



V-GUARD INDUSTRIES LIMITED

V-GUARD

TWELFTH ANNUAL REPORT 2007-2008

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V-GUARD INDUSTRIES LIMITED**TWELFTH ANNUAL REPORT 2007-2008****Board of Directors**

Shri. P G R Prasad	Chairman
Shri. Kochouseph Chittilappilly	Managing Director
Shri. K. Vijayan	Director-Administration
Shri. Mithun K Chittilappilly	Executive Director
Shri. C J George	Director
Shri. R Krishna Iyer	Director

Chief Financial Officer

Shri. Nandakumar T

Company Secretary

Smt. Jayasree K

Auditors

Deloitte Haskins and Sells
Chartered Accountants
Kochi-682016

Bankers

State Bank of India
The Dhanalakshmi Bank Ltd.
Citi Bank
Standard Chartered Bank
HDFC Bank

Registrar & Share Transfer Agents

Intime Spectrum Registry Ltd.
Surya, 35, May Flower Avenue,
Behind Senthil Nagar,
Souripalayam Road,
Coimbatore-641028
Phone: 0422-2314792
Email:coimbatore@intimespectrum.com

Plant Locations**Cable & Solar**

K.G. Chavadi, Survey No. 569/2A
566/2, Ettimadai Village, Coimbatore-641 105

Pump Division

12-D, Valluvar Nagar
Peelamedu, Coimbatore-641 004

Listed at

The National Stock Exchange of India Ltd.
The Bombay Stock Exchange Ltd.

Registered Office

44/1037, L F C Road,
Kaloor, Kochi-682017
Ph : 0484-2539911
E-mail: mail@vguard.in
website: www.vguard.in

CHAIRMAN'S STATEMENT

Dear Shareholder,

First of all, I wish to thank each one of you for your wholehearted response to our Initial Public Offer, which was over subscribed by 2.70 times during the time, when the capital market in India was bearish and turbulent and continue to be so.

As the Chairman of the Company, this is my maiden direct interaction with all of you and I am happy to address you with an excellent performance by your Company during the financial year 2007-08. The total revenue from operations, during the year under review, increased to Rs.27811 lakhs, recording a growth of 25.12% over the financial year 2006-07. Profit after tax for the financial year 2007-08 was Rs.3742.31 lakhs. On the way, during the year, we faced inflationary trends in the market, a slight slow down in the GDP growth, hike in the price of raw materials and increased level of competition.

Amidst all these developments, the financial year 2007-08 has been a very eventful year for your Company and indeed an action-packed one. Your Company was first converted into a public one and it successfully completed its IPO. To make 'V-Guard' a household name pan India and also to tap the potential in north Indian markets, branches were opened in various parts of North India. Your Company was able to acquire suitable land for construction of manufacturing units, R & D units and distribution and service centers, as part of our planned expansion programme, as indicated in the Offer Document for the IPO

Having been a popular brand in the industry for the last 3 decades, it has been possible for us to understand the changing needs and demands of our customers. With constant improvement in the quality and performance of our products, we enjoy considerable brand equity and reliability in the market. Our success has in no less way been contributed by the level of after sales service provided to the customers. I am sanguine that the 900+ employees of the Company will continue to uphold these values and serve the customers and society. The Company is equally committed to uphold and put in practice all the tenets of Corporate Governance in letter and spirit and to improve share holder value

The outlook for the future is to become a national player and penetrate the North Indian and other new markets in all possible ways and the first step is to successfully complete the projects mentioned in the offer document, on schedule. Our Commitments to the shareholders is also shared by our highly motivated and innovative team of employees at all levels and with them I am confident of taking your Company to greater heights in the years to come.

P G R Prasad
Chairman

4th June, 2008
Kochi

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel International, Veekshanam Road, Kochi-682035 on Monday, the 14th of July, 2008, at 10.00 a.m. to transact the following:-

Ordinary Business

1. Adoption of Annual Accounts

To consider and adopt the audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account of the Company for the year ended on that date together with the Report of the Directors and the Auditors thereon.

2. Declaration of Dividend

To declare a Final Dividend of 25% for the year 2007-08 on Equity Shares.

3. Re-appointment of Mr. K Vijayan as Director of the Company

To appoint a Director in place of Mr. K Vijayan, who retires by rotation, and being eligible offers himself for re-appointment.

4. Appointment of Statutory Auditors

To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.

Special Business

5. Appointment of Mr. P G R Prasad as a Director of the Company

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. P G R Prasad who was appointed by the Board of Directors as an Additional Director of the Company with effect from 16th August, 2007 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

6. Appointment of Mr. C J George as a Director of the Company

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. C J George who was appointed by the Board of Directors as an Additional Director of the Company with effect from 16th August, 2007 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

7. To revise the terms and conditions of the appointment of Managing and Whole-time Director

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 of the Companies Act, 1956, Schedule XIII thereto and other applicable provisions thereof, the approval of members of the Company be and is hereby accorded to revise the commission payable to Shri. Kochouseph Chittilappilly, Managing Director @ not exceeding 1% of the net profits and to Mr. Mithun K Chittilappilly, Executive Director @ not exceeding 0.5% of the net profits of the Company with effect from 1st April, 2008 for the remaining term of their office as set out in the explanatory statement annexed with the notice of this meeting and that the other terms and conditions of the re-appointment in the case of both the Directors will remain the same.

8. Change in Deployment/utilization of Initial Public Offer Proceeds of the Company

To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and the Listing Agreement entered with Stock Exchanges and subject to such approvals, permissions, sanctions and consents that may be required from such authorities concerned, consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter to be referred to as the “Board”, which expression shall include any Committee thereof) to withdraw /abandon the project of setting up of enameling copper factory at Coimbatore, at an estimated cost of Rs. 9.04 crores, one of the object mentioned in the offer document of the Company dt. 29th February, 2008, issued in connection with the Initial Public Offer of the Company and utilize the fund set apart for the aforesaid project, for the general corporate purpose, which will be in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof, be and is hereby authorized to do such acts, deeds, matters and things as may be necessary, desirable or expedient, for giving effect to the above resolution.

By Order of the Board of Directors

Sd/-

Jayasree K
Company Secretary

Kochi
04.06.2008

**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 resolution/authority as applicable.
2. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 8 above, are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 3, 5 and 6 above, are also annexed.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 8th of July 2008 to Monday, the 14th of July, 2008, 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 14th of July, 2008 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 8th of July, 2008;
 - 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 7th of July, 2008
4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Hence the members are requested to notify any change in the Bank particulars to their respective Depository Participants on or before 5th of July 2008.
5. Members who wish to seek/desire any further information/clarification on the annual accounts at the meeting are requested to send their queries to the registered office at least 48 hours in advance of the date of the meeting.
6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s. Intime Spectrum Registry Limited and Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agents, on or before 5th of July 2008.

Explanatory Statement

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

As required by Section 173 of the Companies Act, 1956 (“the Act”), the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 5 to 8 of the accompanying Notice dated 4th of June, 2008.

Item Nos. 5 & 6

Mr. P G R Prasad and Mr. C J George were appointed as Additional Directors of the Company on 16th August, 2007. As per the provisions of Section 260 of the Act, the said Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company, and are eligible for appointment as Directors liable to retire by rotation. The Company has received notices from members under Section 257 of the Act, in respect of the candidates, proposing their appointment as Directors of the Company, along with the requisite deposit of Rs.500/- each. Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Annexure attached to the Notice. Keeping in view the experience and expertise of these persons, their appointment as Directors of the Company is recommended by way of passing Ordinary Resolutions mentioned in item nos. 5 and 6.

Except, Mr. P G R Prasad and Mr. C J George, no other Director of the Company is concerned or interested in the proposed resolutions.

Item No. 7

Shri. Kochouseph Chittilappilly and Shri. Mithun K Chittilappilly, were re-appointed as Managing Director and Executive Director of the Company with effect from 1st August, 2007 for a period of five years, respectively with the approval of the shareholders in their Extraordinary General Meeting held on 25th August, 2007. As per the terms and conditions of the re-appointment, the Managing and Executive Director were eligible to get a commission on the net profit of the Company @ 2% and 1% respectively. The Remuneration Committee in its meeting held on 19th May, 2008, recommended for revising the commission payable to the Managing Director @ not exceeding 1% of the net profits and to the Executive Director @ not exceeding 0.5% of the net profits of the Company. The revision in the terms and conditions are within the limits prescribed in the Schedule XIII to the Companies Act, 1956. The other terms and conditions of the re-appointment in the case of both the Directors will remain the same. The details of the terms and conditions including the aforesaid change are as follows:

Terms & Conditions of Re-appointment of Shri. Kochouseph Chittilappilly

Particulars	Existing terms & conditions	Revised terms & conditions
Period of appointment	5 years w.e.f. 1 st August, 2007	No change
Salary	Rs. 4,50,000 p.m. with an annual increase not exceeding 10% of the last drawn salary, as may be decided by the Board of Directors or any Committee thereof	No change



Commission	Payable @ 2% of net profits of the Company calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956.	Payable @ not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956
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Perquisites: Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:-

CATEGORY 'A'

(1) Housing:

(a) 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 such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 20% 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. 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 and the unutilized amount can be carried forward during the currency of tenure of the appointment.

(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 Managing Director.

CATEGORY 'B'

(6) 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.

Where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified and applicable as per Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Terms & Conditions of Re-appointment of Shri. Mithun K Chittilappilly

Particulars	Existing terms & conditions	Revised terms & conditions
Period of appointment	5 years w.e.f. 1 st August, 2007	No change
Salary	Rs.70,000 p.m. with an annual increase not exceeding 10% of the last drawn salary, as may be decided by the Board of Directors or any Committee thereof	No change
Commission	Payable @ 1% of net profits of the Company calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956.	Payable @ 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 Wholetime Director shall be entitled to such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 20% of his salary.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary of the Wholetime Director.

(2) Medical Reimbursement:

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year and the unutilized amount can be carried forward during the currency of tenure of the appointment.

(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 Wholetime Director.

(6) Bonus/Exgratia

The Wholetime Director is eligible for bonus @ as applicable to the other employees of the Company.

(7) Gratuity

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

(8) Encashment of leave

Unavailed leave can be encashed at the end of each year.

(9) Contribution to Provident Fund

Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

CATEGORY 'B'

- (10) 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.

Where in any financial year during the currency of tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified and applicable as per Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Your Directors recommends the Resolution at item no. 7 of the Notice as an Ordinary Resolution for your approval.

Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly, Directors are concerned or interested in the resolution.

Item No. 8

The Company came out with an Initial Public Offer (IPO) of 80,00,000 equity shares of Rs.10/- each at a premium of Rs.72/- per equity share aggregating to Rs.65.60 crores. The objects as stated in the Prospectus dated 29th February, 2008 for which funds were raised through IPO are for setting up of, Building Cable Factory at Uttaranchal, L T Power Cable Unit at Coimbatore, Enameling Plant at Coimbatore, Pilot Production Plants for Water Heaters, Fans and Pumps at Himachal Pradesh and Coimbatore, Service and Distribution Centres at Bangalore, Hubli and Vijayawada.

Enameled copped wire is the main raw material used in the manufacture of stabilizers, pumps and electric fans. The present average consumption of enameled wire by your Company's suppliers in respect of the aforesaid products manufactured for the Company comes to 60 metric tones per month. The price of Copper is highly fluctuating over the last couple of years. Our experience in the cable plant shows that effective purchase and hedging the risk can give better profits. With this idea it was proposed to set up an enameled copper wire factory at an estimated cost of Rs.9.04 crores, in Coimbatore.

In the meantime Your Company's Research & Development Department successfully tested substitution of Aluminium for Copper in the manufacture of Stabilizers and UPS. Hence your Management is of the opinion that, the price of Aluminium is low and not as volatile as Copper, the Company will not be benefited out of the payout. Moreover there are plenty of plants coming up in Aluminium enameling which will further reduce the conversion cost due to competition. Hence the management feels that the proposal for setting up of enameling cable factory will not fetch the desired profit for the Company. To ensure the optimum utilization of the funds in the best interest of the Company and the stakeholders, Your Management considers that the proposal for setting up of Enameled Cable Factory be abandoned and the funds set apart for the said proposal be utilised for any other purpose titled under the head 'general corporate' in the prospectus.

In terms of the provisions of Section 61 of the Companies Act, 1956, approval of the Members of the Company is required for making any variation or change in the deployment of funds raised through IPO.

Your Directors recommends the Resolution at item no. 8 of the Notice as a Special Resolution for your approval.

None of the Directors of the Company is in any way, concerned or interested in the above resolution.

By Order of the Board of Directors

Sd/-

Jayasree K
Company Secretary

Kochi
04.06.2008

**Details of Directors Seeking Appointment at the Annual General Meeting**

Particulars	K. Vijayan	P G R Prasad	C J George
Date of Birth	15-07-1946	12.12.1945	22.03.1959
Date of Appointment	12.02.1996	16.08.2007	16.08.2007
Qualifications	Diploma in Technology from Hindustan Aeronautics Ltd, Diploma in Electronics/Radio/Communication from Indian Air Force and Diploma in Television Technology from Ministry of Defence & National Institute of Technology & Management.	B.Sc (Mechanical Engineering), Certified Associate of the Indian Institute of Bankers, Chartered Financial Analyst, Institute of Chartered Financial Analysts of India, Hyderabad, Certified Financial Planner, Financial Planning Standards Board of India	M.Com CFP, Specialised training in Merchant Banking, Underwriting, Securities Market and Commodities Market. Research Scholar with the School of Management Studies of Cochin University of Science and Technology
Directorship held in other Companies	NIL	<ul style="list-style-type: none">▪ Mape Admisi Securities Pvt. Ltd.▪ JP Morgan Mutual Fund India Pvt. Ltd.	<ul style="list-style-type: none">▪ Geojit Financial Services Ltd.▪ Geojit Credits Pvt. Ltd.▪ Geojit Commodities Ltd.▪ Geojit Financial Distribution Pvt. Ltd.▪ Geojit Financial Management Services Pvt. Ltd.▪ Geojit Technologies Pvt. Ltd.
Membership/Chairmanship of Committees of other public companies	NIL	NIL	NIL
Number of Shares held in the Company	35,330	NIL	NIL

DIRECTORS' REPORT

To

The Members

Your directors have great pleasure in presenting the Twelfth Annual Report of the company on the business and operations together with the audited financial statements for the year ended 31st March, 2008.

