



***V-GUARD INDUSTRIES LIMITED***

**THIRTEENTH ANNUAL REPORT  
2008-2009**



## CONTENTS

Chairman's Statement	3
Notice to Members	4
Directors' Report	15
Report on Corporate Governance	26
Management Discussion and Analysis Report	41
Auditor's Report	49
Balance Sheet	54
Profit and Loss Account	55
Cash Flow Statement	57
Schedules to Balance Sheet	59
Schedules to Profit and Loss Account	63
Notes to Account	66
Balance Sheet Abstract	86
Electronic Clearing Service Form	88
Proxy Form	89
Attendance Slip	90

V-GUARD INDUSTRIES LIMITED



THIRTEENTH ANNUAL REPORT 2008-2009

**Board of Directors**

Shri. P G R Prasad  
Shri. Kochouseph Chittilappilly  
Shri. N Sreekumar  
Shri. Mithun K Chittilappilly  
Shri. C J George  
Shri. A K Nair

Chairman  
Managing Director  
Joint Managing Director  
Executive Director  
Director  
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.  
Standard Chartered Bank  
HDFC Bank

**Registrar & Share Transfer Agents**

Link Intime India Private Limited  
(Formerly Intime Spectrum Registry Ltd.)  
Surya, 35, May Flower Avenue,  
Behind Senthil Nagar, Souripalayam Road,  
Coimbatore-641028  
Phone: 0422-2314792  
Email: [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

**Plant Locations**

**Cable & Solar**

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

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

**Listed at**

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

**Pump Division**

2/113 E Karayam Palayam Road,  
Mylampatti P O,  
Coimbatore-641014

**Registered Office**

44/1037, L F C Road,  
Kaloor, Kochi - 682 017  
Ph : 0484-2539911  
E-mail: [mail@vguard.in](mailto:mail@vguard.in)  
website: [www.vguard.in](http://www.vguard.in)

**FROM THE CHAIRMAN'S DESK****Dear Shareholders,**

It is indeed a great pleasure for me to present before you the annual performance of the fiscal 2008-09, a year which was quite turbulent and tumultuous financially and also in terms of industrial growth. The Indian economy continued to register impressive GDP growth, although the rate of growth declined marginally over the previous year. The level of industrial productivity has also begun to decline, as a result of fiscal constraints imposed on money supply and the raising of interest rates, especially in the second half of the fiscal. The overall economic recession prevalent in the country has severely affected the purchasing power of the common man.

Let me take you to a quick look to the performance of the Company in terms of figures. Your Company recorded net revenue of Rs.31,677.67 lakhs, increase of 13.90% over the previous year of Rs. 27,811 lakhs. The Net Profit after tax (excluding after tax non recurring profit of Rs.2,277.92 lacs), increased from Rs. 1,464.39 in 2007-08 to Rs.1,734.65 lakhs in 2008-09, an increase of 18.46%. Considering the improved profitability, the Board has recommended a dividend of Rs.2.50 per share on the paid-up share capital of the Company.

The performance of the Company was badly hit in the third quarter of the fiscal under review. Moreover, high fluctuation in the price of the basic raw-material copper had affected the profitability of the product cable. As the Company was not actively involved in forward bookings, the loss on account of the volatility in the price of the copper was less. Your Company was able to do well in terms of sales turnover in some of the products, i.e. fans, solar water heaters, pumps and of course in cables.

With the whole-hearted efforts of your Management, the Company was able to complete four of its projects, mentioned in the offer document. Your Company was able to set up two state of the art facilities for manufacture of building wire and power cables. The investments up to 31<sup>st</sup> March 2009 towards these factories were Rs.38.75 crores. The Management is confident of capitalising on the output of the two new factories.

During the year under review, the Company was able to add a new product to its folder, i.e. Digital Home UPS. The R & D wing of the Company is engaged in continuous research to meet the customer demand for new models with unique or customized features and improved quality.

The outlook for the future seems to be good aiding our vision to become a national player in the area of electrical and electronic segment. Focus will be given to penetrate the North Indian markets by adopting new strategies and also on export sales. The Management will also concentrate on industrial clients to get a sizable turnover in the sale of LT Cables. Your Management hopes that the desired goals can be achieved with the contribution of 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.

With Best Wishes  
Sd/-  
P G R Prasad  
Chairman

28<sup>th</sup> May, 2009  
Kochi

## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel International, Veekshanam Road, Kochi-682035 on Monday the 27<sup>th</sup> July, 2009, at 10.00 a.m. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2009 and the Profit and Loss Account of the company for the year ended on that date together with the Directors' Report and the Auditor's Report thereon.
2. To declare final dividend for the year 2008-09 on Equity capital
3. To appoint a Director in place of Mr. P G R Prasad, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

M/s. Deloitte Haskins & Sells, Chartered Accountants, the retiring auditors are eligible for re-appointment.

