physical and Dematerialized Form

Particulars	No. of shares	Percentage
Shares held in Dematerialized form	29542034	98.98
Shares held in Physical form	305486	1.02
<b>Total</b>	<b>29847520</b>	<b>100.00</b>

(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 Practising 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  
Ph: 0484-3005000, E-mail: jayasree@vguard.in

**(xv) Website**

The Website of the Company, [www.vguard.in](http://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 etc.

**(xvi) Whistle Blower Policy**

During the year under review, the Company implemented Whistle Blower Policy duly approved by the Board of Directors and the same has been circulated among the employees

**(xvii) 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 mandated 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. Mithun K Chittilappilly, Managing Director and Mr. A Jacob Kuruvilla, Chief Financial Officer has 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 30<sup>th</sup> May, 2012.

**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  
30<sup>th</sup> May, 2012

Sd/-  
**Mithun K 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 31<sup>st</sup> March 2012, 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  
30<sup>th</sup> May, 2012

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Economic Scenario and Industry Overview

The growth of Indian economy during the Financial Year 2011-12 was at a slow pace than what was expected at the beginning of the year. The deceleration in the Indian economic growth was caused due to factors like low industrial growth, high inflation and high interest rates, economic and financial challenges in key developed economies etc. The Indian economy grew by 6.9% during the Financial Year 2011-12 as compared to the growth rate of 8.4% in 2010-11. Even with this low growth figure, India is projected to be the second-fastest growing major economy after China.

Growth of Indian consumer durables industry during the year under review was not at the levels expected mainly due to fears of global economic slowdown and domestic troubles with high inflation, high rates of interests, lack of reform measures and falling rupee. Despite witnessing one of its worst performances last year due to above factors, growth in the sector in India outperformed when compared with other countries across the world.

### Overall Performance

During the year under review, V-Guard set another milestone in its growth trajectory by achieving gross revenue from operations of ₹ 1006.78 crores. Net revenue from operations for the year under review was ₹ 993.63 crores representing a growth of 36.75% over the net revenue from operations of ₹ 726.62 crores for the previous year. The Profit After Tax increased from ₹ 39.70 crores in 2010-11 to ₹ 50.80 crores in 2011-12, showing an increase of 28%. The exceptional growth could be achieved mainly because of the improved product mix, price hikes across product verticals consequent to the increase in the price of raw-materials and cost controlling and value engineering activities to bring down the overall cost of production on almost all products. During the year under review, the non-south market have grown by 40% and contributed an amount of ₹ 227 crores to the total revenue while the south markets have grown by 38%. The major revenue contributors during the year under review were wires, stabilizers, pumps and digital UPS and batteries.

### Business Review

#### Voltage Stabilizers

Voltage Stabilizers which continue to be one of the major revenue contributors has achieved a turnover of ₹ 200.94 crores during the year under review which is 20% of the total revenue. The product has grown by 20% and 15% in terms of value and quantity respectively when compared with the sale of the previous year. The market conditions for white goods and brown goods were not encouraging due to inflationary environment and macro-economic concerns and this has affected the growth of the product to a considerable extent. In spite of the turbulent market conditions, the said growth was achieved mainly on account of introduction of new models and continuous value engineering which helped to reduce the cost of production, aggressive expansion of dealer and distributor net work, better focus on profitable SKUs and also improved penetration of rural and semi-urban markets. Out of the various models, digital stabilizer segment has performed exceptionally well and as far as the region wise growth is concerned non-south markets have done well.

As the country's economy is expected to grow at better rates in the next Financial Years, the future of the consumer electronics industry seems to be bright and the strategy will be to encash the stabilizer market for LCD/LED TVs, refrigerators, air conditioners, tread mill and washing machine and also explore the untapped non-south and export markets.

**Wiring Cables**

Wiring cables segment has achieved a turnover of ₹ 282.55 crores showing a growth of 36% in terms of value over the sale of the previous year and has become the major revenue contributor. Performance of the segment was exceptionally well during the year under review and production capacity of the Kashipur factory was utilized to the maximum level. As far as the region wise growth is concerned, north zone has grown by 60% and both the south and west zone has grown by 34% each. The main growth drivers were improved performance of the realty and construction industry, better penetration of rural and semi urban markets and better brand equity in new and existing markets. Profitability of the product was improved due to efficient procurement of the basic raw-material, various cost control measures introduced in the manufacturing units and maintaining low level of inventory.

Considering the demand for the product, it has been decided to double the production capacity of the Kashipur plant with an investment of around ₹ 18 crores and the work for the same has been commenced. Additional production to be taken will cater the requirements of the various non-south markets and with the increased volume of operations, the profitability is expected to improve further in the years to come.

**Pumps and Motors**

During the year under review, the Company was able to achieve a turnover of ₹ 151.81 crores in the product line and grew by 25% when compared with the sales of the previous year. The sale achieved was far below the set targets due to the unfavourable climatic conditions. More new models were developed to meet the requirements of new markets, number of dealers increased and ad campaign was also strengthened to tap the potential of new markets.

The strategy for the future is to introduce more number of models in agriculture pumps, get star rating and ISI for different models and increasing the brand awareness in the new markets. Necessary measures will be taken to overcome the stiff competition faced from the regional players at different places of the country. Continuous value engineering activities are being carried out at the pilot production unit of the Company and to reduce the cost of the product further.

**Electric Water Heater**

Total sales achieved in the product line during the year under review was ₹ 86.25 crores, showing a growth of 44%, when compared with the sale of the previous year. Though the general market condition for electric segment was not encouraging, seasonal factors like extended monsoon, early winter etc., have helped to achieve impressive growth. Profitability of the product has improved due to better product mix and continuous re-engineering on technology. During the year under review, dealer net work for the product has been increased and special pricing strategy was introduced to tap the potential in the rural and semi urban markets. The Company is the fourth largest brand in India in the product line and this position will support the Company to increase its market share in the coming years. More growth is expected in immersion heaters and instant series and it is expected to maintain the existing growth level in the coming years. The main threat for the product growth is the increased power tariff, frequent power failures and load shedding and drastic reduction in prices of solar water heaters offered by the competing brands in view of the various subsidy schemes introduced by the Government of India to encourage increased use of solar energy devices. Focus will be given to introduce more number of star rated models which will benefit the customer in reducing energy consumption and in turn support the Company to maintain growth momentum.

### **Solar Water Heater**

Though the country has faced inflationary environment and decline in industrial growth, certain measures taken by the Government of India and other State Governments like various subsidies to the end consumer of the product line has helped to achieve moderate growth for the product during the year under review. The Company has got approval from the Ministry of New and Renewable Energy (MNRE) to provide subsidy to the customers and the same has been given to various customers during the year under review. Sales achieved in the product line during the Financial Year 2011-12 was ₹ 25.93 crores, showing a growth of 21% over the previous year. The increase in growth is achieved due to better promotional activities like road shows, exhibitions, door to door marketing, increased direct dealer network and providing timely subsidy to the customer. The advantage of own manufacturing, better product quality, strong marketing team has also helped to achieve the desired growth for the product.

The main constraints faced in marketing the product are the hard water issues, high installation cost, availability of imported products from China at cheaper rates etc. However, the product will gain better acceptance in the coming years due to the Govt. subsidy, acute power shortage, increased power tariff, proposal of the Govt. to install solar energy devices mandatorily in commercial buildings etc. The strategy for the coming years is to penetrate the markets in the non-south Indian markets and introduce solar water heaters with improved technology for hard water areas.

### **Fans**

During the year under review, the Company achieved a turnover of ₹ 63.79 crores from the segment, registering a growth of 20% over the previous year. Higher growth could not be achieved due to the unfavourable market conditions in the first half of the fiscal 2011-12. Growth was achieved mainly in the models of Table, Pedestal and Wall fans category (TPW) and there was nominal growth in the ceiling fan category. Focus for the coming years is to introduce more number of models in ceiling fan category and also energy saving models in category including TPW, increasing the dealer net work, obtaining star rating for the products etc. The Company is doing regular value engineering activities at the pilot production unit at Kala Amb, Himachal Pradesh and is expected to improve its performance in the coming years.

### **Digital Home UPS**

Digital Home UPS and battery showed an impressive growth and the sales achieved in the product line was ₹ 72.67 crores, showing a growth of 236%, when compared with the sales of the previous year. Because of the acute power shortage and load shedding prevalent in many states of the country, there was good demand for digital home UPS and batteries which enabled the Company to achieve remarkable growth in the segment. In line with the increase in demand, the Company could source quality products and supply the same at the right time to reach the end consumer. The outlook for the product seems to be very positive in view of the continuing power shortage situation and hence the strategy for the coming years will be to penetrate the urban and rural markets by increasing the number of dealers and distributors across the country, timely sourcing of the product from the vendor units, ensuring the quality, increasing the brand awareness in the newer markets, introducing new models considering the requirements of various local markets etc. The main risks associated with the products are demand drop that may arise due to supply of uninterrupted and quality power by private power generating companies and dependence on the vendor units for sourcing the product. To mitigate the risks, efforts have been initiated to manufacture digital UPS of own design thereby reducing dependence on vendor units.