1. Financial Results

	Year ended 31 st March, 2008 (Rs. Lakhs)	Year ended 31 st March 2007 (Rs. Lakhs)
Gross Sales	31064.67	24115.52
Less : Trade Discounts	2146.73	1193.48
Net Sales	28917.94	22922.04
Operating profit before Depreciation, Interest and Tax	3081.52	2708.58
Less: Depreciation	346.54	294.49
Profit before Interest & Tax	2734.98	2414.09
Less : Financial charges	462.28	364.19
Profit before Tax and Exceptional item	2272.70	2049.90
Exceptional Item		
Profit on sale of land	2970.74	--
Profit on sale of long term non-trade investment	--	600.00
Profit Before Tax	5243.44	2649.90
Provision for tax:		
Current Tax	1475.32	778.30
Deferred Tax	(5.00)	31.21
Fringe Benefit Tax	31.00	19.00
For earlier years	(0.19)	(2.54)
Net Profit	3742.31	1823.93
Balance in P&L account brought forward	948.37	2082.25
Profit available for appropriation	4690.68	3906.18
Appropriations		
a) Capitalisation of accumulated profits for issue of bonus shares	--	1,800.00
b) Transfer to General Reserve	380.00	200.00
c) Dividend proposed: -		
Interim dividend	873.90	840.00
Tax on interim Dividend	148.52	117.81
Final dividend proposed	746.19	-
Tax on Final Dividend proposed	126.81	-
d) Balance carried forward	2415.26	948.37
	4690.68	3906.18



2. Business and Operations

Your Company's business can be divided into the following segments:

- i) Electronic segment, consisting of Products like Electronic Voltage Stabilizers and UPS;
- ii) Electrical and Electromechanical, consisting of Insulated Cables, Electrical Fans, Electric Water Heaters and Pumps of all kinds and
- iii) Others, consisting of Solar Water Heaters and generation of power through Wind Mill.

Indian Market Research Bureau, (IMRB) the premier market research firm in India, had conducted a research in August, 2007 and it was confirmed through the research that your Company is the largest manufacturer of Electronic Voltage stabilizers by volume as well as value. Your Company's market position for stabilizers is thrice the size in value to the second largest stabilizer players and almost 15 times than the third largest.

Your Company follows a unique manufacturing model, wherein products are strategically sourced from SSI units/small manufacturers across South India. Your Company has also started developing manufacturing units in various parts of North India for products like Stabilizers and UPS. The products, Electronic Voltage Stabilizers and UPS, coming under Electronic segment, and Electric Water Heaters, Electrical Fans and Pumps under Electrical and Electromechanical segment are manufactured by the Units, according to the Company's specifications and designs. Your Company owns two manufacturing units located at K G Chavadi, Coimbatore, one unit for manufacturing Solar Water Heaters and the other is for manufacturing insulated electric cables. Both these are ISO 9001-2000 Certified units. Your Company also owns a factory in Peelamedu, Coimbatore, which manufactures Pumps and does the pilot production and R & D work related with Pumps.

Your Company's total revenue from operations, during the year under review, increased to Rs.27811 lakhs, recording a growth of 25.12% over the financial year 2006-07. Profit after tax for the financial year 2007-08 was Rs.3742.31 lakhs. The Company continued to perform well across all markets, both in the existing South Indian as well as new North Indian markets. During the year under review, the Insulated Cables, Electrical Water Heaters, Pumps and UPS have shown an excellent performance. Your Management was able to put in a new product to its folder in the financial year 2007-08, in the electrical division, i.e. L T Cable meant for underground power distribution and for industrial units. The performance of the electrical fans was also improved during the year under review. Your Company was able to grow further in the areas of solar water heaters meant for commercial purposes. Your Company succeeded in procuring orders for sale of its various products, from Retail giants and Institutions, including Real Estate Companies, Hospitals etc.

The financial year 2007-08 can be called as year of business expansion for V-Guard. As part of the growth strategy and with a focus to penetrate North Indian markets and also to build up a strong base for the brand, branch offices were opened in Nagpur, Kolkata, Jaipur, Jamshedpur, Kanpur, Ludhiana, Kashipur, Raipur and one office in Chennai, to expand the business further in Tamil Nadu. The net work expansion has increased the share of North India to the total revenue of the Company, and Your Directors hope that Company will be able to excel further in North Indian region in the years to come.

3. Interim and Final Dividend

Your directors had declared an interim dividend @ 40% amounting to Rs 873.90 lakhs during the financial year 2007-08. The interim dividend has been fully paid to the shareholders and the tax on Interim Dividend paid was Rs. 148.52 lakhs. Your Directors are pleased to recommend a final dividend of Rs.2.5/- per share (25% on par value of Rs.10/- per share) in view of the better

profits. The final dividend if declared as above, would involve an outflow of Rs. 746.19 lakhs and Rs.126.81 lakhs towards dividend tax, resulting in a total outflow of Rs.873 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 Tuesday, the 8th July, 2008 to Monday, the 14th July, 2008, both days inclusive.

4. Transfer to Reserves

Your directors transferred an amount of Rs. 380 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.

5. Initial Public Offer

During the year under review, the Company successfully completed its Initial Public offer of 80,00,000 equity shares of Rs.10/- each at a premium of Rs.72/- per equity share aggregating to Rs.6560 lakhs. The initial public offer was oversubscribed to the extent of 2.70 times, including the shares reserved for employees of the Company. The shares of the Company were listed in The Bombay Stock Exchange Ltd and The National Stock Exchange of India Ltd.

The objects of the issue are to construct domestic cable factory in Uttaranchal, L T Cable factory in Coimbatore, distribution cum service centers in Bangalore, Hubli and Vijayawada, Pilot Production Unit for Water Heater and Fan at Himchal Pradesh and for Pump at Coimbatore. Of this, the distribution cum service center in Bangalore will be ready by the second week of June, 2008 and the Pilot Production Unit for Pump at Coimbatore will be ready by the end of June, 2008. Construction work of domestic cable factory has been progressing and Your Company has already placed orders for most of the machineries required for its Cable factories and the operations are expected to commence by the end of December, 2008. The construction work of Pilot Production Unit for Water Heater and Fan has also been started and the same is progressing. Your Company hopes that all the projects mentioned in the offer document will be completed within the time schedule.

6. Fixed Deposit

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

7. Directors

During the year under review, the following changes had taken place in the Board of Directors of the Company.

Mr. Kochouseph Chittilappilly was re-appointed as Managing Director and Mr. K. Vijayan and Mr. Mithun K Chittilappilly were re-appointed as Wholetime Directors of the Company, for a period of five years w.e.f. 1st August, 2007. The appointments were made in accordance with the provisions of Companies Act, 1956 read with Schedule XIII to the Act.

Mr. P G R Prasad and Mr. C J George, have been co-opted as Additional Directors with effect from 16th August, 2007 and Mrs. Sheela Kochouseph resigned from the Board as on that date. Both Mr. P G R Prasad and Mr. C J George are Independent Directors. As per the provisions of Section 260 of the Companies Act, 1956, these Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices under Section 257 of the Act along with the requisite deposit, in respect of the above persons, proposing their candidature as Directors of the Company. Resolutions seeking approval of the Members for the appointment of Mr. P G R Prasad and Mr. C J George as Directors of the Company have been incorporated in the Notice of the ensuing Annual General Meeting.

Mr. K. Vijayan, Wholetime Director of the Company, liable to retire by rotation, being eligible has offered himself for re-appointment. Brief details of the Directors seeking appointment/re-appointment are given in the Annual Report, in compliance with the provisions of Clause 49 of the listing agreement.

8. Remuneration payable to Managing and Wholetime Director

Presently, Shri. Kochouseph Chittilappilly, Managing Director and Shri. Mithun K Chittilappilly, Executive Director are eligible to get a commission on the net profit of the Company @ 2% and 1% respectively. The Remuneration Committee of your Company in its meeting held on 19th May, 2008, has recommended a revision in the commission payable to the Managing Director @ not exceeding 1% of the net profits and to the Executive Director @ not exceeding 0.5% of the net profits of the Company.

9. Human Resources

The Human Resources Development Team closely associates with the top Management to provide timely support and service to the most valuable resources, on a continuous basis. We constantly endeavor to add value to our services and believe in continuous improvement in all areas of the organization environment. We ensure that the right people are recruited at the right place at the right time and they are groomed and taken care of.

We adhere to our mission statement, which says: Adding value to the vision of the Organisation concentrating on our core area – Human resource development and enlightening our Customers by delivering on time Quality service. Through our communication channels, we constantly communicate the corporate vision and mission down the line and ensure that all our Employees share the common goal & vision of the Organisation.

The 900+ Employees firmly believe that growth of the Company results in their growth and vice versa. They constantly endeavor to rise up to the expectations of the top Management and to the changing Market conditions and requirements. The Employees take pride in sharing the ownership of the Company, as many of them are shareholders. We constantly serve their aspirations and needs. We are paving the path for their career growth in V-Guard and we strive to live up to their expectations, on time.

10. Adequacy of Internal Control Systems:

The Company has appointed M/s. Varma & Varma, Chartered Accountants to conduct the internal audit of the Company. The Company is also maintaining an in-house Internal Audit Department. Internal audit is conducted on a quarterly basis and the report and findings of Internal Auditors are placed before the Audit Committee and are reviewed in detail. All significant observations and comments are placed before the Board of Directors.

11. Corporate Governance

Your company has complied with 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 Auditors conforming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

12. 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 explained under the head Management Discussion and Analysis Report, which forms part of this Report.

13. Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, who are the statutory auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

14. Disclosure of Particulars

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 the Companies (Particulars of Employees) Rules, 1975 as amended and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are given in Annexure I, which forms part of this report.

15. 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.

16. Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2008 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.

17. Acknowledgement

We would like to place on record our sincere thanks to our Clients, Bankers, Vendors and Investors for the co-operation and support extended during the year. We also thank the employees of the Company for their valuable contribution in taking the Company to newer heights. We thank the Government of India and the State Governments, the Regulatory Authorities like SEBI, Registrar of Companies, Stock Exchanges, and Depositories etc. for their valuable support and also look forward for their continued support in the years to come.

For and on behalf of the Board of Directors

Sd/-
P G R Prasad
Chairman

Kochi
04th June 2008

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 (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Sl No	Name	Age (years)	Designation	Remuneration		Nature of Employment	Qualification & Experience (In years)	Date of Commencement of employment	Previous Employment
				Gross (Rs. in lakhs)	Net (Rs. in lakhs)				
1.	Mr. Kochouseph Chittilappilly	57	Managing Director	90.17	89.94	Appointed by the members of the Company at the Extra Ordinary General Meeting held on 25 th August 2007	M.Sc (Physics) 30 years	12.02.1996	Chief Executive, V-Guard Industries, Cochin.

For and on behalf of the Board of Directors

Kochi
04th June 2008

Sd/-
P G R Prasad
Chairman

ANNEXURE TO THE DIRECTORS' REPORT**ANNEXURE II**

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

A) Conservation of energy:

(a) Energy Conservation measures taken	<p>To improve the conservation of energy, the following equipments are used in our manufacturing and distribution system :</p> <ol style="list-style-type: none"> 1) Improved testing automation- resulting in reducing the power required by 20W per product for testing. 2) Replaced motor used for painting booth by energy efficient motor saving about 300W. 3) CFL Lamps of 2.77 KW capacity is installed in the factory. 4) Istalled 16.5 Sq.Mtrs. of solar Collectors for water heating in Company Quarters. 5) Installed 5.4 KW of T-5 series Fluorescent lamps having 28W capacity in lieu of 40W conventional fluorescent lamp. 6) During the year under review, the Company was able to generate energy of 10.01 lakhs units from Wind mill, out of this 8.34 lakhs units was used for own or captive consumption. 7) Reciprocating compressors replaced with Screw compressor (40 HP) for getting high efficiency.
(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.	NIL
(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	By implementing above measures, reduction in energy consumption could be achieved and thus reduction in cost of production
(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto.	NA

B) Technology absorption :

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

Research and Development (R&D)	
1. Specific areas in which R&D carried out by the Company	Product innovation is made on corrosion prevention, productivity and product improvement. Product innovation and improvement better designs and process. Conduct of D.F.M.A. (Design Failure Mode Analysis) to all future products.
2. Benefits derived as a result of the above R & D	Better products at reduced costs. Economy model water heaters designed and launched in market with compatible price and Pressurized model water heaters released in Evacuated Tube Collector Model.
3. Future Plan of action	Porcelain enamel coating and PP coating for the inner tank to prevent corrosion. Continue product developments and new innovative products to meet customer requirements.
4. Expenditure on R&D	
(a) Capital	Rs. 0.42 lacs
(b) Recurring	Rs. 100.55 lacs
(c) Total	Rs. 100.97 lacs
(d) Total R&D expenditure as a percentage of total turnover	0.36%
Technology absorption, adaptation and innovations	
1. Efforts in brief, made towards technology absorption, adaptation and innovation	Continuous efforts are being made by the company for product innovation and product improvement by better designs and process. By implementing Value engineering the various elements of the product were analyzed to result in cost reduction in the product.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.	a. In the case of Electric Water heaters, by changing the designs of the stand and improvement in productivity total manufacturing cost of the system reduced and economy model water heaters were released. b. In the case of Pumps, it resulted in material content reduction and substitution by alternate materials in several models.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	
a) Technology imported	Automated Tig Welding for linear welding and Heat pipe collar welding.
b) Year of import	2007
c) Has technology be fully absorbed ?	No

d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	For end dish welding and pipe welding it has not been implemented due to constraints in design.
---	---

C) **Foreign Exchange earnings and outgo:**

	Rs.
Foreign Exchange earned	Rs. 1.36 lacs
Foreign Exchange used	Rs. 149.31 lacs

For and on behalf of the Board of Directors

Sd/-

P G R Prasad
Chairman

Kochi
04th June 2008

REPORT ON CORPORATE GOVERNANCE

(as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

The Company's shares were listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited on 13th March, 2008. Accordingly, the Corporate Governance Report for the year 2007-08, which has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement, contains details relating to the period commencing from 13th March, 2008.