**Power & Control Cables**

The Company achieved a net sales of ₹ 58.19 crores, during the year under review and registered a growth of 39% over the previous year. The product has been positioned in the premium segment and the Company succeeded in getting major orders from various Companies operating in public and private sectors. The factors that caused the improved growth were high volume orders, industry growth and the differential pricing strategy adopted by the Company. The future growth of the product mainly depends on the growth of allied industries like construction, power etc. and hence the growth momentum can be maintained only if these industries perform well. During the year under review, the Company increased its installed capacity, to cater the increased demand for the product. The Company plans to grow further in the segment in the coming years by tapping the new markets and also by establishing its presence in the segments like industry, construction and government.

**Uninterrupted Power Supply (UPS) Systems**

During the year under review, the Company achieved net sales of ₹ 42.06 crores and registered a growth of 55% over the previous year. The Company's performance was good both in Offline UPS and Online UPS when compared to the industry standard. Penetration for the product was mainly in the tier II and III cities due to the IT Infrastructure development. Better quality of the products, increased brand awareness and logistics infrastructure are the main growth drivers in the product line. Outlook for the future seems to be impressive as there is huge demand for Online UPS across the country due to rapid IT development. Moreover, additional revenue in the nature of AMC can be generated in the case of Online UPS. However, the degrowth in the desktop segment may hamper the further growth of Offline UPS. To sustain the growth in the Offline UPS, it is required to market the product to those markets, where the usage of the desktop is more. The Company is optimistic of tapping the potential for Online UPS in the coming years and the possibility of launching Solar Photovoltaic charger in the higher KVA UPS.

**Launching of New Products**

During the year under review, the Company launched two new products, Domestic Switch gears and Induction Cook Top. As the Company is having a good market share in the house wiring segment, domestic switch gears can be conveniently marketed with the support of the existing network for wiring cables. The product has been launched in the southern markets of the Country and it is expected to generate moderate revenue from the product line in the current fiscal. The existing brand equity in the wiring segment will support the sale of the product to a considerable extent.

With a view to offer more number of products in the home segment, Induction Cook Tops were launched with different models during the year under review. The factors like high cost of LPG, supply shortage, consumption of low units of electricity for induction cook tops, flameless cooking etc. has influenced to a considerable extent the growth of the product in the country. The product will be taken to the other markets of the country in the coming years and the segment is expected to generate a good revenue. The Company is also planning to introduce more number of models during the current fiscal to cater to the requirements of the customers.

**Opportunities & Threats**

The growth of various products in which the Company is dealing is directly associated with the growth of key industries like agriculture, housing, consumer durable, electrical etc. and many of the products are seasonal in nature and to a greater extent dependent on the climatic conditions also. Hence, the growth and prosperity in the key sectors of the economy will provide impressive growth



opportunity to the various product verticals. The inflationary environment prevalent in the country may affect the future growth of the country. However, it is expected that India will outperform in the current fiscal, when compared with the global economies and this will help the key sectors to perform well, which in turn will support the Company to grow further.

**Future Outlook**

Your Company aims to become a leading consumer brand in the country by offering more products in the Home segment. The future growth plans includes launching of mixer grinder in the second quarter of the fiscal, increasing the number of channel partners by appointing more number of distributors and dealers, developing more number of vendors to ensure uninterrupted supply of various products, introducing more number of energy saving models by strengthening the R & D activities, increasing the brand equity both in the non-south and south Indian markets etc. With a view to increase the turnover of house wiring segment, it has been decided to enhance the existing production capacity at Kashipur. The LT Cable factory at Chavadi, Coimbatore is also being expanded to meet the increased demand.

**Risks and Risks Mitigation**

Enterprise Risk Management System (ERMS) at V-Guard encompasses practices relating to identification, assessment, mitigation and monitoring of risks at product and organizational level on a regular basis. The Company has established a 3 level risk monitoring structure as follows.

Level	Key roles and responsibilities
Board of Directors & Audit Committee	<ul style="list-style-type: none"> <li>○ Overview of the system and review of the performance of the Risk Management Committee on a quarterly basis.</li> </ul>
Risk Management Committee (RMC)	<ul style="list-style-type: none"> <li>○ Headed by Managing Director and senior management team as members.</li> <li>○ Review and monitoring of the risk management practices of the Company and reports of the Product Risk Groups and presenting quarterly report on identification, evaluation and mitigation of strategic, operational and external risks to the Audit committee and Board of Directors.</li> </ul>
Product Risk Groups (PRG)	<ul style="list-style-type: none"> <li>○ 4 groups headed by a Vice President each and respective product heads and functional department heads as members.</li> <li>○ Review and monitoring of risks specific to the products.</li> </ul>

During the year, the Product Risk Groups and the Risk Management Committee met on regular intervals and reviewed enterprise risks at product and organizational level. The periodic assessment and monitoring of the business risks resulted in timely deployment of appropriate mitigation measures.

**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 31<sup>st</sup> March, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 31<sup>st</sup> March, 2012;
  - (ii) in the case of the Statement of Profit and Loss, 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 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  
30<sup>th</sup> May, 2012

## 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) to (xiv), (xix) and (xx) 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, no material discrepancies were noticed on such verification.
  - (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 for 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 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.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- 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.
  - 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, 2012 for a period of more than six months from the date they became payable.
  - 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 31<sup>st</sup> March, 2012 on account of disputes are given below:

(₹ in lakhs)

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved
Central Sales Tax Act	Central Sales Tax	Dy. Commissioner (Appeals), Cochin	1998-99	62.28
Kerala General Sales Tax Act	Kerala General Sales Tax	Dy. Commissioner (Appeals), Cochin	2003-04 & 2004-05	1.91
Kerala Value Added Tax Act	Kerala Value Added Tax	Dy. Commissioner (Appeals), Cochin	2011-12	2.38
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 & Penalty	Appellate Dy. Commissioner (CT), Hyderabad	April 2006 to June 2010	14.10
Andhra Pradesh Value Added Tax Act	Value Added Tax	Addl. Dy. Commissioner (CT), Hyderabad	2005-06	0.75

(₹ in lakhs)

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved
Central Sales Tax Act	Central Sales Tax	Addl. Commissioner of Commercial Taxes (Appeal), Berhampur	01.04.2011 to 30.09.2011	12.78
Central Sales Tax Act	Central Sales Tax	Addl. Commissioner of Commercial Taxes (Appeal), Berhampur	2010-11	8.97
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax, Kochi	2007-08	4.53
Income Tax Act	Income Tax	Commissioner of Income Tax (Appeals), Kochi	2008-09	17.00

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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  
30<sup>th</sup> May, 2012

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

(₹ in lakhs)

	Particulars	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	(a) Share capital	3	2,984.75	2,984.75
	(b) Reserves and surplus	4	18,079.00	14,213.03
			21,063.75	17,197.78
<b>2</b>	<b>Non-current Liabilities</b>			
	(a) Long-term borrowings	5	1,972.42	263.30
	(b) Other long term liabilities	6	976.78	821.32
	(c) Deferred tax liabilities (net)	26.6	426.30	612.28
	(d) Long-term provisions	7	449.27	182.76
			3,824.77	1,879.66
<b>3</b>	<b>Current Liabilities</b>			
	(a) Short-term borrowings	8	8,520.79	13,493.49
	(b) Trade payables	9	9,814.91	5,263.34
	(c) Other current liabilities	10	1,845.44	1,222.01
	(d) Short-term provisions	11	1,997.51	1,441.59
			22,178.65	21,420.43
	<b>TOTAL</b>		<b>47,067.17</b>	<b>40,497.87</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current Assets</b>			
	(a) Fixed Assets			
	(i) Tangible assets	12A	11,588.66	10,860.10
	(ii) Intangible assets	12B	716.20	517.31
	(iii) Capital work-in-progress - Tangible assets		1,025.67	144.89
	(iv) Capital work-in-progress - Intangible assets		82.38	-
			13,412.91	11,522.30
	(b) Long-term loans and advances	13	476.26	311.65
			13,889.17	11,833.95
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	14	15,742.09	14,242.70
	(b) Trade receivables	15	14,781.91	12,307.02
	(c) Cash and cash equivalents	16	336.94	710.06
	(d) Short-term loans and advances	17	2,313.72	1,263.25
	(e) Other current assets	18	3.34	140.89
			33,178.00	28,663.92
	<b>TOTAL</b>		<b>47,067.17</b>	<b>40,497.87</b>
	Corporate information and significant accounting policies See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**M. RAMACHANDRAN**  
Partner

Place: Kochi  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

Sd/-  
**KOCHOUSEPH CHITILAPPILLY**  
Vice Chairman

Sd/-  
**A. JACOB KURUVILLA**  
Chief Financial Officer

Place: Kochi  
Date : 30<sup>th</sup> May, 2012

Sd/-  
**MITHUN K. CHITILAPPILLY**  
Managing Director

Sd/-  
**JAYASREE K.**  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ in lakhs)

	Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
<b>1</b>	Revenue from operations (gross)		100,677.92	73,774.66
	Less: Excise duty		1,315.25	1,112.44
	Revenue from operations (net)	19	99,362.67	72,662.22
<b>2</b>	Other income	20	235.22	170.83
<b>3</b>	<b>Total revenues (1+2)</b>		<b>99,597.89</b>	<b>72,833.05</b>
<b>4</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	21.a	28,737.66	22,642.91
	(b) Purchases of stock-in-trade	21.b	42,711.25	31,351.06
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.c	(1,257.97)	(3,228.12)
	(d) Employee benefits expense	22	5,074.16	3,748.20
	(e) Finance costs	23	1,702.53	1,133.38
	(f) Depreciation and amortisation expense	12C	969.36	793.67
	(g) Other expenses	24	14,743.78	10,844.64
	<b>Total expenses</b>		<b>92,680.77</b>	<b>67,285.74</b>
<b>5</b>	<b>Profit / (Loss) before exceptional items and tax (3 - 4)</b>		<b>6,917.12</b>	<b>5,547.31</b>
<b>6</b>	Exceptional item		-	363.61
<b>7</b>	<b>Profit / (Loss) before tax (5 + 6)</b>		<b>6,917.12</b>	<b>5,910.92</b>
<b>8</b>	<b>Tax expense</b>			
	(a) Current tax		2,023.00	1,607.80
	(b) Deferred tax	26.6	(185.98)	39.45
			1,837.02	1,647.25
<b>9</b>	<b>Profit / (Loss) for the year (7 - 8)</b>		<b>5,080.10</b>	<b>4,263.67</b>
<b>10</b>	<b>Earnings per equity share (of ₹ 10 /- each):</b>	26.5		
	(a) Basic & Diluted (Before exceptional item) ₹		17.02	13.30
	(b) Basic & Diluted (After exceptional item) ₹		17.02	14.28
	Corporate information and significant accounting policies. See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**M. RAMACHANDRAN**  
Partner

Place: Kochi  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

Sd/-  
**KOCHOUSEPH CHITILAPPILLY**  
Vice Chairman

Sd/-  
**A. JACOB KURUVILLA**  
Chief Financial Officer

Place: Kochi  
Date : 30<sup>th</sup> May, 2012

Sd/-  
**MITHUN K. CHITILAPPILLY**  
Managing Director

Sd/-  
**JAYASREE K.**  
Company Secretary

**CASH FLOW STATEMENT**

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		6,917.12		5,910.92
<i>Adjustments for:</i>				
Depreciation and amortisation	969.36		793.67	
(Profit) / loss on sale / write off of assets	54.88		10.05	
Finance costs	1,702.53		1,133.38	
Interest income	(86.11)		(47.28)	
Dividend income	-		(20.37)	
Liabilities / provisions no longer required written back	35.26		18.19	
Provision for doubtful trade and other receivables, loans and advances	50.45		58.55	
Net unrealised exchange (gain) / loss	2.20		3.31	
		2,728.57		1,949.50
Operating profit / (loss) before working capital changes		9,645.69		7,860.42
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(1,499.39)		(4,390.02)	
Trade receivables	(2,525.34)		(4,805.65)	
Short-term loans and advances	(1,050.47)		(600.54)	
Long-term loans and advances	(153.03)		(33.21)	
Other current assets	(0.41)		-	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	4,514.10		(271.23)	
Other current liabilities	342.73		324.07	
Other long-term liabilities	155.47		115.52	
Short-term provisions	246.40		109.26	
Long-term provisions	266.52		66.12	
		296.58		(9,485.68)
		9,942.27		(1,625.26)
Net income tax (paid) / refunds		(1,573.59)		(1,810.99)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>8,368.68</b>		<b>(3,436.25)</b>

**CASH FLOW STATEMENT**

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(2,935.73)		(963.35)	
Proceeds from sale of fixed assets	9.30		100.56	
(Increase) / Decrease in Fixed Deposits not considered as cash and cash equivalents	67.99		(121.80)	
Current investments not considered as cash and cash equivalents				
- Purchased	-		(20.37)	
- Proceeds from sale	-		478.05	
Interest received				
- From banks, on loans and advances, etc.	84.18		46.72	
Dividend received				
- From current non-trade investments	-		20.37	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(2,774.26)</b>		<b>(459.82)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	2,136.77		42.41	
Repayment of long-term borrowings	(193.65)		(584.31)	
Net increase / (decrease) in working capital borrowings	(3,572.70)		4,057.72	
Proceeds from short-term borrowings	18,700.00		29,300.00	
Repayment of short-term borrowings	(20,100.00)		(26,900.00)	
Finance cost	(1,660.06)		(1,133.62)	
Dividend paid	(1,040.44)		(890.59)	
Tax on dividend paid	(169.47)		(148.71)	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(5,899.55)</b>		<b>3,742.90</b>





**CASH FLOW STATEMENT**

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(305.13)</b>		<b>(153.17)</b>
Cash and cash equivalents at the beginning of the year		503.01		656.18
<b>Cash and cash equivalents at the end of the year*</b>		<b>197.88</b>		<b>503.01</b>
Reconciliation of cash and cash equivalents with the balance sheet:				
Cash and cash equivalents as per balance sheet (Refer note 16)		336.94		710.06
Less bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer note 16)		(139.06)		(207.05)
<b>Cash and cash equivalents at the end of the year*</b>		<b>197.88</b>		<b>503.01</b>
* Comprises (Refer note 16):				
(a) Cash on hand		2.77		3.19
(b) Cheques, drafts on hand		-		6.18
(c) Balances with banks				
(i) In current accounts		159.30		477.72
(ii) In EEFC accounts		10.01		2.59
(iii) In deposit accounts with original maturity of less than 3 months		8.25		-
(iv) In earmarked accounts (unpaid dividend account)		17.55		13.33
		<b>197.88</b>		<b>503.01</b>

Note : (i) The earmarked account balances with banks can be utilised only for specific identified purposes.

Corporate information and significant accounting policies. Note 1 & 2

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**M. RAMACHANDRAN**  
Partner

Place: Kochi  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

Sd/-  
**KOCHOUSEPH CHITILAPPILLY**  
Vice Chairman

Sd/-  
**A. JACOB KURUVILLA**  
Chief Financial Officer

Place: Kochi  
Date : 30<sup>th</sup> May, 2012

Sd/-  
**MITHUN K. CHITILAPPILLY**  
Managing Director

Sd/-  
**JAYASREE K.**  
Company Secretary

**Notes forming part of the Financial Statements**

Note	Particulars
<p><b>1</b></p>	<p><b>Corporate information</b></p> <p>V-Guard Industries Ltd (‘V-Guard’ or ‘the Company’) is a leading corporation in the Indian electric and electronic goods panorama. V-Guard which started in 1977 as a Stabilizer manufacturer, now has a wide range of products including PVC Cables, Pumps &amp; Motors, Electric Water Heaters, Digital UPS, Fans, L.T.Cable, UPS, Solar Water Heaters, Switchgears and Induction Cooktops.</p> <p>V-Guard has state of the art manufacturing facilities at K.G.Chavady, Coimbatore, Tamil Nadu (manufacturing PVC cables, LT cables &amp; Solar water heaters) at Kashipur, Utharakhand (manufacturing PVC cables) at Kala Amb, Himachal Pradesh (manufacturing Fans &amp; Electric Water Heaters) and at Coimbatore, Tamil Nadu (manufacturing Pumps &amp; Motors).A new factory for manufacturing Solar Water Heaters with improved technology is also coming up at SIPCOT Industrial growth centre, Perundurai, near Erode, Tamil Nadu. Apart from self manufactured goods which forms about 40 % of total turnover, V-Guard also trade in imported goods and goods procured from various production units in India.</p> <p>V-Guard now has pan India presence with 28 branches, an extensive network of about 200 distributors / service centres, 2700 channel partners and over 10000 dealers. V-Guard’s untiring commitment for performance, cutting edge technology, innovative design and dependable service standards have ensured unrivalled product quality leading to its trusted brand image. The Company’s shares are listed in the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).</p>
<p><b>2</b></p>	<p><b>Significant accounting policies</b></p>
<p><b>2.1</b></p>	<p><b>Basis of accounting and preparation of financial statements</b></p> <p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p>
<p><b>2.2</b></p>	<p><b>Use of estimates</b></p> <p>The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p>
<p><b>2.3</b></p>	<p><b>Inventories</b></p> <p>Inventories are valued at the lower of cost determined on weighted average basis and the</p>



net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

#### **2.4 Cash and cash equivalents (for purpose of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **2.6 Depreciation and amortisation**

Depreciation has been provided under the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of Moulds, Patterns and Dies, which are depreciated over their useful life of 5 years, as estimated by the Management. Leasehold land is amortised over the duration of the lease.

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets are amortised over their estimated useful life as follows:

Trademark – 10 years

Computer software – 5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

#### **2.7 Revenue recognition**

##### Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincide with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

#### **2.8 Other income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### **2.9 Tangible fixed assets**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other

incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**2.10 Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer Note 2.20 for accounting for Research and Development Expenses.

**2.11 Foreign currency transactions and translations**

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the Statement of Profit and Loss.

**2.12 Government grants, subsidies and export incentives**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should

purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other Government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

### 2.13 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### 2.14 Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

#### Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as it falls due based on the amount of contribution required to be made.