I. Company's Philosophy on Corporate Governance

V-Guard Industries Ltd has been in the forefront in adopting the best governance practices so as to promote transparency, accountability, fairness, integrity, ethical values, social responsibility and compliance with the existing legislations. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value of all its stakeholders.

II. Board of Directors

The Board of Directors of V-Guard Industries Ltd, comprises of 3 Executive and 3 Non-Executive Directors of which 2 are independent. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

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

A. Composition and Category of Directors as on 31st March, 2008.

Category	No. of Directors	%
Promoter Executive Directors	1	16.67
Executive Directors	2	33.33
Non-Executive Director	1	16.67
Non-Executive Independent Directors	2	33.33
Total	6	100

B. Board Meetings, Attendance of Directors at the Board Meetings and the last AGM and details about their directorships and memberships in committees as on 31st March, 2008

The Strategic Decisions of the Company are usually taken on the basis of a collective consensus amongst the Directors. Board Meetings are held usually at the Registered Office of the Company at 44/1037, Little Flower Church Road, Kaloor, Kochi-682017. The Board ensures that, it meets once in every quarter. Eighteen Meetings of the Board of Directors were held during the year under review. One Board Meeting was held post to the listing of the shares of the Company. The dates on which the meetings were held are as follows:

12th, 21st and 28th April, 2007; 14th, 18th and 29th May, 2007; 5th July, 2007; 1st and 16th August, 2007; 1st and 15th October, 2007; 19th November, 2007; 15th and 28th January, 2008; 22nd and 29th February, 2008; 5th and 24th March, 2008.

The minutes of the meetings of all the sub-committees of Board viz Audit Committee, Share Transfer/Shareholders Grievance Committee and Remuneration Committee of the Company are placed before the Board.

Name of the Director	Category	No. of Board Meetings during the year 2007-08		Whether attended the last AGM held on 16 th July, 2007	No. of Directorship in other Indian Public companies		No. of Committee positions held in other Indian public companies	
		Held	Atten- ded		Chair- man	Mem- ber	Chair- man	Mem- ber
Mr. P G R Prasad* Chairman	Non-Executive, Independent	10#	7	N.A. Appointed after the AGM	-	-	-	-
Mr. Kochoseph Chittilappilly Managing Director	Promoter Executive	18	18	Yes	-	1	-	-
Mr. K Vijayan Director (Admn)	Executive	18	18	Yes	-	-	-	-
Mr. Mithun K Chittilappilly Executive Director	Executive	18	18	Yes	-	-	-	-
Mr. R. Krishna Iyer	Non-Executive, Non-Independent	18	18	Yes	-	-	-	-
Mr. C J George**	Non-Executive, Independent	10#	6	N.A. Appointed after the AGM	-	6	-	-

* Appointed as Additional Director on 16th August, 2007

** Appointed as Additional Director on 16th August, 2007

Details provided from the date of appointment.



Chairmanship/ Membership of Board Committees include Chairmanship / Membership of Audit Committee and Share Transfer and Shareholders Grievance Committee only as prescribed in the Listing Agreement.

The Company has filed its Draft Red Herring Prospectus on 19th November, 2007, Red Herring Prospectus on 28th January, 2008 and Prospectus on 29th February, 2008. The initial public offer was open from 18th February, 2008 till 21st February, 2008 and the shares were listed on both BSE and NSE on 13th March, 2008.

III. Audit Committee

The Audit Committee of the Company was constituted on 16th August, 2007, in compliance with the requirements of Clause 49 of the Listing Agreement.

A. Terms of reference

- a) The terms of reference of Audit Committee are as per the requirements of Clause 49 of the Listing Agreement.

B. Composition of Audit Committee

Name	Category	Position in Audit Committee
Mr. P G R Prasad	Non-Executive Independent	Chairman
Mr. R. Krishna Iyer	Non-Executive Non-Independent	Member
Mr. C J George	Non-Executive Independent	Member

C. Meetings and Attendance during the year

The Audit Committee meetings are usually held at the Registered Office of the Company and are usually attended by the Chairman and members of the Committee, representatives of Internal and Statutory Auditors and Chief Financial Officer. The Company Secretary acts as Secretary to the Audit Committee. During the financial year 2007-08, two audit committee meetings were held. The dates on which the meetings were held are 15th October, 2007 and 24th March, 2008.

Attendance of committee members at the audit committee meetings held during the financial year 2007-08

Name	No. of meetings held	No. of meetings attended
Mr. P G R Prasad	2	2
Mr. R. Krishna Iyer	2	2
Mr. C J George	2	1

IV. Share Transfer/Shareholders' Grievance Committee

The Share Transfer/Shareholders' Grievance Committee of the Company was constituted on 16th August, 2007, in compliance with the requirements of Clause 49 of the Listing Agreement.

The composition and terms of reference of the Committee are as follows:

A. Composition

Name	Category	Position in the Committee
Mr. R. Krishna Iyer	Non-Executive Non-Independent	Chairman
Mr. P G R Prasad	Non-Executive Independent	Member
Mr. C J George	Non-Executive Independent	Member

Mr. Nandakumar T, Chief Financial Officer was appointed as the Compliance Officer

B. Terms of reference

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

- a. Approves the transfer of shares and issue of duplicate share certificates and oversee and review matters connected with the transfer of shares.
- b. Looks into shareholders complaints like non-transfer of shares, non-receipts of balance sheet, non-receipt of declared dividends, etc.
- c. Oversee the performance of the registrars and transfer agents, and recommends measures for overall improvement in the quality of investor services.
- d. Affix or authorize fixation of the common seal of the Company to the share certificates.

C. Meetings and Attendance during the year

During the financial year 2007-08, the Committee had one meeting on 24th March, 2008. All the members of committee were present at the meeting held on 24th March, 2008.

D. Details of Investors' Grievances handled during the financial year 2007-08

The shares of the Company were listed at BSE and NSE on 13th March, 2008. As on 31st March, 2008, 80,00,000 equity shares were held in demat form constituting 26.80% of the total shares of 2,98,47,520.

The details of complaints received and resolved during the year are as follows:

Sl. No.	Nature of Complaints received	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31 st March, 2008
1	Non credit of shares	112	76	36
2	Non receipt of refund	266	225	41
3	Others	4	0	4
	Total	382	301	81

All the investors' complaints listed above are related with the Initial Public Offer of the Company.

**V. Remuneration Committee**

The Remuneration Committee of the Company was constituted on 16th August, 2007, in compliance with the requirements of Clause 49 of the Listing Agreement.

A. Terms of reference

The terms of reference of Remuneration Committee are as follows:

- To determine and recommend to the Board of Directors the remuneration package of the Managing Director and the Whole-time Directors and sitting fees payable to Directors and also the employees working in the senior management level.
- To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director and the Whole-time Directors within the limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.
- To finalise the scheme of Employee Stock Option Scheme (ESOS) in consultation with the Employee Welfare Trust created for the purpose of administering the ESOS.

B. Composition of the Committee, Meetings and Attendance during the year

Name	Category	Position in the Committee
Mr. C J George	Non-Executive Independent	Chairman
Mr. P G R Prasad	Non-Executive Independent	Member
Mr. R. Krishna Iyer	Non-Executive Non-Independent	Member
Mr. Kochouseph Chittilappilly	Managing Director	Member

During the financial year 2007-08, the Committee had one meeting on 24th March, 2008. All the members of committee were present at the meeting held on 24th March, 2008

C. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee of the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. Individual performances of the employees are measured through annual appraisal process.

D. Details of Remuneration paid to the Directors for the year ended 31st March, 2008

Name	Salary (Rs. In lakhs)	Perquisites (Rs. In lakhs)	Commission (Rs. In lakhs)	Sitting Fees (Rs. in lakhs)
Mr. P G R Prasad	---	---	---	0.43
Mr. Kochouseph Chittilappilly	57.60	0.23	32.34	---
Mr. K. Vijayan	8.97	2.96	---	---
Mr. Mithun K Chittilappilly	6.16	1.28	16.17	---
Mr. R. Krishna Iyer	---	---	---	0.65
Mr. C J George	---	---	---	0.35

VI. Code of Conduct

In terms of Clause 49 of the Listing Agreement, the Company had adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The same has been placed in the Website of the Company.

VII. Insider Trading Code

The Company had adopted the Employee Share Dealing Code in terms of the SEBI (Prohibition of Insider Trading) Regulations 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

VIII. General Body Meetings

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

Financial year ended	Date	Time	Venue
31 st March, 2007	16 th July, 2007	11.00 a.m	Registered Office of the Company
	17 th March, 2007*	11.00 a.m	Registered Office of the Company
31 st March, 2006	31 st August, 2006	11.00 a.m	Registered Office of the Company
31 st March, 2005	19 th September, 2005	11.00 a.m	Registered Office of the Company

* Extraordinary General Meeting

IX. Special Resolutions:**11th Annual General Meeting held on 16th July, 2007**

- a) Conversion of the Company into Public, deleting the restrictive provisions of Section 3(1)(iii) of the Companies Act, 1956, changing the name of the Company by deleting the word 'Private' and adopting a new set of Articles of Association.
- b) Alteration of the Articles of Association of the Company in line with the Clause V of the Memorandum of Association of the Company.
- c) To raise funds through Initial Public Offer
- d) Alteration of the Main Object Clause of the Memorandum of Association of the Company
- e) Alteration of the Incidental or Ancillary Object Clause of the Memorandum of Association of the Company.
- f) Issue of Securities under Employees Stock Option Scheme

**10th Annual General Meeting held on 31st August, 2006**

- a) Alteration of Articles of Association of the Company to increase the Authorised Capital of the Company.
- b) Alteration of Articles of Association of the Company to include the provisions relating to Capitalisation of Reserves & Profits in the Articles of Association.
- c) Alteration of Articles of Association of the Company to include the provisions relating to buy-back of securities of the Company in the Articles of Association.

9th Annual General Meeting held on 19th September, 2005

No Special Resolution was passed.

X. Corporate Governance Certificate:

The auditors' certificate as required under Clause 49 of the Listing Agreements forms part of the annual report.

XI. Means of Communication

The quarterly results for the quarter ended 31st December, 2007 and audited results for the year ended 31st March 2008 were published in Financial Express and Mangalam (Regional Language Newspaper where the Registered Office of the Company is situated). The results are also displayed in the website of the Company – www.vguard.in

Directors' Report and Management Discussion and Analysis Report forms part of the Company's Annual Report.

XII. Unclaimed Dividends

No amount is lying as Unclaimed or Unpaid Dividend

XIII. Disclosures

- a) There are no materially significant related party transactions, which have a potential conflict with the interest of the Company at large.
- b) The Company will lay down procedures to inform Board members about the Risk Assessment and minimization procedures.
- c) The Company has complied with the requirements of the Stock Exchanges/ SEBI/ any other Statutory Authority on all the matters related to capital markets.

XIV. General Shareholder Information**Registered Office of the Company:**

44/1037, LFC Road,
Kaloor, Kochi-682017
Ph : 0484-2539911
E-mail: mail@vguard.in
Website: www.vguard.in

Annual General Meeting

Day & Date : Monday, 14th July, 2008

Time : 10.00 a.m.

Venue : Hotel International, Veekshanam Road, Kochi-682035

Financial Year : 1st April to 31st March

Calendar of Board Meetings to adopt the accounts (tentative and subject to change):

For the quarter ending 30th June, 2008 : 28th July, 2008

For the quarter ending 30th September, 2008 : 28th October, 2008

For the quarter ending 31st December, 2008 : 28th January, 2009

For the year ending 31st March, 2009 : Audited Accounts will be adopted

Dividend

An interim dividend of 40% was declared by the Board of Directors at their meeting held on 16th August, 2007. A final dividend of 25% was recommended by the Board of Directors at their meeting held on 19th May, 2008 which is subject to the approval of the shareholders at the ensuing Annual General Meeting and if approved will be payable on or after 14th July, 2008, but within the statutory time limit of 30 days.

Payment of Dividend

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 (above Rs. 1.00 lakh) will be sent through registered post.

Electronic Clearing Service

The Company will make arrangements to pay dividend through Electronic Clearing Service (ECS) to its members. Under this system of payment of dividend, the shareholders get the credit of dividend directly in their designated 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 of the ECS facility are requested to give the ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited, Surya, 35, May Flower Avenue, Behind Senthil Nagar, Souripalayam Road, Coimbatore-641028 latest by 5th July 2008

Listing on Stock Exchanges

The Shares of the Company are listed on BSE and NSE since, 13th March, 2008. Listing fees for the financial year 2008-09 have been paid to both the exchanges. The Stock Codes of the Company at the Stock Exchanges are as follows:

The Bombay Stock Exchange Ltd. : 532953

National Stock Exchange Ltd. : VGUARD

**Custodial Fees**

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/Dop/Stock Exchange/DEP/CIR-4/2005 dt. 28th January, 2005 issuer companies are required to pay custodial fees to the depositories with effect from 1st April, 2005. Accordingly, the Company has paid custodial fees for the year 2008-09 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on 31st March, 2008.

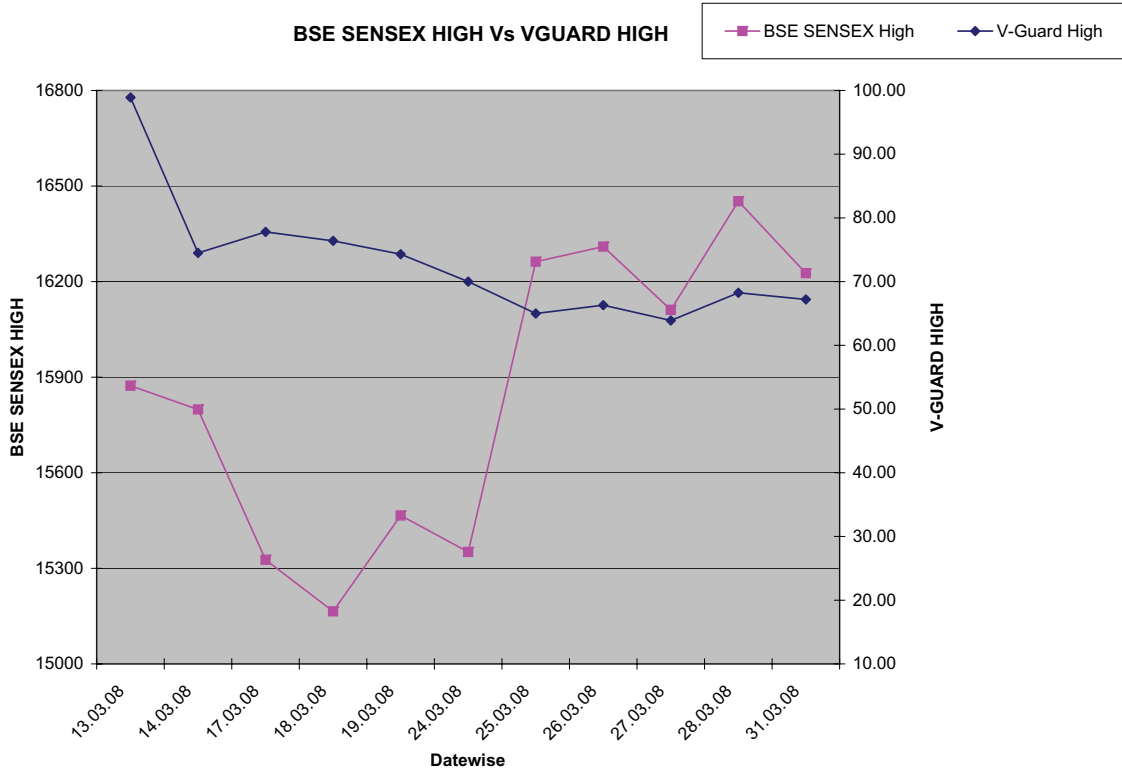
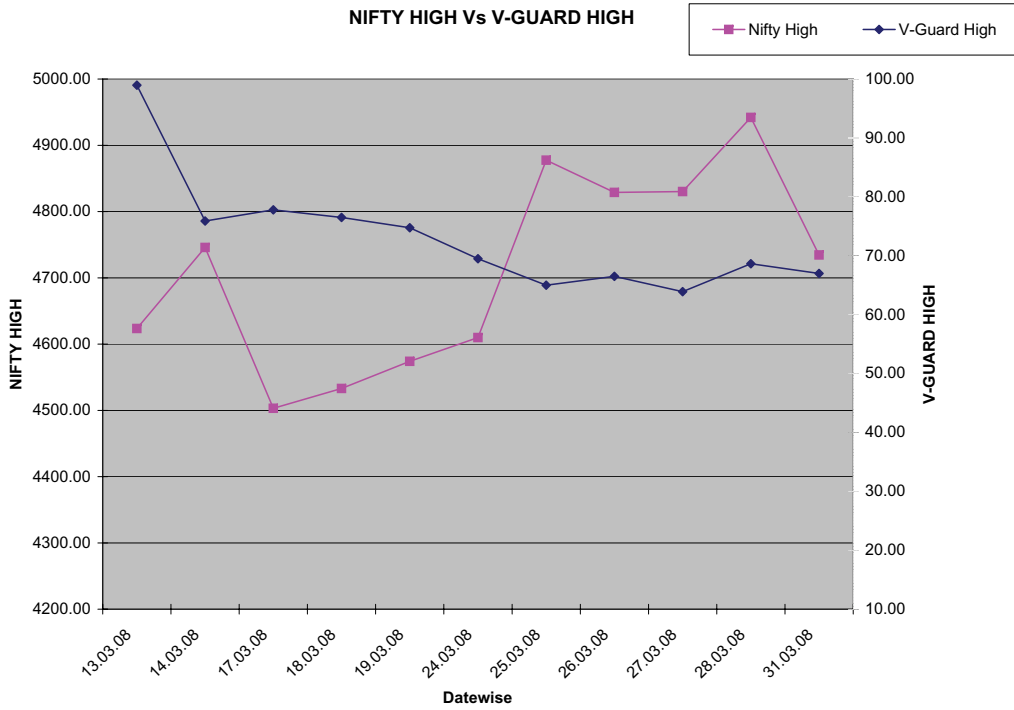
Stock Market Data Relating to Shares Listed

Monthly high and low quotations for the month of March, 2008 as well as the volume of shares traded at National Stock Exchange of India Ltd., and The Bombay Stock Exchange Ltd for the financial year 2007-08 are as follows:

NSE			BSE			
Month	High Rs.	Low Rs.	Volume (Trading Quantity in lacs)	High Rs.	Low Rs.	Volume (Trading Quantity in lacs)
March 2008	98.95	58.65	456.81	98.90	57.90	443.10

V-GUARD INDUSTRIES SHARE PRICE VERSUS BSE SENSEX

NSE S&P CNX NIFTY AND BSE SENSEX



**SHAREHOLDING PATTERN****a) Distribution of shareholding as on 31st March 2008**

Nominal value of shares held	Shareholders		Share Amount (Rs.)	% to Equity
	Number	%		
1 - 5000	27,973	94.6729	32868360	11.0121
5001 - 10000	628	2.1254	5067100	1.6977
10001 - 20000	417	1.4113	5921700	1.9840
20001 - 30000	147	0.4975	3673320	1.2307
30001 - 40000	81	0.2741	2835990	0.9502
40001 - 50000	119	0.4027	5279750	1.7689
50001 - 100000	107	0.3621	7539860	2.5261
100001 and above	75	0.2538	235289120	78.8304

b) Categories of Shareholders

Category	No. of Shares	Percentage
Promoters Holdings	10863180	36.39
Promoters Group	8986907	30.11
Corporate Bodies	1004775	3.37
Banks, Financial Institutions, State & Central Govt.	1336178	4.48
Foreign Institutional Investors	233887	0.78
Indian Public & Others	7146260	23.94
NRIs /OCBs/ Foreign Nationals	276333	0.93
GRAND TOTAL	29847520	100.00

Shares held in Physical and Dematerialised Form

As on 31st March, 2008, 73.20% of the Company's shares were held in physical form and the rest in dematerialized form.

Registrar & Transfer Agents and Share Transfer System

Intime Spectrum Registry Limited
Surya, 35, May Flower Avenue,
Behind Senthil Nagar,
Souripalayam Road,
Coimbatore-641028
Phone: 0422-2314792
Email:coimbatore@intimespectrum.com

Transfer of shares in dematerialized form is done through Depositories without the involvement of the Company. Transfers of shares in physical form are normally processed within 15 days of lodgment of transfer with the Share Transfer Agents of the Company, at their address mentioned above. There were 938 nos. of share transfers during the financial year 2007-08

Investor Contacts

In order to facilitate quick redressal of grievances/queries, the Investors and Shareholders may contact the under mentioned address for any assistance:

For queries relating to Financial Statements:

Nandakumar T
Chief Financial Officer,
44/1037, LFC Road,
Kaloor,
Kochi-682017
Email: nandan@vguard.in
Phone:0484-2539911

For queries relating to shares or dividend

Jayasree K
Company Secretary
44/1037, LFC Road,
Kaloor,
Kochi-682017
Email: jayasree@vguard.in
Phone:0484-2539911

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.

Place : Kochi

Date : 4th June 2008

KOCHOUSEPH CHITTILAPPILLY

Managing Director

CERTIFICATE

TO THE MEMBERS OF

V-GUARD INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **V-Guard Industries Limited** for the year ended 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s), which was effective from 7th March, 2008.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 for the period 7th March, 2008 to 31st March, 2008.

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 Accountant

Sd/-

C.R. Rajagopal

Partner

Membership No: 23418

Place : Kochi

Date : 4th June 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview:

Spurred by the shift in consumers preference toward higher-end branded products and the continuous increase in the consumer demand has led to the consumer durable industry clocking accelerated growth rates in the recent past. While the industry recorded growth rates of 8.5 per cent in 2005-06 and 11.5 per cent in 2006-07, it has grown by 12 per cent in 2007-08. Going by the industry figures, sales have rocketed by 22 per cent in value terms in 2007.

The growth of the economy calls for matching rate of growth in infrastructure facilities. The Indian Power Sector is a core component of the Indian infrastructure and its expansion is essential for the success of economic liberalization of India. In a nut shell, the economic scenario of India is undergoing a sea change. The Government's priority is on development of infrastructure, Telecom, Power Generation, Engineering & Automotive sectors, which are on the growth path.

The changing dynamics of consumer behaviour is reflected by the demand of luxury goods which are now being perceived as necessities with higher disposable incomes being spent on lifestyle products.

It is noted that the country's rural market was growing faster than the urban market. "The rural Indian market, which accounts for nearly 70 per cent of the total number of households, is witnessing a 25 percent annual growth while, the urban consumer durables is witnessing 20 percent growth.

There is a definite upward technological movement alongwith the growth rate in cables and wire industry in India. The LT cable segment and housewiring segment showed commendable increase because of infrastructure and construction boom. Despite the increase in raw material costs, namely, copper and PVC compounds accounting for close to 60% of the production cost, the industry registered a growth rate of 20%. The industry hopes that with increase in government spending on the infrastructure and restructuring of SEZs, the fortunes of the industry will improve.

The general buoyancy in the Indian Economy would then create a demand for electrical products through growth of general industrial and economic development. From the experiences of the past few years, it can be confidently said that the Indian electric industry has faced the critical challenges well and survived in the most difficult times. In current favourable market scenario today, the electrical industry can certainly look forward for growth, and which inturn will simultaneously record a growth in the Fan, Electric Water Heater, Stabilizer and Pump Industry.

The buoyancy of the Indian economy is reflected in the growth of the UPS category. The UPS industry has shown a growth rate of 30% for the fiscal 2007-08. The 7% growth in the offline UPS market will be set off by the major increase in demand of Online UPS resulting due to establishment of various institutions in the manufacturing and service Sectors in the coming years. Increase in PC & server, Increased penetration in B, C & D class cities and increased awareness for quality of power are a few reasons for the category growth. However the 180% growth registered in the laptop and notebook industry has had an adverse effect on the UPS market.



The Solar Water Heater Industry has witnessed a growth rate of 22- 25 % for the financial year 2007-08. The Government is promoting various programmes and schemes in order to widen the scope for usage of solar energy in almost all applications of power. The various step taken by the Government in this regard will boost the growth of solar power industry which will in turn contribute to the growth of solar water industry in the coming fiscal.

Opportunities and Threats

The phenomenal growth shown in the real estate sector along with large scale infrastructure development being planned by the Government has opened new vistas of growth for the cable and fan industry. With the increase in the purchasing power of consumers and an onward sense of quality consciousness, has also laid down greater potential in the consumer durable markets as well as white goods market. The Company has also increased its network by spreading across India which will also help the company in tapping the potential market for its products, in the coming years.

The consumer durable market and the electronic market has recently witnessed intense competition, entry of many big players, introduction of cheap models which are giving a stiff competition to the company's product line. Your Company continues to achieve cost efficiencies through a well established Research and Development Divisions which strive to come out with solutions to meet the demands of the market in terms of Quality, Price Efficiency and Innovation in its products.