#### Defined benefit plans

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised 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, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus 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 are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in

which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

**2.15 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**2.16 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenues, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

**2.17 Leases**

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as lessee where substantially all the risks

and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

## **2.18 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## **2.19 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against



which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

**2.20 Research and development expenses**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

**2.21 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**2.22 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**2.23 Provision for warranty**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

**2.24 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.





Notes forming part of the Financial Statements

Note 3 Share Capital

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(a) Authorised: Equity shares of ₹ 10/-each with voting rights	35,000,000	3,500.00	30,000,000	3,000.00
(b) Issued: Equity shares of ₹ 10/- each with voting rights	29,847,520	2,984.75	29,847,520	2,984.75
(c) Subscribed and Fully paid-up: Equity shares of ₹ 10/- each with voting rights	29,847,520	2,984.75	29,847,520	2,984.75
<b>Total</b>	<b>29,847,520</b>	<b>2,984.75</b>	<b>29,847,520</b>	<b>2,984.75</b>

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Changes during the year	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2012			
- Number of shares	29,847,520	-	29,847,520
- Amount (₹ in lakhs)	2,984.75	-	2,984.75
Year ended 31 March, 2011			
- Number of shares	29,847,520	-	29,847,520
- Amount (₹ in lakhs)	2,984.75	-	2,984.75

(ii) Details of shares held by each shareholder holding more than 5% shares :

Class of shares / Name of shareholder	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
Mr. Kochouseph Chittilappilly	7,366,518	24.68	7,366,518	24.68
Ms. Sheela Kochouseph	3,965,980	13.29	3,968,980	13.30
Mr. Arun K Chittilappilly	3,969,697	13.30	3,969,697	13.30
Mr. Mithun K Chittilappilly	4,807,149	16.11	4,792,577	16.06

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(iii) Rights attached to equity shares:

The Company has issued only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March 2012, the amount of per share dividend recommended for distribution to equity shareholders is ₹ 3.50 (31<sup>st</sup> March 2011: ₹ 3.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Note 4 Reserves and Surplus

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Securities Premium</b>		
Opening balance	5,244.46	5,244.46
Add : Additions during the year	-	-
Less : Utilised / transferred during the year	-	-
<b>Closing balance</b>	<b>5,244.46</b>	<b>5,244.46</b>
<b>(b) General Reserve</b>		
Opening balance	2,489.01	1,989.01
Add: Transferred from surplus in Statement of Profit and Loss	700.00	500.00
Less: Utilised / transferred during the year	-	-
<b>Closing balance</b>	<b>3,189.01</b>	<b>2,489.01</b>
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	6,479.56	3,930.02
Add: Profit for the year	5,080.10	4,263.67
Less:		
Dividends proposed to be distributed to equity shareholders (₹ 3.50 per share)	(1,044.66)	(1,044.66)
Tax on dividend	(169.47)	(169.47)
Transferred to General Reserve	(700.00)	(500.00)
<b>Closing balance</b>	<b>9,645.53</b>	<b>6,479.56</b>
<b>Total</b>	<b>18,079.00</b>	<b>14,213.03</b>

**Note 5 Long-term Borrowings**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Term Loans</b>		
From Banks - Secured	1,944.99	237.48
From Other Parties - Secured	27.43	25.82
<b>Total</b>	<b>1,972.42</b>	<b>263.30</b>

(i) Details of terms of repayment and security provided in respect of secured long-term borrowings:

₹ in lakhs

Particulars	Terms of repayment and security	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
		Secured	Unsecured	Secured	Unsecured
State Bank of India	Term loan of ₹ 800 lakhs 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 the joint guarantee of Mr. Kochouseph Chittilapaiy, Managing Director (Upto 31.03.2012) & his wife Ms. Sheela Kochouseph. Repayment term is 23 quarterly installments of ₹ 34 lakhs each and a final installment of ₹ 18 lakhs with the first installment commencing from 30.09.2008 and the last installment falling due during quarter ending 30.06.2014. Interest rate is 13.25% p.a. and shall be payable on the outstandings in the loan accounts computed on daily balance basis duly compounded and debited to the accounts at monthly rests on the last working day of every month.	81.99	-	217.99	-

₹ in lakhs

Particulars	Terms of repayment and security	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
		Secured	Unsecured	Secured	Unsecured
State Bank of Travancore	Term loan of ₹ 1,175 lakhs is secured by way of (a) first charge on the whole of the movable fixed assets including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future pertaining to Solar Water Heater Factory in plot no. KK-12-15 of SIPCOT at Perundurai & the godown in block no.609/1 at Adaragunchi Village, Hubli; (b) creation of equitable mortgage by depositing title deeds and lease deed of 1 acre 22 gundas of land & 34.66 acres of land at Hubli and Perundurai respectively. The loan amount is repayable in 20 equal quarterly installments of ₹ 58.75 lakhs each. The first installment will be due on 30.06.2012 and subsequent installments on or before the same day of each third month thereafter and the interest accrued shall be paid on the respective due dates. Interest rate is 12.25% p.a.	940.00	-	-	-
South Indian Bank	Term loan of ₹ 900 lakhs is secured by way of (a) hypothecation of Plant & Machinery / Assets acquired out of bank finance as primary security; & (b) equitable mortgage on (i) 710.46 cents of land with godown and office building at Thenkurissi Village, Palakkad; (ii) 102 cents of land in Chinakakanni Village at Guntur District, Andhra Pradesh as collateral security. The loan amount is to be repaid in 60 monthly installments (59 monthly installments of ₹ 18.50 lakhs and last installment of ₹ 8.50 Lakh), after initial holiday period of 12 months. Interest rate is 12.25% p.a. Holiday period interest to be serviced.	900.00	-	-	-

₹ in lakhs

Particulars	Terms of repayment and security	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
		Secured	Unsecured	Secured	Unsecured
BMW India Financial Services Private Limited	The term loan of ₹ 36.94 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 60 monthly installments of ₹ 0.78 lakhs from 01.05.2011 to 01.04.2016. Interest rate is 9.60% p.a..	25.01	-	-	-
Axis Bank Ltd.	The term loan of ₹ 6.41 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 60 monthly installments of ₹ 0.14 lakhs from 01.08.2011 to 01.06.2016. Interest rate is 11.56% p.a.	4.57	-	-	-
Axis Bank Ltd.	The term loan of ₹ 18.42 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 60 monthly installments of ₹ 0.4 lakhs from 15.04.2012 to 15.03.2017. Interest rate is 10.69% p.a.	15.62	-	-	-
Dhanlaxmi Bank Ltd.	The term loan of ₹ 9.20 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 36 monthly installment of ₹ 0.29 lakhs from 01.02.2011 to 01.01.2014. Interest rate is 9.03% p.a.	2.81	-	5.92	-
Dhanlaxmi Bank Ltd.	The term loan of ₹ 100 lakhs is secured by way of equitable mortgage of 106.424 cents of land at Edappally South Village, Kanayannur Taluk, Vennala Desom, together with the godown with an area of 1,578.40 sq. meters. Repayment term is monthly installment of ₹ 1.28 lakhs for 7 years from 05.01.2006 to 05.12.2012. Interest rate is 13.25% p.a.	-	-	11.49	-
Cisco Systems Capital India Private Limited	The term loan of ₹ 26 lakhs is secured by the assets, viz., high end network equipments, purchased from CISCO. Repayment term is 12 installment of ₹ 2.48 lakhs payable quarterly in advance from 10.09.2010 to 10.06.2013. Interest rate is 10% p.a. compounded monthly.	2.42	-	11.49	-

₹ in lakhs

Particulars	Terms of repayment and security	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
		Secured	Unsecured	Secured	Unsecured
Cisco Systems Capital India Private Limited	The term loan of ₹ 52.72 lakhs is secured by the assets, viz., softwares and mailing solutions, purchased from CISCO. Repayment term is 12 installment of ₹ 5.02 lakhs payable quarterly in advance from 10.03.2010 to 10.12.2012. Interest rate is 10% p.a. compounded monthly.	-	-	14.33	-
HDFC Bank Ltd.	The term loan of ₹ 6.25 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 36 monthly installments of ₹ 0.17 lakhs in addition to the interest amount, from 15.04.2010 to 15.03.2013. Interest rate is 10% p.a.	-	-	2.08	-
	<b>Total</b>	<b>1,972.42</b>	<b>-</b>	<b>263.30</b>	<b>-</b>

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Term loans from banks	81.99	217.99
	<b>81.99</b>	<b>217.99</b>

(iii) The Company has not defaulted in the repayment of loans and interest during the year.

(iv) For the current maturities of long-term borrowings, refer Note 10 Other Current Liabilities.

**Note 6 Other Long-term Liabilities**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Trade / Security deposits received	976.78	821.32
<b>Total</b>	<b>976.78</b>	<b>821.32</b>

**Note 7 Long-term Provisions**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Provision for Employee Benefits</b>		
Provision for compensated absences	142.24	59.38
<b>(b) Provision - Others</b>		
Provision for Warranty (Refer Note 26.8)	307.03	123.38
<b>Total</b>	<b>449.27</b>	<b>182.76</b>

**Note 8 Short-term Borrowings**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Loans Repayable on Demand</b>		
From Banks:		
Secured	7,020.79	10,993.49
Unsecured	1,500.00	2,500.00
<b>Total</b>	<b>8,520.79</b>	<b>13,493.49</b>

Notes:

(i) Details of security for the secured short-term borrowings:

₹ in lakhs

Particulars	Nature of security	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Dhanlaxmi Bank Ltd.	Secured by hypothecation by way of pari passu first charge on all current assets of the Company, both present and future, including stock of goods, 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.	566.00	4,960.45
HDFC Bank Ltd.		1,129.38	1,400.00
The Federal Bank Ltd.		975.99	-
Standard Chartered Bank		328.94	548.91
State Bank of India		2,520.48	2,584.13
Citibank NA		1,500.00	1,500.00
<b>Total</b>			<b>7,020.79</b>