Cautionary Note

Statements in this Report describing the Company's objectives, projections, and estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Forward Looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the Company's operations are affected by many external and internal factors, which are beyond the control of the management. Hence the Company assumes no responsibility in respect of forward looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

AUDITORS' REPORT

To the Members of
V-Guard Industries Limited

1. We have audited the attached balance sheet of **V-Guard Industries Limited** as at 31st March 2008, the profit and loss account and the cash flow statement 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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 above, we report that:
 - (i) 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;
 - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon 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:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-

C.R. Rajagopal

Partner

Membership No. 23418

Place : Kochi
Date : 19th May 2008

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- i) The nature of business of the Company during the year is such that the provisions of clauses (vi), (x), (xii) to (xv), (xviii) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company for the year ended 31st March 2008.
- ii)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the Company has a programme of verification of assets and all assets, in accordance with the programme, were verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification
 - (c) In our opinion, the fixed assets disposed off during the year were not material so as to affect the going concern status of the Company.
- iii)
 - (a) As explained to us, inventory was physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered 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, the Company has an adequate internal control system commensurate with its size and nature of its business with regard to the purchases of inventory and fixed assets, and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- vi)
 - (a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered .
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of PVC electrical insulated cables pursuant to the rules made by the Central Government for maintenance of cost records prescribed under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records are made and maintained. However, we have not made a detailed examination of those accounts and records to determine whether they are accurate or complete. To the best of our knowledge, and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

- ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, and Excise Duty were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, except for the following disputed Sales Tax dues, there are no disputed dues in respect of Income tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or Cess, which have not been deposited as at the Balance Sheet date:

Name of Statutes	Period to which the amount relates	Amount disputed (Rs. in lakhs)	Forum where disputed
Kerala General Sales Tax Act	1988-89 to 1994-95	30.62	Supreme Court of India
--do--	1994-95	1.58	Sales Tax Appellate Tribunal, Ernakulam
--do--	1997-98	10.55	High Court of Kerala.
--do--	1998-99&99-00	9.11	Dy. Commissioner (Appeals), Cochin
Andhra Pradesh General Sales Tax Act	2002-03	0.61	Dy. Commissioner (Appeals), Hyderabad
Andhra Pradesh VAT Act	2005-06	0.75	Addl. Dy Commissioner (CT), Andhra Pradesh

- x) In our opinion, and according to the information and explanations given to us, *except for* interest on term loans for March 2008, which was paid subsequently, the Company has not defaulted in the repayment of dues to a financial institution and banks from which loans have been availed.
- xi) In our opinion, and according to information and explanations given to us the term loans have been applied for the purposes for which they were availed.
- xii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- xiii) We have verified the end use of money raised by public issue from the draft prospectus filed with Securities & Exchange Board of India (SEBI), the offer document and as disclosed in the notes to the financial statements.
- xiv) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-

C.R. Rajagopal

Partner

Membership No. 23418

Place : Kochi

Date : 19th May 2008



(Rupees in Lakhs)

BALANCE SHEET AS AT 31ST MARCH 2008

Particulars	Sch No.	As at 31st March 2008	As at 31st March 2007
SOURCES OF FUNDS			
<i>Shareholders' Funds</i>			
Share capital	1	2,984.75	2,139.58
Reserves and surplus	2	8,798.73	1,678.37
		11,783.48	3,817.95
<i>Loan Funds</i>			
Secured loans	3	3,591.62	3,606.77
<i>Deferred tax liability (Net)</i> (Refer Note 25 of Schedule 20)			
		419.21	409.21
TOTAL		15,794.31	7,833.93
APPLICATION OF FUNDS			
<i>Fixed Assets</i>			
Gross block	4	5,902.17	4,889.47
Less: Accumulated depreciation		1,525.17	1,181.62
Net block		4,377.00	3,707.85
Capital work in progress	5	1,553.35	299.35
		5,930.35	4,007.20
<i>Investments</i>			
	6	1,500.00	-
<i>Current Assets, Loans & Advances</i>			
Inventories	7	4,341.26	3,099.44
Sundry debtors	8	3,794.36	2,714.48
Cash and bank balances	9	3,856.48	144.44
Loans and advances	10	2,885.92	1,623.20
		14,878.02	7,581.56
<i>Less: Current Liabilities & Provisions</i>			
Current liabilities	11	3,273.41	2,444.65
Provisions	12	3,240.65	1,310.18
		6,514.06	3,754.83
<i>Net Current Assets</i>			
		8,363.96	3,826.73
TOTAL		15,794.31	7,833.93

Significant accounting policies and notes on accounts 20

Schedules 1 to 20 form an integral part of the accounts.

Per our report attached.

For and on behalf of the Board of Directors

Sd/-
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
P.G.R PRASAD
Chairman

Sd/-
KOCHOUSEPH CHITILAPPILLY
Managing Director

Sd/-
C.R. RAJAGOPAL
Partner

Sd/-
NANDAKUMAR T.
CFO

Sd/-
JAYASREE K.
Company Secretary

Place : Kochi
Date : 19th May, 2008

Place : Kochi
Date : 19th May, 2008

(Rupees in Lakhs)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	Sch No.	For the year ended 31st March 2008	For the year ended 31st March 2007
INCOME			
Turnover (Gross)	13	28,917.94	22,922.04
Less : Excise duty		1,106.94	694.56
		27,811.00	22,227.48
Other income	14	98.80	84.17
TOTAL		27,909.80	22,311.65
EXPENDITURE			
Cost of goods sold	15	19,051.39	14,441.38
Employee costs	16	1,542.63	984.75
Selling and distribution expenses	17	2,928.58	3,360.87
Establishment expenses	18	1,305.68	816.07
Financial expenses	19	462.28	364.19
Depreciation/Amortisation	4	346.54	294.49
TOTAL		25,637.10	20,261.75
Profit before tax and exceptional item		2,272.70	2,049.90
Exceptional item:			
Profit on sale of land		2,970.74	-
Profit on sale of long term non-trade investments		-	600.00
Profit Before Tax		5,243.44	2,649.90
Provision for tax:			
Current tax		1,475.32	778.30
Deferred tax		(5.00)	31.21
Fringe benefit tax		31.00	19.00
Income tax for earlier years		(0.19)	(2.54)
Net profit		3,742.31	1,823.93
Balance brought forward		948.37	2,082.25
Profit available for appropriation		4,690.68	3,906.18

(Contd.)



(Rupees in Lakhs except for EPS)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	Sch No.	For the year ended 31st March 2008	For the year ended 31st March 2007
APPROPRIATIONS:			
Capitalisation of accumulated profits for issue of bonus shares		-	1,800.00
Transfer to General Reserve		380.00	200.00
Interim dividend		873.90	840.00
Tax on interim dividend		148.52	117.81
Proposed final dividend		746.19	-
Tax on proposed final dividend		126.81	-
		2,275.42	2,957.81
Balance carried to Balance Sheet		2,415.26	948.37
		4,690.68	3,906.18
Basic and Diluted Earnings Per share (In rupees)			
- before exceptional item		6.53	6.34
- after exceptional item		16.70	8.68
(Equity shares of face value of Rs.10/- each)			
(Refer Note 24 of Schedule 20)			
Significant accounting policies and notes on accounts 20			

Schedules 1 to 20 form an integral part of the accounts.

Per our report attached.

For and on behalf of the Board of Directors

Sd/-
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
P.G.R PRASAD
Chairman

Sd/-
KOCHOSEPH CHITILAPPILLY
Managing Director

Sd/-
C.R. RAJAGOPAL
Partner

Sd/-
NANDAKUMAR T.
CFO

Sd/-
JAYASREE K.
Company Secretary

Place : Kochi
Date : 19th May, 2008

Place : Kochi
Date : 19th May, 2008

(Rupees in Lakhs)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	For the Year Ended 31st March 2008	For the Year Ended 31st March 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,243.44	2,049.90
Add/(Less):		
Depreciation/Amortisation	346.54	294.49
Financial expenses	462.28	364.19
Provision for doubtful advances	-	20.00
Profit on sale of land	(2,970.74)	-
Loss on sale of assets	1.84	2.26
Interest earned	(26.11)	(0.58)
Dividend income	(5.23)	(26.00)
Cash flow before changes in working capital	3,052.02	2,704.26
Working capital changes:		
(Increase) / Decrease in debtors	(1,079.87)	(1,264.72)
(Increase) /Decrease in inventories	(1,241.82)	(1,028.79)
(Increase) / Decrease in loans and advances	(51.54)	(273.49)
Increase / (Decrease) in current liabilities and provisions	859.94	955.57
Cash generated from operations	1,538.73	1,092.83
Less: Income tax incl. fringe benefit tax paid (net)	(955.34)	(668.63)
Cash flows from operating activities	583.39	424.20
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,519.94)	(601.71)
Sale of fixed assets	3,219.15	14.95
Dividend income	5.23	26.00
Purchase of investments	(4,000.00)	-
Sale of investments	2,500.00	1,260.00
Direct taxes paid on capital gains	(692.82)	(108.30)
Interest earned	26.11	0.58
Cash generated/(used in) investing activities	(1,462.27)	591.52

(Contd.)



(Rupees in Lakhs)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	For the Year Ended 31st March 2008	For the Year Ended 31st March 2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	845.17	39.57
Securities premium received (net of share issue expenses of Rs.515.54 lakhs)	5,244.46	-
Term loans availed	-	300.00
Loans availed from others	55.76	6.00
Repayment of term loan	(343.86)	(469.39)
Repayment of other loans	-	(20.46)
Increase in working capital loan	263.69	913.49
Unsecured loans availed	-	1,869.38
Repayment of unsecured loans	-	(2,022.42)
Interim dividend paid for the year 2007-2008	(873.90)	-
Final dividend paid for the year 2005-06	-	(90.00)
Interim dividend paid for the year 2005-06	-	(90.00)
Interim dividend paid for the year 2006-07	-	(840.00)
Dividend tax paid	(148.52)	(143.06)
Interest paid	(451.88)	(357.44)
Cash generated/(used in) financing activities	4,590.92	(904.33)
Net increase / (decrease) in cash & cash equivalents (A + B + C)	3,712.04	111.39
Add: cash & cash equivalents at the beginning of the year \$	144.44	33.05
Cash and cash equivalents at the close of the year \$	3,856.48	144.44
(\$ - Refer Note 19 of Schedule 20)		

Schedules 1 to 20 form an integral part of the accounts.

Per our report attached.

For and on behalf of the Board of Directors

Sd/-
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
P.G.R PRASAD
Chairman

Sd/-
KOCHOUSEPH CHITTLAPPILLY
Managing Director

Sd/-
C.R. RAJAGOPAL
Partner

Sd/-
NANDAKUMAR T.
CFO

Sd/-
JAYASREE K.
Company Secretary

Place : Kochi
Date : 19th May, 2008

Place : Kochi
Date : 19th May, 2008

(Rupees in Lakhs)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008

Particulars	As at 31st March 2008	As at 31st March 2007
Schedule 1. SHARE CAPITAL		
AUTHORISED 30,000,000 Equity Shares (Previous year 25,000,000 Equity Shares) of Rs.10/- each	3,000.00	2,500.00
ISSUED, SUBSCRIBED AND PAID UP		
29,847,520 Equity shares (Previous year 21,395,760 Equity shares) of Rs.10/- each, fully paid up	2,984.75	2,139.58
Of the above, 18,000,000 Equity Shares of Rs.10/- each were issued as fully paid up bonus shares by capitalisation of accumulated profits during the previous year.		
	2,984.75	2,139.58
Schedule 2. RESERVES & SURPLUS		
<i>Securities premium:</i>		
As per last Balance Sheet	-	-
Received during the year	5,760.00	-
Less: Share issue expenses	515.54	-
	5,244.46	-
<i>General Reserve :</i>		
As per last Balance Sheet	730.00	530.00
Add: Adjustment on adoption of revised Accounting Standard 15 "Employee Benefits" (Net of deferred tax adjustment of Rs.15.00 lakhs)	29.01	-
Transferred from Profit & Loss Account	380.00	200.00
	1,139.01	730.00
<i>Profit and Loss Account</i>	2,415.26	948.37
	8,798.73	1,678.37
Schedule 3. SECURED LOANS		
Term loans from banks	1,242.57	1,586.43
Interest accrued and due (Repayable within one year Rs.334.36 Lakhs (Previous Year: Rs.465.69Lakhs)	9.46	9.11
Working capital loans from banks	2,231.64	1,967.95
Interest accrued and due	14.77	5.86
Loans from others	94.26	40.78
Less: Interest suspense (Repayable within one year Rs.43.47 Lakhs (Previous Year: Rs.24.06 Lakhs) (Refer Note 2 of Schedule 20)	(1.08)	(3.36)
	93.18	37.42
	3,591.62	3,606.77