## Note 9 Trade Payables

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Acceptances</b>	4,362.15	984.88
<b>(b) Other than Acceptances:</b>		
- Dues to Micro and Small Enterprises (Refer note 25.2)	1,001.75	958.77
- Others	4,451.01	3,319.69
<b>Total</b>	<b>9,814.91</b>	<b>5,263.34</b>

## Note 10 Other Current Liabilities

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Current Maturities of Long-term Debt</b> (Refer Note (i) below)	421.72	187.47
<b>(b) Interest Accrued but not due on Borrowings</b>	47.48	21.00
<b>(c) Interest Accrued and due on Borrowings</b>	41.26	25.52
<b>(d) Unpaid Dividends</b> (Unpresented dividend warrants)	17.55	13.33
<b>(e) Other Payables:</b>		
(i) Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, etc.)	1,224.52	748.52
(ii) Contractually Reimbursable Expenses	0.09	48.55
(iii) Advances from Customers	87.90	105.55
(iv) Others	4.92	72.07
<b>Total</b>	<b>1,845.44</b>	<b>1,222.01</b>

Note (i): Current maturities of long-term debt (Refer Note 5(i) Long-term Borrowings for details of security and guarantee):

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Term loans</b>		
From Banks - Secured	388.98	161.74
From Other Parties - Secured	32.74	25.73
<b>Total</b>	<b>421.72</b>	<b>187.47</b>



**Note 11 Short-term Provisions**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Provision for Employee Benefits</b>		
Provision for Compensated Absences	24.94	3.13
<b>(b) Provision - Others:</b>		
(i) Provision for Tax (Net of Advance Tax: ₹ 1,699 lakhs)	309.52	-
(ii) Provision for Warranty (Refer Note 26.8)	448.92	224.33
(iii) Provision for Proposed Equity Dividend	1,044.66	1,044.66
(iv) Provision for Tax on Proposed Dividends	169.47	169.47
<b>Total</b>	<b>1,997.51</b>	<b>1,441.59</b>

**Note 12 Fixed Assets**

₹ in lakhs

A.	Tangible Assets	Gross Block					Balance as at 31 <sup>st</sup> March, 2012
		Balance as at 1 <sup>st</sup> April, 2011	Additions	Disposals	Borrowing cost capitalised	Other adjustments	
	<b>a) Land</b>						
	Freehold	1,442.45	382.36	-	-	-	1,824.81
	Leasehold	426.38	37.58	-	-	-	463.96
	<b>(b) Buildings</b>						
	Own use	4,698.94	592.74	48.51	13.16	-	5,256.33
	<b>(c) Plant and Equipments</b>						
	Owned	5,618.70	233.44	72.03	-	-	5,780.11
	<b>(d) Furniture and Fixtures</b>						
	Owned	301.72	49.64	63.79	-	-	287.57
	<b>(e) Vehicles</b>						
	Owned	195.25	74.32	12.17	-	-	257.40
	<b>(f) Office Equipments</b>						
	Owned	222.84	36.36	13.01	-	-	246.19
	<b>(g) Computers</b>						
	Owned	570.23	184.46	64.91	-	-	689.78
	<b>Total</b>	<b>13,476.51</b>	<b>1,590.90</b>	<b>274.42</b>	<b>13.16</b>	<b>-</b>	<b>14,806.15</b>
	Previous Year	12,665.33	988.61	177.43	-	-	13,476.51

₹ in lakhs

A.	Tangible Assets	Accumulated Depreciation and Impairment			Net Block	
		Balance as at 1 <sup>st</sup> April, 2011	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 <sup>st</sup> March, 2012	Balance as at 31 <sup>st</sup> March, 2012
	<b>(a) Land</b>					
	Freehold	-	-	-	-	1,824.81
	Leasehold	6.10	4.60	-	10.70	453.26
	<b>(b) Buildings</b>					
	Own use	332.70	105.42	18.09	420.03	4,836.30
	<b>(c) Plant and Equipments</b>					
	Owned	1,806.38	545.98	67.24	2,285.12	3,494.99
	<b>(d) Furniture and Fixtures</b>					
	Owned	134.53	38.97	62.43	111.07	176.50
	<b>(e) Vehicles</b>					
	Owned	50.34	22.97	3.94	69.37	188.03
	<b>(f) Office Equipments</b>					
	Owned	54.82	15.46	11.57	58.71	187.48
	<b>(g) Computers</b>					
	Owned	231.53	95.90	64.94	262.49	427.29
	<b>Total</b>	<b>2,616.40</b>	<b>829.30</b>	<b>228.21</b>	<b>3,217.49</b>	<b>11,588.66</b>
	Previous Year	2,058.66	624.57	66.83	2,616.40	10,860.10

₹ in lakhs

B.	Intangible Assets	Gross Block					
		Balance as at 1 <sup>st</sup> April, 2011	Additions	Disposals	Borrowing cost capitalised	Other adjustments	Balance as at 31 <sup>st</sup> March, 2012
	<b>(a) Trademark</b>	1,062.07	-	-	-	-	1,062.07
	<b>(b) Computer Software</b>	81.11	356.90	53.69	-	-	384.32
	<b>Total</b>	<b>1,143.18</b>	<b>356.90</b>	<b>53.69</b>	<b>-</b>	<b>-</b>	<b>1,446.39</b>
	Previous Year	1,124.08	63.31	44.21	-	-	1,143.18

₹ in lakhs

B.	Intangible Assets	Accumulated Depreciation and Impairment			Net Block	
		Balance as at 1 <sup>st</sup> April, 2011	Depreciation/ amortisation/ expense for the year	Eliminated on disposal of assets	Balance as at 31 <sup>st</sup> March, 2012	Balance as at 31 <sup>st</sup> March, 2012
	(a) Trademark	594.21	107.97	-	702.18	467.86
	(b) Computer Software	31.64	32.09	35.72	28.01	49.45
	<b>Total</b>	<b>625.85</b>	<b>140.06</b>	<b>35.72</b>	<b>730.19</b>	<b>517.31</b>
	Previous Year	500.98	169.10	44.21	625.87	623.10

₹ in lakhs

C.	Depreciation and Amortisation	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
	Depreciation and amortisation for the year on tangible assets	829.30	624.57
	Amortisation for the year on intangible assets	140.06	169.10
	<b>Total</b>	<b>969.36</b>	<b>793.67</b>

**Note 13 Long-term Loans and Advances**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Capital Advances</b>		
Unsecured, considered good	66.85	55.27
Doubtful	20.00	20.00
	86.85	75.27
Less: Provision for doubtful advances	(20.00)	(20.00)
	66.85	55.27
<b>(b) Security Deposits</b>		
Unsecured, considered good	334.83	251.14
<b>(c) Loans and Advances to Employees</b>		
Unsecured, considered good	66.53	4.38
Doubtful	2.59	2.59
	69.12	6.97
Less: Provision for doubtful loans and advances	(2.59)	(2.59)
	66.53	4.38
<b>(d) Prepaid Expenses -</b>		
Unsecured, considered good	8.05	0.86
<b>Total</b>	<b>476.26</b>	<b>311.65</b>

## Note 14 Inventories (At lower of cost and net realisable value)

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) <b>Raw Materials</b>	1,603.51	1,493.31
Goods-in-Transit	796.66	86.76
	2,400.17	1,580.07
(b) <b>Work-in-Progress</b> (Refer Note below)	1,454.23	1,684.55
(c) <b>Finished Goods</b> (other than those acquired for trading)	3,700.51	4,120.10
(d) <b>Stock-in-Trade</b> (acquired for trading)	7,568.71	5,660.83
Goods-in-Transit	-	700.36
	7,568.71	6,361.19
(e) <b>Stores and Spares</b>	462.22	361.77
(f) <b>Packing Materials</b>	156.25	135.02
<b>Total</b>	<b>15,742.09</b>	<b>14,242.70</b>

Note: Details of inventory of Work-in-Progress:

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 March, 2011
PVC Insulated Cables	753.63	786.93
LT Power & Control Cables	272.48	257.00
Single Phase Pumps	137.91	260.51
Other items	290.21	380.11
<b>Total</b>	<b>1,454.23</b>	<b>1,684.55</b>

## Note 15 Trade Receivables

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	12.83	0.64
Unsecured, considered good	117.12	16.86
Doubtful	138.67	99.03
	268.62	116.53
Less: Provision for doubtful trade receivables	(138.67)	(99.03)
	129.95	17.50
Other Trade Receivables		
Secured, considered good	937.86	874.08
Unsecured, considered good	13,714.11	11,415.44
	14,651.97	12,289.52
<b>Total</b>	<b>14,781.92</b>	<b>12,307.02</b>

**Note 16 Cash and Cash Equivalents**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Cash on hand</b>	2.77	3.19
<b>(b) Cheques / drafts on hand</b>	-	6.18
<b>(c) Balances with banks</b>		
(i) In current accounts	159.30	477.72
(ii) In EEFC accounts	10.01	2.59
(iii) In deposit accounts	8.25	-
(iv) In earmarked accounts		
- Deposit accounts	139.06	207.05
- Unpaid dividend accounts	17.55	13.33
<b>Total</b>	<b>336.94</b>	<b>710.06</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i> is	197.88	503.01

**Note 17 Short-term Loans and Advances**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Security Deposits</b>		
Unsecured, considered good	56.00	38.10
<b>(b) Loans and Advances to Employees</b>		
Unsecured, considered good	9.82	26.41
<b>(c) Prepaid Expenses</b>		
Unsecured, considered good	92.26	159.60
<b>(d) Balances with Government Authorities</b>		
Unsecured, considered good		
(i) CENVAT Credit Receivable	263.37	33.30
(ii) VAT Credit Receivable	295.47	271.22
(iii) Service Tax Credit Receivable	9.07	12.52
<b>(e) Advance to Suppliers</b>		
Unsecured, considered good	1,352.42	649.13
<b>(f) Others</b>		
Unsecured, considered good	235.31	72.97
<b>Total</b>	<b>2,313.72</b>	<b>1,263.25</b>

**Note 18 Other Current Assets**

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(i) Insurance Claims Receivable</b>	0.85	0.44
<b>(ii) Advance Income Tax</b> (Net of Provision ₹ 5254.24 lakhs)	-	139.90
<b>(iii) Interest Receivable</b>	2.49	0.55
<b>Total</b>	<b>3.34</b>	<b>140.89</b>

## Note 19 Revenue from Operations

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(a) <b>Sale of products</b> (Refer Note (i) below)	99,971.22	73,444.56
(b) <b>Other Operating Revenues</b> (Refer Note (ii) below)	706.70	330.10
<u>Less:</u>	100,677.92	73,774.66
(c) Excise Duty	1,315.25	1,112.44
<b>Total</b>	<b>99,362.67</b>	<b>72,662.22</b>

₹ in lakhs

Note	Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(i)	Sale of Products comprise:		
	<u>Manufactured Goods</u>		
	PVC Insulated Cables	28,377.57	21,047.52
	LT Power & Control Cables	6,302.51	4,461.98
	Solar Water Heater	2,570.84	2,123.87
	Others	3,696.14	2,095.80
	<b>Total - Sale of Manufactured Goods</b>	<b>40,947.06</b>	<b>29,729.17</b>
	<u>Traded Goods</u>		
	Stabilizer	20,059.09	16,674.35
	Pump	13,621.24	10,862.99
	Water Heater	7,204.05	5,437.45
	Electric Fan	5,721.53	4,914.52
	Digital UPS	7,267.67	1,225.02
Others	5,150.58	4,601.06	
<b>Total - Sale of Traded Goods</b>	<b>59,024.16</b>	<b>43,715.39</b>	
<b>Total - Sale of Products</b>	<b>99,971.22</b>	<b>73,444.56</b>	
(ii)	Other Operating Revenues comprise:		
	Service Charges	24.87	28.03
	Sale of Scrap	681.83	302.07
	<b>Total</b>	<b>706.70</b>	<b>330.10</b>

**Note 20 Other Income**

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(a) <b>Interest Income</b> (Refer Note (i) below)	86.11	47.28
(b) <b>Dividend Income:</b> From current non-trade investments	-	20.37
(c) <b>Other Non-operating Income</b> (net of expenses directly attributable to such income) (Refer Note (ii) below)	149.11	103.18
<b>Total</b>	<b>235.22</b>	<b>170.82</b>

₹ in lakhs

Note	Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(i)	Interest Income comprise: From Banks on Deposits On Loans and Advances On Overdue Trade Receivables On Income Tax Refund Others	10.00 3.20 61.58 11.17 0.16	11.62 - 35.66 - -
	<b>Total</b>	<b>86.11</b>	<b>47.28</b>
(ii)	Other Non-operating Income comprise: Mould Hire charges Liabilities / Provisions no longer required written back Cheque Bounce Charges Miscellaneous Income	30.92 35.27 18.35 64.57	44.83 18.19 11.14 29.02
	<b>Total</b>	<b>149.11</b>	<b>103.18</b>

**Note 21.a Cost of Materials Consumed**

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Opening Stock	1,493.31	800.48
Add: Purchases	28,847.86	23,335.74
	30,341.17	24,136.22
Less: Closing Stock	1,603.51	1,493.31
<b>Cost of Materials Consumed</b>	<b>28,737.66</b>	<b>22,642.91</b>
Materials Consumed comprise:		
(i) Copper	19,435.88	15,595.94
(ii) PVC	2,815.27	2,185.36
(iii) Aluminium	2,084.34	1,543.02
(iv) Other items	4,402.17	3,318.59
<b>Total</b>	<b>28,737.66</b>	<b>22,642.91</b>

## Note 21.b Purchase of Stock-in-Trade

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(i) Stabilizer	13,294.67	10,074.07
(ii) Pump	10,163.16	8,148.55
(iii) Digital UPS	5,513.22	2,470.10
(iv) Electric Fan	5,985.93	4,423.32
(v) Water Heater	3,659.79	3,428.65
(vi) Others	4,094.48	2,806.37
<b>Total</b>	<b>42,711.25</b>	<b>31,351.06</b>

## Note 21.c Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<u>Inventories at the end of the year:</u>		
Finished Goods	3,700.51	4,120.10
Work-in-progress	1,454.23	1,684.55
Stock-in-trade	7,568.71	5,660.83
	<b>12,723.45</b>	<b>11,465.48</b>
<u>Inventories at the beginning of the year:</u>		
Finished Goods	4,120.10	2,961.06
Work-in-progress	1,684.55	1,101.65
Stock-in-trade	5,660.83	4,174.65
	<b>11,465.48</b>	<b>8,237.36</b>
<b>Net (Increase) / Decrease</b>	<b>(1,257.97)</b>	<b>(3,228.12)</b>

## Note 22 Employee Benefits Expense

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(a) Salaries and Wages	4,482.59	3,377.72
(b) Contributions to Provident and Other Funds	360.78	175.63
(c) Staff Welfare Expenses	230.79	194.85
<b>Total</b>	<b>5,074.16</b>	<b>3,748.20</b>

## Note 23 Finance Costs

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Interest expense on:		
(i) Borrowings	1,585.97	1,058.03
(ii) Others		
- Interest on delayed / deferred payment of income tax	30.09	-
- Interest on deposits from distributors	86.47	75.35
<b>Total</b>	<b>1,702.53</b>	<b>1,133.38</b>



**Note 24 Other Expenses**

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Consumption of Stores and Spare Parts	733.22	465.02
Consumption of Packing Materials	149.19	154.49
Power and Fuel	475.68	372.54
Rent	386.41	165.94
Repairs and Maintenance - Buildings	29.25	26.23
Repairs and Maintenance - Machinery	110.64	94.84
Repairs and Maintenance - Others	232.78	174.82
Insurance	94.51	52.83
Rates and Taxes	299.20	231.67
Communication	160.22	166.74
Travelling and Conveyance	853.63	599.91
Printing and Stationery	60.60	56.40
Freight and Forwarding	822.78	552.03
Sales Commission	30.98	10.97
Sales Discount	3,675.16	3,050.95
Business Promotion	3,815.28	2,766.95
Donations and Contributions	66.30	25.86
Legal and Professional	87.97	81.52
Payments to Statutory Auditors (Refer Note (i) below)	24.87	20.82
Bad Trade and Other Receivables, Loans and Advances written off	7.63	1.09
Net Loss on Foreign Currency Transactions and Translation (other than considered as finance cost)	34.05	17.47
Loss on Fixed Assets sold / scrapped / written off	54.88	10.05
Provision for Doubtful Trade and Other Receivables, Loans and Advances (net)	50.45	58.55
Warranty Expenses	901.67	407.51
Miscellaneous Expenses	1,586.43	1,279.44
<b>Total</b>	<b>14,743.78</b>	<b>10,844.64</b>

Note:

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
(i) Payments to Statutory Auditors comprise:		
Statutory Audit Fees	12.00	12.00
Tax Audit Fees	2.00	2.00
Limited Review Fees	7.00	4.00
Fees for Other Services	-	0.43
Reimbursement of Expenses	1.27	0.45
Service Tax	2.60	1.94
<b>Total</b>	<b>24.87</b>	<b>20.82</b>

## Note 25 Additional Information to the Financial Statements

₹ in lakhs

Note	Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011	
25.1	<b>Contingent liabilities and commitments (to the extent not provided for)</b>			
	<b>(i) Contingent liabilities</b>			
	(a) Claims against the Company not acknowledged as debt	9.05	7.05	
	(b) Guarantees	153.75	-	
	(c) Other money for which the Company is contingently liable	681.38	759.48	
		<b>844.18</b>	<b>766.53</b>	
	<b>(ii) Commitments</b>			
	Estimated amount of contracts remaining to be executed on capital account and not provided for:			
	Tangible assets	182.62	1,572.12	
		<b>182.62</b>	<b>1,572.12</b>	
25.2	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>			
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,001.75	958.77	
	(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	
	(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	
	(iv) The amount of interest due and payable for the year	-	-	
	(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	
	(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	
	Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.			
25.3	<b>Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges</b> The Company has not given any loans and advances in the nature of loans to subsidiaries, associates or others, and there are no investments in the shares of the Company by such parties.			
25.4	<b>Details on unhedged foreign currency exposures</b> The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below. The accounting for these transactions is stated in Note 2.11.			
	<b>As at 31<sup>st</sup> March, 2012</b>		<b>As at 31<sup>st</sup> March, 2011</b>	
	<b>Receivable/ (Payable) ₹ in lakhs</b>	<b>Receivable/ (Payable) in Foreign currency \$ in lakhs</b>	<b>Receivable/ (Payable) ₹ in lakhs</b>	<b>Receivable/ (Payable) in Foreign currency \$ in lakhs</b>
	201.24	\$3.97	197.04	\$4.45

₹ in lakhs

Note	Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
25.5	<b>Value of Imports calculated on CIF basis</b>		
	Finished Goods	4,560.54	3,306.32
	Raw Materials	407.10	266.46
	Components and Spare Parts	131.54	87.60
	<b>Total</b>	<b>5,099.18</b>	<b>3,660.38</b>
25.6	<b>Expenditure in Foreign Currency</b>		
	Travelling expenses	5.71	6.02
25.7	<b>Details of Consumption of Imported and Indigenous items</b>	<b>₹ in lakhs</b>	<b>%</b>
	<u>Imported</u>		
	Raw Materials	393.55	1%
		(255.37)	(1%)
	Components & Spares	109.98	15%
		(52.19)	(11%)
	<b>Total</b>	503.53	2%
		(307.56)	(1%)
	<u>Indigenous</u>		
	Raw Materials	28,344.11	99%
		(22,387.54)	(99%)
	Components & Spares	623.23	85%
		(412.83)	(89%)
	<b>Total</b>	28,967.34	98%
		(22,800.37)	(99%)
Note: Figures / percentages in brackets relate to the previous year			
25.8	<b>Earnings in Foreign Exchange</b>	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
	Export of goods calculated on FOB basis	9.68	2.25
25.9	The Company has deposited the dividends payable to non-resident shareholders into their Rupee account with various banks in India and hence the disclosure of amounts remitted in foreign currency during the year to non-resident shareholders on account of dividend is not applicable.		