(Rupees in Lakhs)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008

SCHEDULE 4. FIXED ASSETS

BLOCK OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2007	Additions during the year	Deletions /Transfers during the year	As at 31/03/2008	Up to 01/04/2007	For the year	On Deletions/ Transfers	Up to 31/03/2008	As at 31/03/2008	As at 31/03/2007
Tangible assets										
Freehold Land	734.42	713.77	214.10	1,234.09	-	-	-	-	1,234.09	734.42
	<i>649.45</i>	<i>84.97</i>	-	<i>734.42</i>	-	-	-	-	<i>734.42</i>	<i>649.45</i>
Buildings	1,064.17	186.67	34.12	1,216.72	105.56	23.10	0.14	128.52	1,088.20	958.61
	<i>821.54</i>	<i>242.63</i>	-	<i>1,064.17</i>	<i>85.22</i>	<i>20.34</i>	-	<i>105.56</i>	<i>958.61</i>	<i>736.32</i>
Plant & machinery	1,628.34	65.59	1.57	1,692.36	675.77	160.91	0.98	835.70	856.66	952.57
	<i>1,565.82</i>	<i>63.40</i>	<i>0.88</i>	<i>1,628.34</i>	<i>548.17</i>	<i>127.90</i>	<i>0.30</i>	<i>675.77</i>	<i>952.57</i>	<i>1,017.65</i>
Office Equipments	64.08	25.15	3.18	86.05	22.35	5.53	1.62	26.26	59.79	41.73
	<i>51.62</i>	<i>13.23</i>	<i>0.77</i>	<i>64.08</i>	<i>18.32</i>	<i>4.46</i>	<i>0.43</i>	<i>22.35</i>	<i>41.73</i>	<i>33.30</i>
Computers	216.49	73.83	0.27	290.05	134.00	24.50	0.25	158.25	131.80	82.49
	<i>159.47</i>	<i>59.76</i>	<i>2.74</i>	<i>216.49</i>	<i>118.67</i>	<i>18.06</i>	<i>2.73</i>	<i>134.00</i>	<i>82.49</i>	<i>40.80</i>
Furniture and Fixtures	74.65	32.07	-	106.72	52.04	17.11	-	69.15	37.57	22.61
	<i>54.91</i>	<i>19.74</i>	-	<i>74.65</i>	<i>39.88</i>	<i>12.16</i>	-	<i>52.04</i>	<i>22.61</i>	<i>15.03</i>
Vehicles	105.89	108.22	-	214.11	25.00	11.99	-	36.99	177.12	80.89
	<i>133.19</i>	<i>7.00</i>	<i>34.30</i>	<i>105.89</i>	<i>31.58</i>	<i>11.43</i>	<i>18.01</i>	<i>25.00</i>	<i>80.89</i>	<i>101.61</i>
Intangible Assets										
Trademark	1,001.43	60.64	-	1,062.07	166.90	103.40	-	270.30	791.77	834.53
	<i>1,001.43</i>	-	-	<i>1,001.43</i>	<i>66.76</i>	<i>100.14</i>	-	<i>166.90</i>	<i>834.53</i>	<i>934.67</i>
TOTAL	4,889.47	1,265.94	253.24	5,902.17	1,181.62	346.54	2.99	1,525.17	4,377.00	3,707.85
Previous year	<i>4,437.43</i>	<i>490.73</i>	<i>38.69</i>	<i>4,889.47</i>	<i>908.60</i>	<i>294.49</i>	<i>21.47</i>	<i>1,181.62</i>	<i>3,707.85</i>	<i>3,528.83</i>

Note : Previous year figures are shown in italics



(Rupees in Lakhs)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008

Particulars	As at 31st March 2008	As at 31st March 2007
Schedule 5. CAPITAL WORK-IN-PROGRESS		
Capital work in progress	1,012.55	149.08
Advances for capital expenditure	560.80	170.27
Less: Provision for doubtful advances	(20.00)	(20.00)
	1,553.35	299.35
Schedule 6. INVESTMENTS		
Current investments - At lower of cost and fair value Unquoted, non trade In Mutual Funds (Market value of mutual fund investments: Rs.1,500 lakhs)	1500.00	-
	1500.00	-
Schedule 7. INVENTORIES		
Raw materials	193.64	246.87
Raw materials-in-transit	74.04	105.99
Finished goods	3,652.07	2,376.60
Finished goods-in-transit	33.66	53.56
Work-in-process	250.20	231.77
Stores, Spares and Consumables	137.65	84.65
	4,341.26	3,099.44
Schedule 8. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months	65.34	37.94
Other debts	3,729.02	2,676.54
[Debts considered good in respect of which the company is fully secured Rs.632.88 lakhs (Previous year : Rs.563.80 lakhs) and debts considered good for which the company holds no security other than the debtor's personal security Rs.3161.48 lakhs (Previous year : Rs.2150.68 lakhs)]		
	3,794.36	2,714.48
Schedule 9. CASH AND BANK BALANCES		
Cash on hand	1.65	1.95
Cheques on hand	17.88	26.35
Balance with Scheduled Banks		
- in current accounts	280.30	98.92
- in EEFC account	1.84	2.66
- in deposit accounts	3,554.81	14.56
	3,856.48	144.44



(Rupees in Lakhs)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008

Particulars	As at 31st March 2008	As at 31st March 2007
Schedule 10. LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	448.87	435.77
Advance income tax	2,309.56	1,108.17
Advance fringe benefit tax	45.00	39.27
Deposits :		
With Government authorities	26.69	20.41
With others	55.80	19.58
	2,885.92	1,623.20
Schedule 11. CURRENT LIABILITIES		
Sundry Creditors		
- Dues to Micro and Small Enterprises (Refer Note 18 of Schedule 20)	29.31	-
- Others	572.68	611.79
Acceptances	1,112.65	984.08
Deposits from distributors	496.75	418.50
Other liabilities	1,054.20	423.60
Interest accrued but not due on loans	7.82	6.68
	3,273.41	2,444.65
Schedule 12. PROVISIONS		
Employee benefits	38.70	71.33
Warranty expense	25.00	-
Proposed final dividend	746.19	-
Tax on proposed final dividend	126.81	-
Income tax	2,254.41	1,198.46
Fringe benefit tax	49.54	40.39
	3,240.65	1,310.18

(Rupees in Lakhs)

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2008**

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007
<i>Schedule 13. TURNOVER (Gross)</i>		
Sale of products		
Manufactured goods	9,179.23	6,114.83
Less: Trade/Quantity discounts allowed	(323.01)	(173.00)
(A)	8,856.22	5,941.83
Traded goods	21,885.44	18,000.69
Less: Trade/Quantity discounts allowed	(1,823.72)	(1,020.48)
(B)	20,061.72	16,980.21
Total (A + B)	28,917.94	22,922.04
<i>Schedule 14. OTHER INCOME</i>		
Service charges	35.34	28.72
Mould hire charges [TDS Rs. 1.18 Lakh (Previous year Rs.1.44 Lakhs)]	12.05	12.64
Dividend from long term non-trade investments	-	26.00
Dividend from non- trade current investments	5.23	-
Sale of power	3.05	7.28
Interest from banks(Gross) [TDS Rs.1.84 Lakh (Previous year Rs.0.11 Lakhs)]	26.11	0.58
Other interest (Gross) [TDS Rs.1.93 Lakh (Previous year Rs.0.78 Lakhs)]	10.01	4.41
Miscellaneous income	5.72	4.54
Exchange Rate Gain (Net)	1.29	-
	98.80	84.17



(Rupees in Lakhs)

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2008**

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007
<i>Schedule 15. COST OF GOODS SOLD</i>		
<i>a) Raw Materials Consumed (Manufacturing)</i>		
Opening stock	246.86	147.09
Add: Purchases	5,432.88	3,487.11
	5,679.74	3,634.20
Less: Closing stock	193.64	246.86
	5,486.10	3,387.34
<i>b) Cost of Goods sold (Trading)</i>		
Opening stock	1,796.40	1,133.96
Purchases	14,106.19	11,488.51
	15,902.59	12,622.47
Less: Closing stock	2,655.00	1,796.40
	13,247.59	10,826.07
Add: Packing expenses	109.86	78.93
" Spares and components	305.31	200.00
	13,662.76	11,105.00
<i>c) Manufacturing Expenses</i>		
Power and fuel	60.16	39.55
Consumables	36.94	21.74
Packing expenses	120.53	79.07
Factory expenses	11.95	4.39
Excise duty	12.92	-
Labour charges	71.16	38.40
Powder coating expenses	24.25	18.97
	337.91	202.12
<i>d) Change in Finished Stock (Manufacturing)</i>		
Opening stock		
Finished goods	580.20	444.12
[Includes excise duty of Rs. 85.37 lakhs (previous year Rs. 73.38 lakhs)]		
Work -in-process	231.77	115.41
	811.97	559.53
Used for captive consumption	(0.08)	(0.64)
	811.89	558.89
Closing stock		
Finished goods	997.07	580.20
[Includes excise duty of Rs. 151.50 lakhs (previous year Rs. 85.37 lakhs)]		
Work -in-process	250.20	231.77
	1,247.27	811.97
Increase/ (Decrease) in stock	435.38	253.08
TOTAL (a+ b+ c-d)	19,051.39	14,441.38

(Rupees in Lakhs)

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007
Schedule 16. EMPLOYEE COSTS		
Salaries and wages (Refer Note 11 of Schedule 20)	1,279.11	809.04
Bonus and ex-gratia	79.77	57.04
Contribution to provident & other funds	64.07	42.52
Gratuity	18.11	8.35
Staff welfare expenses	101.57	67.80
	1,542.63	984.75
Schedule 17. SELLING & DISTRIBUTION EXPENSES		
Discounts and incentives	1,318.43	1,988.28
Advertisement and sales promotion	1,592.14	1,198.11
Sales Tax, Turnover tax etc.	8.41	137.48
Gifts and compliments	3.72	30.57
Commission to consignment agent	5.88	6.43
	2,928.58	3,360.87
Schedule 18. ESTABLISHMENT EXPENSES		
Rent	90.17	37.96
Power and fuel	35.56	24.14
Postage, telephone and telex	81.49	54.04
Printing and stationery	29.06	20.15
Insurance	20.75	18.79
Rates and taxes	18.10	24.24
Freight charges	373.42	196.66
Travelling expenses	238.15	165.26
R & D expenses (Refer Note 11(d) of Schedule 20)	100.55	61.43
Legal and professional charges (Refer Note 12 of Schedule 20)	48.60	27.27
Office expenses	57.18	27.16
Repairs & Maintenance- Machinery	23.05	10.51
Repairs & Maintenance- Building	29.41	26.56
Repairs & Maintenance- Others	57.49	51.95
Provision for warranty	25.00	-
Provision for doubtful advances	-	20.00
Bank charges	47.76	35.48
Donation	19.15	8.02
Miscellaneous expenses	7.52	3.95
Loss on sale of fixed assets (Net)	1.84	2.26
Exchange rate loss	-	0.14
Sitting fees to director	1.43	0.10
	1,305.68	816.07
Schedule 19. FINANCIAL EXPENSES		
Interest on fixed loans	415.30	276.48
Other interest	46.98	87.71
	462.28	364.19

**SCHEDULE 20. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****1. Significant Accounting Policies****(a) Accounting Convention**

The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the requirements of Companies Act, 1956 and Accounting Standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

(b) Use of Estimates

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

(c) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises purchase value (net of CENVAT credit) and other attributable costs of bringing the assets to working condition for the intended use.

(d) Intangible Assets

Acquisition cost of trademark comprises of purchase cost and other expenses incurred in connection with its acquisition.

(e) Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(f) Borrowings Costs

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

(g) Depreciation/Amortisation

- i) Depreciation on assets taken over on 1st April 1996, from the erstwhile sole proprietorship is provided on Straight Line Method based on the remaining useful life of the assets as estimated by an independent valuer. The rates of depreciation fall within the following ranges after considering the remaining useful life of assets.

Asset Group	Range
Plant & Machinery	5.00% - 5.55%
Office Equipment	5.00% - 5.88%
Furniture & Fixtures	6.67% - 10.00%

- ii) Depreciation on assets acquired by the Company after 1.4.1996 is provided for on Straight Line Method, on pro-rata basis, at the rates specified in Schedule XIV to the Companies Act, 1956, from the first day of the month in which the asset is put to commercial use. Depreciation has been provided @ 100% in respect of assets whose value does not exceed Rs.5,000/-, purchased or put to use during the year.
- iii) Value of trademark acquired is amortized over a period of ten years.

(h) Investments

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

(i) Inventories

- i) Manufactured goods are valued at lower of cost, including excise duty payable at the time of removal of goods wherever applicable, and net realizable value. Cost is computed under weighted average method and includes attributable direct costs and production overheads.
- ii) Traded goods are valued at lower of cost and net realizable value. Cost is computed at weighted average purchase price including taxes and freight directly attributable to the acquisition.
- iii) Work-in-progress is valued at lower of cost and net realizable value. Cost includes attributable direct costs and production overheads incurred up to the respective stage of completion.
- iv) Other items of inventory are valued at lower of cost and net realizable value. Cost is computed under weighted average method.

(j) Excise Duty

Excise duty is accounted as and when finished goods are removed from the factory godown. Provision is made for excise duty payable on stock of finished goods in hand at the balance sheet date.

(k) Employee Benefits

The Company provides Provident Fund as a post employment benefit to all its employees which is a defined contribution plan. The annual contribution to Employees Provident Fund Organisation is charged to the Profit and Loss Account of the year to which the contribution relates.



The Company's annual contribution to State Plans, viz. Employees' State Insurance Scheme and Employees' Pension Scheme, 1995 are also charged to Profit and Loss Account of the year to which the contributions relate.

The Company provides gratuity and long term compensated absences to all employees, which are defined benefit plans. These liabilities are determined on the basis of actuarial valuation under projected unit credit method at the balance sheet date. Gratuity is funded with Life Insurance Corporation of India.

Actuarial gains and losses comprise of experience adjustments and the effects of changes in actuarial assumptions, and are recognized immediately in Profit and Loss Account as income or expense.

Short term employee benefit obligations are measured on an undiscounted basis.

(l) Research & Development

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

(m) Revenue Recognition

- i) Revenue from sales is recognised on transfer of title to goods to the buyer.
- ii) Dividend income is accounted for when right to receive dividend is established.

(n) Foreign Exchange Transactions

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

(o) Segment Reporting

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

(p) Earnings per share

Basic and diluted earnings per share is computed in accordance with AS-20 'Earnings per share' issued by the Institute of Chartered Accountants of India Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares outstanding during the year and dilutive potential equity shares outstanding at year end.