## Note 26 Disclosures under Accounting Standards

Note	Particulars	
26.1	<b>Employee Benefit Plans</b>	
	<u>Defined Contribution Plan - Provident Fund</u>	
	<p>The Company makes Provident Fund contributions to a defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 193.44 lakhs (Year ended 31st March, 2011: ₹ 153.38 lakhs) towards Provident Fund contributions in the Statement of Profit and Loss. The contribution payable to this plan by the Company is at the rate specified in the rules of the scheme.</p>	
	<u>Defined Benefit Plan - Gratuity</u>	
	<p>The following table sets out the funded status of the gratuity scheme and the amount recognised in the financial statements:</p>	
		₹ in lakhs
	Particulars	For the year ended 31 <sup>st</sup> March, 2012
		For the year ended 31 <sup>st</sup> March, 2011
	<b>Components of employer expense:</b>	
	Current service cost	25.98
	Interest cost	12.34
	Expected return on plan assets	(18.96)
	Past service cost	-
	Actuarial losses/(gains)	143.99
	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>163.35</b>
	<b>Actual contribution and benefit payments for year:</b>	
	Actual benefit payments	20.72
	Actual contributions	160.98
	<b>Net asset / (liability) recognised in the Balance Sheet:</b>	
	Present value of defined benefit obligation	336.55
	Fair value of plan assets	352.27
	Funded status [Surplus / (Deficit)]	15.72
	Unrecognised past service costs	-
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>15.72</b>
	<b>Change in defined benefit obligations (DBO) during the year:</b>	
	Present value of DBO at beginning of the year	164.62
	Current service cost	25.98
	Interest cost	12.34
	Actuarial (gains) / losses	154.33
	Past service cost	-
	Benefits paid	(20.72)
	<b>Present value of DBO at the end of the year</b>	<b>336.55</b>
		<b>164.62</b>



₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>Change in fair value of assets during the year:</b>		
Plan assets at beginning of the year	182.70	179.04
Expected return on plan assets	18.96	13.43
Actual company contributions	160.98	2.57
Actuarial gain / (loss)	10.35	2.59
Benefits paid	(20.72)	(14.93)
<b>Plan assets at the end of the year</b>	<b>352.27</b>	<b>182.70</b>
Actual return on plan assets	29.30	16.02
<b>Composition of the plan assets is as follows:</b>		
Government Bonds	-	-
PSU Bonds	-	-
Equity Mutual Funds	-	-
Insurer Managed Assets	352.27	182.70
<b>Actuarial assumptions:</b>		
Discount Rate	8.60%	8.00%
Expected Return on Plan Assets	8.00%	7.50%
Salary Escalation	6.00%	4.00%
Attrition	Marketing - 15% & Non-Marketing-7%	Marketing - 15% & Non-Marketing-7%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Performance percentage considered	NA	NA
Estimate of amount of contribution in the immediate next year	Not Available*	Not Available*

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

\*Details were not available in the actuarial valuation report received from the actuary.

**Experience Adjustments:**

₹ in lakhs

Gratuity	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of DBO	336.55	164.62	142.74	121.41	83.28
Fair value of plan assets	352.27	182.70	179.04	171.42	123.20
Funded status [Surplus / (Deficit)]	15.72	18.08	36.30	50.01	39.92
Experience gain / (loss) adjustments on plan liabilities	(122.08)	Not Available*	Not Available*	Not Available*	Not Available*
Experience gain / (loss) adjustments on plan assets	10.35	Not Available*	Not Available*	Not Available*	Not Available*

Note	₹ in lakhs	
<b>Actuarial assumptions for long-term compensated absences</b>	<b>For the year ended 31<sup>st</sup> March, 2012</b>	<b>For the year ended 31<sup>st</sup> March, 2011</b>
Discount Rate	8.60%	8.00%
Expected Return on Plan Assets	-	-
Salary Escalation	6.00%	4.00%
Attrition	Marketing - 15% & Non-Marketing-7%	Marketing - 15% & Non-Marketing-7%
<p>The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.</p> <p>The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.</p> <p>*Details were not available in the actuarial valuation report received from the actuary.</p>		
<b>26.2</b>	<b>Details of Borrowing Costs Capitalised</b>	
	₹ in lakhs	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2012</b>	<b>For the year ended 31<sup>st</sup> March, 2011</b>
Borrowing costs capitalised during the year:		
- as tangible fixed assets	13.16	-
- as capital work-in-progress	23.75	-
	<b>36.91</b>	-
<b>26.3</b>	<b>Segment Information</b>	
<p>The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily (a) Electronic Products, (b) Electrical / Electro Mechanical Products and (c) Others. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Company's operations are situated predominantly in one geographical area, viz., India, and hence secondary Geographical segment information is not applicable.</p>		

Particulars	For the year ended 31 <sup>st</sup> March, 2012				
	Business Segments			Eliminations	Total
	Electronics	Electrical/Electro Mechanical	Others		
Revenues	31,572.59 (21,566.49)	64,503.77 (48,439.71)	3,286.31 (2,656.02)	- -	99,362.67 (72,662.22)
Inter-segment Revenue	- (-)	- (-)	- (-)	- (-)	- (-)
Total	31,572.59 (21,566.49)	64,503.77 (48,439.71)	3,286.31 (2,656.02)	- (-)	99,362.67 (72,662.22)
Segment Results	4,577.50 (3,476.39)	3,555.80 (2,910.68)	695.14 (432.81)	- (-)	8,828.44 (6,819.88)
Unallocable Expenses (net)					2,132.16 (1,050.14)
Operating Income					6,696.28 (5,769.74)
Other Income (net)					220.84 (141.18)
Profit Before Taxes					6,917.12 (5,910.92)
Tax Expense					1,837.02 (1,647.25)
<b>Net Profit for the Year</b>					<b>5,080.10</b> <b>(4,263.67)</b>
Note : Figures in brackets relate to previous year					
Particulars	For the year ended 31 <sup>st</sup> March, 2012				
	Business Segments			Total	
	Electronics	Electrical/ Electro Mechanical	Others		
Segment Assets	9,543.04 (6,145.29)	27,647.20 (25,602.81)	2,460.07 (1,292.20)	39,650.31 (33,040.30)	
Unallocable Assets				7,416.86 (7,457.57)	
<b>Total Assets</b>				<b>47,067.17</b> <b>(40,497.87)</b>	
Segment Liabilities	1,752.63 (1,161.47)	1,476.65 (3,063.77)	157.63 (100.83)	3,386.91 (4,326.07)	
Unallocable Liabilities				22,190.22 (18,361.74)	
<b>Total Liabilities</b>				<b>25,577.13</b> <b>(22,687.81)</b>	

Note	Particulars	For the year ended 31 <sup>st</sup> March, 2012			
		Business Segments			Total
		Electronics	Electrical/Electro Mechanical	Others	
	<u>Other Information</u>				
	Capital Expenditure (allocable)	-	248.02	27.29	275.31
		(-)	(379.53)	(6.89)	(386.42)
	Capital Expenditure (unallocable)				1,685.57
					(576.91)
	Total Capital Expenditure				1,960.88
					(963.33)
	Depreciation and Amortisation (allocable)	-	505.75	19.62	525.37
		(-)	(401.48)	(40.71)	(442.19)
	Depreciation and Amortisation (unallocable)				444.00
					(351.48)
	Total Depreciation and Amortisation				969.37
					(793.67)
	Other Significant Non-cash Expenses (allocable)	-	-	-	-
		(-)	(-)	(-)	(-)
	Other Significant Non-cash Expenses (unallocable)				-
					(-)
	Total Other Significant Non-cash Expenses				-
					(-)
	Note: Figures in bracket relates to the previous year				
26.4	<b>Related Party Transactions</b>				
(a)	<b>Details of Related Parties:</b>				
	<b>Description of Relationship</b>	<b>Names of Related Parties</b>			
	Key Management Personnel (KMP)	Mr. P.G.R. Prasad - Chairman Mr. Kochouseph Chittilappilly - Managing Director Mr. Mithun K. Chittilappilly - Executive Director and Son of Mr. Kochouseph Chittilappilly Dr. George Sleeba - Joint Managing Director			
	Relatives of KMP	Ms. Sheela Kochouseph - Wife of Mr. Kochouseph Chittilappilly Mr. Arun K. Chittilappilly - Son of Mr. Kochouseph Chittilappilly Mr. C. T. John - Brother of Mr. Kochouseph Chittilappilly			
	Company in which KMP / Relatives of KMP can exercise significant influence	M/s. Wonderla Holidays Private Limited M/s. V-Star Creations Private Limited M/s. Veegaland Developers Private Limited			
	Note: Related parties have been identified by the Management.				





(b) Details of related party transactions during the year ended 31 March, 2012 and balances outstanding on that date: (₹ in lakhs)					
Name of the Related Party	Nature of Transaction	2011-12	Balance Outstanding on 31.03.2012	2010-11	Balance Outstanding on 31.03.2011
Mr. Kochouseph Chittilappilly	Rent Paid	-	-	0.68	-
	Dividend Paid	257.83	-	221.06	-
	Remuneration	130.88	-	113.96	-
	Commission	-	71.64	-	57.64
	Guarantees and Collateral Securities	-	1,300.00	-	1,300.00
Mr. Mithun K Chittilappilly	Dividend Paid	167.74	-	143.78	-
	Remuneration	53.85	-	47.48	-
	Commission	-	35.82	-	28.82
Mr. Arun K Chittilappilly	Dividend Paid	138.94	-	137.00	-
Ms. Sheela Kochouseph	Dividend Paid	138.81	-	136.98	-
	Guarantees and Collateral Securities	-	800.00	-	800.00
Mr. P. G. R Prasad	Remuneration	5.50	-	5.00	-
	Commission	-	2.75	-	2.25
Dr. George Sleeba	Remuneration	54.72	-	48.02	-
	Commission	-	25.00	-	24.02
Mr. C T John	Dividend Paid	0.05	-	0.04	-
M/s. Veegaland Developers Private Limited	Sale of Fixed Assets	-	-	438.63	-
26.5	<b>Earnings Per Share</b>		<b>For the year ended 31<sup>st</sup> March, 2012</b>		<b>For the year ended 31<sup>st</sup> March, 2011</b>
	<u>Basic &amp; Diluted before Exceptional Item</u>				
	Net Profit for the year before Exceptional Item attributable to Equity Shareholders (₹ in lakhs)		5,080.10		3,969.73
	Weighted Average Number of Equity Shares		29847520		29847520
	Par Value per Equity Share (in ₹)		10.00		10.00
<b>Basic&amp;Diluted Earnings Per Share before Exceptional Item (in ₹)</b>		<b>17.02</b>		<b>13.30</b>	

Note	Particulars		
	<b>Earnings Per Share</b>	<b>For the year ended 31<sup>st</sup> March, 2012</b>	<b>For the year ended 31<sup>st</sup> March, 2011</b>
	₹ in lakhs		
	<u>Basic &amp; Diluted after Exceptional Item</u>		
	Net Profit for the year before Exceptional Item (₹ in lakhs)	5,080.10	3,969.73
	Add / (Less): Exceptional Item (Net of tax) (₹ in lakhs)	-	293.94
	Net Profit after Exceptional Item attributable to Equity Shareholders (₹ in lakhs)	5,080.10	4,263.67
	Weighted Average Number of Equity Shares	29847520	29847520
	Par Value per Equity Share (in ₹)	10.00	10.00
	<b>Basic &amp; Diluted Earnings Per Share after Exceptional Item (in ₹)</b>	<b>17.02</b>	<b>14.28</b>
			₹ in lakhs
26.6	<b>Deferred Tax (Liability) / Asset</b>	<b>For the year ended 31<sup>st</sup> March, 2012</b>	<b>For the year ended 31<sup>st</sup> March, 2011</b>
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(773.34)	(784.27)
	Tax effect of items constituting deferred tax liability	(773.34)	(784.27)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for doubtful debts /advances	45.61	33.77
	Disallowances under Section 43B of the Income Tax Act, 1961	56.16	22.73
	Others	245.27	115.49
	Tax effect of items constituting deferred tax assets	347.04	171.99
	<b>Net Deferred Tax (Liability) / Asset</b>	<b>(426.30)</b>	<b>(612.28)</b>
			₹ in lakhs
26.7	<b>Details of Research and Development Expenditure recognised as an Expense</b>	<b>For the year ended 31<sup>st</sup> March, 2012</b>	<b>For the year ended 31<sup>st</sup> March, 2011</b>
	Materials	44.50	41.27
	Employee Benefits Expense	107.45	83.63
	Professional Fees	14.46	-
	Consumables	2.71	1.51
	Travelling Expenses	0.02	-
	Others	7.30	5.42
	<b>Total</b>	<b>176.44</b>	<b>131.83</b>

Note																									
26.8	<p><b>Details of Provisions</b>                      The Company has made provision for warranties based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below: <span style="float: right;">₹ in lakhs</span></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 15%;">As at 1<sup>st</sup> April, 2011</th> <th style="width: 15%;">Additions</th> <th style="width: 15%;">Utilisation / Reversal</th> <th style="width: 25%;">As at 31<sup>st</sup> March, 2012</th> </tr> </thead> <tbody> <tr> <td>Provision for Warranty</td> <td style="text-align: center;">347.71</td> <td style="text-align: center;">632.57</td> <td style="text-align: center;">224.33</td> <td style="text-align: center;">755.95</td> </tr> <tr> <td></td> <td style="text-align: center;">(187.54)</td> <td style="text-align: center;">(347.71)</td> <td style="text-align: center;">(187.54)</td> <td style="text-align: center;">(347.71)</td> </tr> </tbody> </table> <p>Note: - Figures in brackets relate to the previous year.</p> <p>Of the above, the following amounts are expected to be incurred within a year: <span style="float: right;">₹ in lakhs</span></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 30%;">As at 31<sup>st</sup> March, 2012</th> <th style="width: 30%;">As at 31<sup>st</sup> March, 2011</th> </tr> </thead> <tbody> <tr> <td>Provision for Warranty</td> <td style="text-align: center;">448.92</td> <td style="text-align: center;">224.33</td> </tr> </tbody> </table>				Particulars	As at 1 <sup>st</sup> April, 2011	Additions	Utilisation / Reversal	As at 31 <sup>st</sup> March, 2012	Provision for Warranty	347.71	632.57	224.33	755.95		(187.54)	(347.71)	(187.54)	(347.71)	Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	Provision for Warranty	448.92	224.33
Particulars	As at 1 <sup>st</sup> April, 2011	Additions	Utilisation / Reversal	As at 31 <sup>st</sup> March, 2012																					
Provision for Warranty	347.71	632.57	224.33	755.95																					
	(187.54)	(347.71)	(187.54)	(347.71)																					
Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011																							
Provision for Warranty	448.92	224.33																							
27	<p>The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.</p>																								



**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 12<sup>th</sup> July, 2012.
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 12<sup>th</sup> July, 2012.
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 12<sup>th</sup> July, 2012.**





**V-GUARD INDUSTRIES LIMITED**

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

**PROXY FORM**

**Sixteenth Annual General Meeting – 25<sup>th</sup> July, 2012**

FolioNo./DP Client ID 

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I/We.....of .....in the district of .....being 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 Sixteenth Annual General Meeting of the Company to be held on Wednesday, the 25<sup>th</sup> Day of July, 2012 at 10.00 AM at IMA House, Behind Jawaharlal Nehru Stadium, Jawaharlal Nehru Stadium Road, Kaloor, Palarivattom P.O., Cochin - 682 025 and at any adjournment thereof.

Signed this..... day of.....2012

Affix Revenue Stamp
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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****Sixteenth Annual General Meeting – 25<sup>th</sup> July, 2012**

Folio No./DP Client ID

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No. of Shares held

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For Physical Shareholders only

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

I hereby record my presence at the Sixteenth Annual General Meeting of the Company at 10.00 A.M. at IMA House, Behind Jawaharlal Nehru Stadium, Jawaharlal Nehru Stadium Road, Kaloor, Palarivattom P.O., Cochin - 682 025 on Wednesday, the 25<sup>th</sup> July, 2012

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.**





Mr. Kochouseph Chittilappilly Vice Chairman, V-Guard Industries Ltd awarding the winners cheque to Mr. Krishna Kishore IIM Indore at the V-Guard Big Idea Business Plan Contest 2011.



Hon. Chief Minister of Kerala, Shri. Oomen Chandy handing over the KMA Leadership Award 2012 to Mr. Kochouseph Chittilappilly, Vice Chairman, V-Guard Industries Ltd.

## Our range of products



Stabilizer for Refrigerator



Stabilizer for AC



Stabilizer for LCD TV



Digital UPS & Inverters



Battery



Offline UPS



Online UPS



Water Heaters



Gas Water Heaters



Solar Water Heaters



Room Heaters



Single &  
3 Phase Pumps



Electric Motors



Wires



Power & Control Cables



Switchgears



Fans



Induction Cook-top



**V-GUARD**

*The name you can trust*

V-Guard Industries Ltd., 33/2905 F, Vennala High School Road, Vennala, Kochi - 682028, Kerala, India.

Ph: +91 484 3005000 / 2005000, Email: mail@vguard.in. Web: [www.vguard.in](http://www.vguard.in)