(q) Taxes on Income

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

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

(r) Provisions

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

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

- a) Term loan of Rs.370/- lakhs from Dhanalakshmi Bank Ltd. is secured by hypothecation by way of first charge on the plant and machinery, tools and accessories in respect of specific assets financed by the bank, namely (a) 2 x 230 KW Wind Mills situated at Dharapuram Taluk, Erode, Tamil Nadu, (b) Machinery and equipment in respect of Solar Water Heater Unit at K.G Chavadi, Coimbatore and (c) Office cum godown building at Mansoorabad Village, Renga Reddy District, Andhra Pradesh and Equitable Mortgage of 4 acres of land relating to the Wind Mills, at Erode, Tamil Nadu and 2091.5 sq. meters of land at Mansoorabad Village in Andhra Pradesh. The loans are further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.
- b) Term loan of Rs.100/- lakhs from Dhanalakshmi Bank Ltd. is secured by equitable mortgage of 106.424 cents of land at Edappally South Village, Kanayannur Taluk, Vennala Desom, together with godown with an area of 1578.40 sq meters. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.
- c) Term loan of Rs.1000/- lakhs from The State Bank of India is secured by (a) charge over the registered Trade Mark "V-GUARD" and (b) exclusive charge over the fixed assets, land and building, namely (i) Plant and Machinery in the trading division having establishments at Ernakulam, Bangalore, Coimbatore and Hyderabad, (ii) Factory building and plant and machinery at Solar Water Heater Division, (iii) 47.737 cents of land at Sastha Temple Road, Kaloor, 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. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.
- d) Term Loan of Rs.800/- lakhs from The State Bank of India is secured by (a) charge over the assets acquired / constructed out of bank finance and extension of equitable mortgage over 47.737 cents of land at Sastha Temple Road, Kaloor, 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. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.
- e) Medium term loans from Sundaram Finance Ltd and HDFC Bank Ltd are secured by hypothecation of vehicles financed by the lender.



f) Working capital loan from State Bank of India, Dhanalakshmi Bank Ltd, Citibank NA, Standard Chartered Bank PLC and HDFC Bank Ltd. are secured by hypothecation by way of first charge on all current assets of the company present and future including stock of goods, book debts and all other movable assets including document of title to goods on *pari-passu* basis and 3rd *pari-passu* charge on all fixed assets of the company including immovable properties. The loan is further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.

3. Company has availed bill-discounting facilities of Rs.500 lakhs from Small Industries Development Bank of India (SIDBI), Rs.750 lakhs from State Bank of India and Rs.400 lakhs from Standard Chartered Bank for discounting of suppliers bills. The limit with SIDBI is secured by a second charge by way of hypothecation of all the movable assets including movable plant, machinery, spares, tools, accessories, equipments, computers etc., both present and future and also by personal guarantee of Shri. Kochouseph Chittilappilly, Managing Director of the Company. The limit with State bank of India and Standard Chartered Bank are secured by way of extension of securities provided for working capital loans.

4. (a) Contingent liabilities not provided for: -

Particulars	2007-08 (Rs. in lakhs)	2006-07 (Rs. in lakhs)
a) Sales tax matters under dispute	103.40	109.57
b) Entry tax on goods to local area.	-	5.45
c) Open letters of credit for import purchase	174.39	7.79

5. Estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) Rs.4,841.66 lakhs (Previous year: Rs.1,120.07 lakhs).

6. Utilization of proceeds from the allotment of Equity Shares to public during the year:

(Rs. In lakhs)

Particulars	As on 31 st March 2008
Proceeds from allotment of Equity Shares	6,560.00
Less:	
Acquisition of Machinery	347.09
Acquisition of Land	569.20
Construction Expenses	510.54
Share issue expenses	515.53
Unutilised balance as on 31st March 2008	4,617.64
Unutilised balance has been invested as follows:	
Investments in Mutual Funds	1,500.00
Balances in Fixed Deposits and current account with Banks	3,117.64
Total	4,617.64

7. Details of investments purchased and redeemed / sold during the year:

(In units)

Security	Purchased during the year	Dividend accretion	Total	Sold during the year	Balance as on 31.03.2008
SBI Magnum Insta Cash Fund	1,49,25,105.82	31,212.90	1,49,56,318.72	1,49,56,318.72	-
SBI Debt Fund Series	1,50,00,000.00	-	1,50,00,000.00	-	1,50,00,000.00

8. Exceptional item represents profit on sale of land during the year. (Previous year: Sale of investments)

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

Particulars	Units	Opening Stock		Net Turnover		Closing Stock	
		Qty.	Value (Rs. In lakhs)	Qty.	Value (Rs.in lakhs)	Qty.	Value (Rs.in lakhs)
2007-2008							
a) PVC Insulated Cables	K.mts	6,623	386.80	88,622	5,957.92	8,912	672.78
b) Solar Water Heater	Nos.	646	83.95	6,267	1,252.22	809	102.33
c) Pumps	Nos.	2,314	109.45	7,311	475.16	3,649	219.28
d) Others*					63.98		2.68
Total			580.20		7,749.28		997.07
2006-2007							
a) PVC Insulated Cables	K.mts	6,678	349.71	58,332	3,939.47	6,623	386.80
b) Solar Water Heater	Nos.	221	28.44	4,533	943.37	646	83.95
c) Pumps	Nos.	1,711	65.97	4,947	293.12	2,314	109.45
d) Other Items*		-	-	-	71.31	-	-
Total			444.12		5,247.27		580.20

* Quantitative particulars in respect of opening, closing stocks and turnover of 'Other items' could not be furnished on account of diverse nature of such goods.



(b) Particulars in respect of opening stock, purchases and closing stock of traded goods.

(i) Stabilizer:

Particulars	2007-08		2006-07	
	Qty (Nos)	Value (Rs. in Lakhs)	Qty (Nos)	Value (Rs. in Lakhs)
Opening Stock	1,44,453	889.05	76,688	402.75
Purchases	11,59,946	5,978.44	11,39,992	6,246.89
Net Sales	10,84,391	9,375.23	10,72,227	9,508.65
Closing Stock	2,20,008	1,184.17	1,44,453	889.05

(ii) Pump:

Particulars	2007-08		2006-07	
	Qty (Nos)	Value (Rs. in Lakhs)	Qty (Nos)	Value (Rs. in Lakhs)
Opening Stock	11,465	322.21	14,867	360.07
Purchases	1,79,720	4,032.32	1,21,797	2,762.79
Net Sales	1,61,292	5,135.43	1,25,199	4,043.46
Closing Stock	29,893	863.40	11,465	322.21

(iii) Other items *:

Particulars	2007-08		2006-07	
	Qty (Nos)	Value (Rs. in Lakhs)	Qty (Nos)	Value (Rs. in Lakhs)
Opening Stock	--	585.13	--	371.14
Purchases	--	4,095.43	--	2,478.83
Net Sales	--	5,551.06	--	3,428.10
Closing Stock	--	607.43	--	585.13

* Quantitative particulars in respect of stocks, purchases and sales of 'Other items' could not be furnished on account of diverse nature of such goods.

10. (a) Particulars in respect of Raw materials consumed:

Particulars	2007-08		2006-07	
	Qty (Kgs.)	Value (Rs. in Lakhs)	Qty (Kgs.)	Value (Rs. in Lakhs)
Copper	12,39,914	4,113.58	7,52,196	2,459.74
PVC	8,87,956	463.46	5,47,654	264.63
Others*	--	909.07	--	662.96
Total		5,486.11		3,387.34

* Quantitative particulars in respect of 'Other' raw material consumed could not be furnished on account of diverse nature of such goods.

11. (a) Salaries and Allowances include the following remuneration paid to Directors (including Managing Director)

(Rs. in Lakhs)

Particulars	2007-08			2006-07	
	Salary	Commission	Perquisites *	Salary	Perquisites*
Managing Director	57.60	32.34	0.23	54.00	0.52
Whole time Directors	15.13	16.17	4.24	6.73	2.79
Total	72.73	48.51	4.47	60.73	3.31

* Perquisites have been valued in accordance with the Income Tax Rules, 1962.

* The above remuneration is within the limits specified u/s. 198 of the Companies Act, 1956.

* Provisions for / contributions to employee retirement benefits, which are based on actuarial valuations done for the Company as a whole, is excluded from the above.

(b) Payments to other directors:

(Rs. in Lakhs)

Particulars	2007-08	2006-07
Sitting fees	1.43	0.10
Total	1.43	0.10



- (c) Computation of net profit in accordance with section 198/ 309(5) of the Companies Act, 1956 and commission payable to the Managing Director and Executive Director:

(Rs in lakhs)

Particulars	2007-08
Profit before tax and exceptional item for the period 01.08.2007 to 31.03.2008*	1,515.13
Add:	
Depreciation/Amortisation, considered separately	346.55
Managerial remuneration	100.43
Directors sitting fees	1.43
Less:	
Depreciation/Amortisation	346.55
Net Profit	1,616.99
Commission payable to Managing Director @ 2% and to Executive Director @ 1%	48.51

* Commission is payable to Managing and Executive Directors w.e.f. 1st August 2007.

- (d) R&D expenses include salary and allowances of R&D staff amounting to Rs.82.69 lakhs (Previous year: Rs.50.93 lakhs)

12. Legal and professional charges include the following amounts relating to statutory auditors for:

(Rs. in Lakhs)

Particulars	2007-08	2006-07
a) Audit Fees	8.00	6.00
b) Tax audit fee	2.00	1.50
c) Reimbursement of out of pocket expenses	-	0.36
d) Other Services	1.50	0.55
e) Service tax	1.43	1.02
Total	12.93	9.43

- Excludes Rs.12 lakhs towards fees (excluding service tax) in connection with public issue of Companies shares during the year, adjusted against share premium account.

13. Particulars in respect of Licensed / Installed capacity (as certified by management and relied upon by auditors) and actual production of PVC insulated electrical cables:

Particulars	2007-08	2006-07
	Qty (Mts.)	Qty (Mts.)
Licensed installed capacity	148,968,000	148,968,000
Actual production (in 1 and 1.5 sq mm dia.)	113,162,158	70,177,384

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

14. C.I.F Value of Imports:

(Rs. in Lakhs)

Particulars	2007-08	2006-07
Raw materials and Components	133.02	131.56
Capital goods	23.00	2.21
R & D expenses	--	0.22
Total	156.02	133.99

15. Expenditure in Foreign Currency:

(Rs. in Lakhs)

Particulars	2007-08	2006-07
Traveling expenses	5.09	0.23

16. Consumption of Raw Materials:

Particulars	2007-08		2006-07	
	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%
Imported	120.58	2	116.31	3
Indigenous	5,365.52	98	3,271.03	97
Total	5,486.10	100	3,387.34	100

17. Earnings in Foreign Currency:

(Rs. in Lakhs)

Particulars	2007-08	2006-07
F.O.B value of exports	1.36	3.62



18. The amounts payable to Micro and Small Enterprises have been determined on the basis of information available with the Company and have been relied upon by the auditors.

Particulars	Amount (Rs. in lakhs)
Principal amount remaining unpaid to Micro and Small Enterprises as at the end of accounting year	29.31
Interest due thereon	-
Amount of interest paid by the Company along with the amount of the payment made to the supplier beyond the appointed day during the year	-
Amount of interest due and payable for the period of delay in making payment (which have been paid, but beyond the appointed day) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act,2006	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-
Unpaid interest brought forward to current year	-

19. Notes on Cash Flow Statement:

- a) The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard – 3 on “Cash Flow Statements” issued by The Institute of Chartered Accountants of India.
- b) Cash and Cash Equivalents include fixed deposits of Rs. 54.47 lakhs (Previous year Rs.14.56 lakhs), given as security against guarantees and Letter of credit issued by State Bank of India and Dhanalakshmi Bank Ltd., and not available for use by the Company.

20. Interest amounting to Rs 37.29 lakhs (Previous year – Rs. Nil) on funds borrowed for construction of corporate office building was capitalized during the year and is included in Capital Work-in-Progress.

21. Employee Benefits:

- (a) The Company has adopted revised Accounting Standard 15 “Employee Benefits” issued by The Institute of Chartered Accountants of India during the year. Accordingly, the excess liability towards gratuity, and leave encashment (Privilege leave) / Compensated Absences (sick leave) as per the revised Accounting Standard 15 and pre-revised Accounting Standard 15 at the beginning of the year amounting to Rs.1,120,254/- and Rs.3,280,779/- respectively have been adjusted against General Reserve. The differential liability towards gratuity, and leave encashment (Privilege leave) for the year as per the revised Accounting Standard 15 and pre-revised Accounting Standard 15 is Rs. 3,690,114/- and Rs. 3,083,907/- respectively.

The Company has classified the various benefits provided to employees as under:

I. Defined Contribution Plan – Provident Fund:

During the year, the Company has recognised the employer’s contribution to Employees Provident Fund Organisation amounting to Rs.6,485,585/- as part of Employee Costs in Schedule 16 of the financial statements.

II. State Plans:

Employer's contribution to Employees' State Insurance Scheme.

Employer's contribution to Employees' Pension Scheme, 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account, included as part of Employee Costs in Schedule 16 of the financial statements:

- | | | | |
|-----|---|---|----------------|
| (a) | Employer's contribution to Employees' State Insurance Scheme. | - | Rs.2,046,059/- |
| (b) | Employer's contribution to Employees' Pension Scheme, 1995 | - | Rs.4,042,720/- |

➤ Defined Benefit Plans:

1. Gratuity
2. Leave Encashment (privilege leave) / Compensated Absences (sick leave)

In accordance with the revised Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefits using the following assumptions:

Particulars	Gratuity	Leave encashment / compensated absences
Discount Rate (per annum)	8% p.a	8% p.a
Rate of increase in compensation levels	4% p.a	4% p.a
Rate of return on plan assets	8% p.a	N/A
Expected average remaining working lives of employees (years)	29.16 years	29.16 years

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



Other disclosures required under revised Accounting Standard 15 are as follows:

	Particulars	Gratuity	Leave encashment/ compensated absences
(A)	Change in Present Value (PV) of obligation:		
	PV of obligation as at 31.03.2007	6,935,066	3,138,462
	Current service cost	997,453	1,741,324
	Interest cost	594,703	251,074
	Actuarial (gain) / loss on obligation	852,538	(1,260,701)
	Benefits paid	(1,051,364)	--
	Past service cost	--	--
	Curtailement cost / (credit)	--	--
	Settlement cost / (credit)	--	--
	PV of obligation as at 31.03.2008	8,328,396	3,870,159
(B)	Change in the Fair Value (FV) Plan Asset:		
	FV of Plan Asset as at 31.03.2007	7,341,744	--
	Expected return on Plan Assets	758,856	--
	Actuarial gain / (loss)	(124,744)	--
	Contributions by the employer	5,396,348	--
	Benefits paid	(1,051,364)	--
	FV of Plan Assets as at 31.03.2008	12,320,840	--
(C)	Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:		
	PV of obligation as at 31.03.2008	8,328,396	--
	FV of Plan Assets as at 31.03.2008	12,320,840	--
	Funded Status [Surplus/(Deficit)]*	3,992,444	
	PV of unfunded obligation as at 31.03.2008.	--	3,870,159
	Unrecognised past service costs	--	--
	Unfunded Net Asset / (Liability) recognised in Balance Sheet**	--	(3,870,159)
	* Included in Loans and Advances in Schedule 10 **Included in Provisions in Schedule 12		
(D)	Amounts recognized in Profit and Loss Account:		
	Current service cost	997,453	1,741,324
	Interest cost	594,703	251,074
	Expected return on Plan Assets	(758,856)	--
	Actuarial (gains) / losses	977,282	--
	Past service cost	--	--
	Curtailement cost / (credit)	--	--
	Settlement cost / (credit)	--	--
	Net amount recognised in Profit and Loss Account.	1,810,582	731,697
	* Included in Contribution to Provident and other Funds in Schedule 16 ** Included in Salaries & Wages in Schedule 16		

Particulars		Gratuity	Leave encashment/ compensated absences
(E)	Constitution of Plan Assets:		
	Equity instruments	--	--
	Debt instruments	--	--
	Property	--	--
	Insurer managed asset	12,320,840	--

This being the first year of adoption of revised Accounting Standard – 15 “Employ Benefit”, previous years numbers are not disclosed.

22. Segment disclosures:

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

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

- d) The Segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

e) Primary Business Segment information:

(Rupees in lakhs)

	Electronics		Electrical / Electro Mechanical		Others		Consolidated Totals	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Segment Revenues:								
External sales	11,056.63	10,304.30	15,304.86	10,584.63	1,449.51	1,338.55	27,811.00	22,227.48
Inter segment sales	--	--	--	--	--	--	--	--
Total Revenue	11,056.63	10,304.30	15,304.86	10,584.63	1,449.51	1,338.55	27,811.00	22,227.48
Result:								
Segment result	1,386.27	1,639.36	1,326.81	866.30	136.62	(6.74)	2,849.69	2,498.91
Other Income	13.30	4.65	32.56	24.66	6.95	13.47	52.81	42.78
Unallocated corporate income	--	--	--	--	--	--	9.87	10.39
Unallocated corporate expenses	--	--	--	--	--	--	213.51	168.97
Operating profit	1,399.57	1,644.01	1,359.37	890.96	143.57	6.73	2,698.86	2,383.11
Financial expenses	--	--	--	--	--	--	462.28	364.19
Interest Income	--	--	--	--	--	--	36.12	4.99
Dividend Income	--	--	--	--	--	--	--	26.00
Provision for Taxes	--	--	--	--	--	--	808.31	717.68
Profit from ordinary activities	1,399.57	1,644.01	1,359.37	890.96	143.57	6.73	1,464.39	1,332.23
Exceptional item- Profit on sale of long term investments(Net of tax)	--	--	--	--	--	--	--	491.70
Exceptional item- Profit on sale of land (Net of tax)	--	--	--	--	--	--	2,277.92	--
Net Profit	1,399.57	1,644.01	1,359.37	890.96	143.57	6.73	3,742.31	1,823.93
Other information:								
Segment assets	2,444.74	1,860.28	7,211.53	4,659.65	854.03	777.22	10,510.31	7,297.15
Unallocated corporate assets	--	--	--	--	--	--	11,798.06	4,183.33
Total Assets	2,444.74	1,860.28	7,211.53	4,659.65	854.03	777.22	22,308.37	11,480.48

(Rupees in lakhs)

	Electronics		Electrical / Electro Mechanical		Others		Consolidated Totals	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Segment liabilities	455.14	263.50	579.72	736.75	136.89	174.26	1,171.75	1,174.52
Unallocated corporate liabilities	--	--	--	--	--	--	8,933.93	6,078.80
Total Liabilities	455.14	263.50	579.72	736.75	136.89	174.26	10,105.68	7,253.32
Capital expenditure	--	--	1,096.02	125.76	42.28	60.64	1,138.30	186.40
Unallocated capital expenditure	--	--	--	--	--	--	1,381.64	395.32
Total Capital expenditure	--	--	1,096.02	125.76	42.28	60.64	2,519.94	581.72
Depreciation	--	--	118.84	89.14	39.19	36.36	158.03	125.50
Unallocated depreciation	--	--	--	--	--	--	188.51	168.98
Total Depreciation	--	--	118.84	89.14	39.19	36.36	346.54	294.48
Non cash expenses other than depreciation	--	--	--	--	--	--	--	--

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

23. Related party disclosures:

I. Related party disclosures as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

a) The Related Parties of the Company are as follows:

(i)	Key management personnel	Mr. Kochouseph Chittilappilly, Managing Director
(ii)	Relatives of Key management personnel	Ms. Sheela Kochouseph (wife), Mr. Arun K.Chittilappilly and Mr. Mithun K.Chittilappilly (sons)
(iii)	Companies in which the Key management personnel and his relatives have substantial interest	M/s. Veega Holidays & Parks Pvt. Ltd, M/s. Wonderla Holidays Private Limited, M/s. V-Star Creations Private Limited, M/s. Vintes Solutions Private Limited



- b) The nature and volume of the transactions of the Company during the year, with the related parties are as follows:

(Rs. in Lakhs)

Particulars	Key Management Personnel		Enterprises in which the Key management personnel and his relatives have substantial interest		Relatives of Key management personnel	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Transactions during the year						
Rent received	--	--	1.22	0.76	--	--
Corporate guarantee fee received	--	--	--	0.86	--	--
Dividend received	--	--	--	26.00	--	--
Sale of investments	--	420.00	--	--	--	840.00
Rent paid	27.79	15.60	--	--	4.20	4.95
Remuneration including commission	90.17	54.52	--	--	23.61	--
Interest on Unsecured loan	--	4.60	--	--	--	4.38
Dividend paid	251.88	305.86	--	--	579.63	714.03
Share Capital (Bonus Shares)	--	539.76	--	--	--	1,260.06
Unsecured Loans:						
➤ Availed during the year	--	714.72	--	--	--	1,154.67
➤ Repaid during the year	--	837.53	--	--	--	1,190.79
Personal guarantee provided during the year	2,800.00	2,500.00	--	--	2,800.00	2,500.00
Cumulative value of personal guarantees / Collateral securities provided	9,950.00	7,150.00	--	--	9,450.00	6,650.00
Corporate guarantee provided	--	--	--	5,100.00	--	--

- Note:** (1) No amounts pertaining to the related parties have been written off / written back during the current year.
- (2) Actual liability against personal guarantees including collateral security of personal properties is Rs.4,611.10 lakhs (Previous year : Rs. 4,553.43 lakhs)

II. Related party disclosures as per Listing Agreement entered into by the Company with Stock Exchanges:

Particulars	As at 31.03.2008	As at 31.03.2007	Maximum amount outstanding during the year	
			2007-08	2006-07
Loans and advance to subsidiaries	--	--	--	--
Loans and advance to associates	--	--	--	--
Loans and advances in the nature of loans where there is:				
(i) no repayment schedule or repayment beyond seven years.	--	--	--	--
(ii) no interest or interest below section 372A of the Companies Act, 1956.	--	--	--	--
Loans and advance to companies /firms in which directors are interested.	--	--	--	--
Investments by the loanee in the shares of the Company when there is an existing loan	--	--	--	--

24. Earnings Per Share is computed as follows:

Based on net profit before exceptional item:

Particulars	2007-2008	2006-2007
Profit attributable to equity shareholders (A)(Rs. in Lakhs)	1,464.39	1,332.23
Weighted average number of equity shares outstanding (B)	224.08	210.04
Basic/ Diluted earnings per share of Rs.10/- each (A/B) (in Rs.)	6.53	6.34

Based on net profit after exceptional item:

Particulars	2007-2008	2006-2007
Profit attributable to equity shareholders (A)(Rs. in Lakhs)	3,742.31	1,823.93
Weighted average number of equity shares outstanding (B)	224.08	210.04
Basic/ Diluted earnings per share of Rs.10/- each (A/B) (in Rs.)	16.70	8.68

25. Break up of Deferred Tax Assets and Liabilities as at 31st March, 2008

(Rs. in Lakhs)

Particulars	Up to 31.03.2007	For the year ended 31.03.2008		Balance as on 31.03.2008
		Recognised in P&L	Recognised in Balance Sheet	
Deferred Tax Liability Item:				
Depreciation / Amortisation	445.82	11.00	-	456.82
Deferred Tax Asset Item:				
Expenditure disallowed under Section 43B of the Income Tax Act	36.61	16.00	(15.00)	37.61
Net Deferred Tax Liability	409.21	(5.00)	15.00	419.21

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

Nature	Currency	Amount	Indian Rupees (In Lakhs)
Advances given	US Dollar	807	0.32
	Euro	26760	16.66
Creditors	US Dollar	44066	17.65

27. Previous year's figures have been re-grouped and re-classified wherever necessary to conform to classification for the year.

For and on behalf of the Board of Directors

Sd/-

P.G.R. PRASAD
Chairman

Sd/-

KOCHOUSEPH CHITILAPPILLY
Managing Director

Place: Kochi,

Date : 19th May, 2008

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No. 0 1 0 0 1 0 State Code : 0 9

Balance Sheet 3 1 0 3 0 8

Date Date Month Year

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

Public Issue

8 0 0 0 0 0

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

4 5 1 7

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:

(Amount in Rs. Thousands)

Total Liabilities

1 5 7 9 4 3 1

Total Assets

1 5 7 9 4 3 1

Sources of Funds

Paid-up Capital

2 9 8 4 7 5

Reserves & Surplus

8 7 9 8 7 3

Secured Loans

3 5 9 1 6 2

Unsecured Loans

N I L

Deferred tax liability

4 1 9 2 1

APPLICATION OF FUNDS

Net Fixed Assets

5 9 3 0 3 5

Investments

1 5 0 0 0 0

Net Current Assets

8 3 6 3 9 6

Misc. Expenditure

N I L

Accumulated Losses

N I L



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

Turnover

2 7 9 0 9 8 0

Total Expenditure

2 5 6 3 7 1 0

Profit/Loss Before Tax

5 2 4 3 4 4

Profit/Loss After Tax

3 7 4 2 3 1

Earning per share in Rs.

1 7

Dividend % (Final Dividend)

2 5 %

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

(As per monetary terms)

Item Code No (ITC Code)

8 5 3 6 3 0 0 9 2 0

V O L T A G E S T A B I L I S E R S
B E L O W 1 0 0 0 V O L T S

8 5 3 5 4 0 0 2 9 0

V O L T A G E S T A B I L I S E R S
A B O V E 1 0 0 0 V O L T S

8 4 1 3 7 0 0 0

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

8 5 4 4 2 0 2 2

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

For and on behalf of the Board of Directors

Sd/-

P.G.R PRASAD
Chairman

Sd/-

KOCHOSEPH CHITILAPPILLY
Managing Director

Place : Kochi
Date : 19th May, 2008

ELECTRONIC CLEARING SERVICE (ECS 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 :
(if Appearing on the cheque book)
- f) 9 Digit code no. of the Bank & :
Branch appearing on the MICR
cheque issued by the Bank

Important:

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. 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.

Signature of First Shareholder

Date:



V-GUARD INDUSTRIES LIMITED

Registered office: 44/1037, Little Flower Church Road, Kaloor, Cochin-682017

PROXY FORM

Twelfth Annual General Meeting- July 14, 2008

Regd.FolioNo./DP Client ID

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

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 Twelfth Annual General Meeting of the company to be held on Monday the
14th day of July, 2008 at 10.00 AM at Hotel International, Veekshnam Road, Cochin- 682035
and at any adjournment thereof.

Signed this.....day of.....2008.

Signature:

Affix
Revenue
Stamp

Note: 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.

V-GUARD INDUSTRIES LIMITED

Registered office: 44/1037, Little Flower Church Road, Kaloor, Cochin-682017

ATTENDANCE SLIP

Twelfth Annual General Meeting- July 14, 2008

Regd. FolioNo./DP Client ID

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

No. of Share held

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

For Physical Shareholders only

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

I hereby record my presence at the Twelfth Annual General Meeting of the Company at 10.00 a.m. at Hotel International, Veekshanam Road, Kochi-682035 on Monday, the 14th July, 2008

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

Members are requested to fill up the attendance slip and hand it over at the venue. Members are requested to bring their copy of Annual Report to the meeting as no copies will be distributed at the venue.