### Special Business

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

“RESOLVED THAT Mr. N Sreekumar, who was appointed as an Additional Director by the Board of Directors with effect from 27<sup>th</sup> May, 2009, pursuant to Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a Member under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- proposing his candidature for the office of Director of the Company, be and is hereby elected and appointed as a Director liable to retire by rotation.”

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

“RESOLVED THAT Mr. A K Nair, who was appointed as an Additional Director by the Board of Directors with effect from 27<sup>th</sup> May, 2009, pursuant to Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a Member under Section 257 of the Act alongwith a deposit of Rs.500/-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 consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the Articles of Association of the Company and subject to such approvals and sanctions as may be necessary, the Company hereby accords its consent and approval for the appointment of Mr. N Sreekumar, as the Joint Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> June, 2009”.

RESOLVED FURTHER THAT subject to necessary approvals and the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to an overall limit of 5% of the net profits of the Company for each financial year computed in the manner prescribed in Sections 349 and 350 of the Companies Act, 1956, approval be and is hereby given for payment of remuneration and perquisites to Mr. N. Sreekumar, Joint Managing Director with effect from 1<sup>st</sup> June 2009 to 31<sup>st</sup> May 2012 as set out in the explanatory statement to this notice, which remuneration has been approved by the Remuneration Committee and the Board of Directors at their meetings held on 27<sup>th</sup> and 28<sup>th</sup> May 2009 respectively and on the terms and conditions set out in the Agreement dated 28<sup>th</sup> May, 2009 entered into between the Company and Mr. N Sreekumar, which agreement is hereby specifically approved, with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and / or remuneration in such manner as may be agreed to between the Board of Directors and Mr. N Sreekumar.

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

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

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule XIII thereto and subject to such approvals and sanctions as may be necessary, consent of the members of the Company be and is hereby accorded to the revision in the remuneration, as follows, payable to Mr. Kochouseph Chittilappilly as the Managing Director of the Company with effect from 1<sup>st</sup> June, 2009 till the expiry of his current period of appointment

Salary: Rs.3,60,000/- p.m., with a power to the Board or any Committee thereof to give an annual increase upto 20% of the last drawn salary with power to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

Commission: Not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956

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

## CATEGORY 'A'

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 house rent allowance up to a limit of 10% of his monthly salary.

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

(b) Medical Reimbursement:

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

(c) Leave Travel Concession:

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

(d) Club Fees:

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

(e) Personal Accident Insurance:

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

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

## CATEGORY 'B'

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

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any financial year, during the currency of the tenure of Mr. Kochouseph Chittilappilly as the Managing Director, the Company has no profits or its profits are



inadequate, the remuneration payable to Mr. Kochouseph Chittilappilly shall be governed by Section II of part II of Schedule XIII of the Companies Act, 1956 or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made there under or any statutory modification or re-enactment thereof”

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

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force consent of the members of the Company be and is hereby accorded to the revision in the remuneration, as follows, payable to Mr. Mithun K Chittilappilly, the Executive Director of the Company with effect from 1<sup>st</sup> June, 2009 till the expiry of his current period of appointment

Salary: Rs. 1,00,000/- p.m., with a power to the Board or any Committee thereof to give an annual increase upto 20% of the last drawn salary and also to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

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

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

CATEGORY 'A'

- (1) Housing:

The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance up to a limit of 10% of his monthly salary.

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

- (2) Medical Reimbursement:

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

- (3) Leave Travel Concession:

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

(4) Club Fees:

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

(5) Personal Accident Insurance:

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

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

(6) Bonus/Exgratia

The Executive 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 as per the rules of the Company.

(9) Contribution to Provident Fund

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

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.

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

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

By Order of the Board of Directors

Sd/-  
Jayasree K  
Company Secretary

Kochi  
28.05.2009

**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 Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 9 above, is annexed hereto. As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief resume and functional expertise of the non executive directors proposed for reappointment and of the Joint Managing Director are furnished below along with the details of Companies in which they are directors and the Board Committees of which they are members.
3. The Register of Members and Transfer Books of the Company will be closed from Friday, the 17<sup>th</sup> July, 2009 to Monday, the 27<sup>th</sup> July, 2009, 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 27<sup>th</sup> July, 2009 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 16<sup>th</sup> July 2009;
  - 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 16<sup>th</sup> July 2009.
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.
5. Members who wish to seek/desire any further information/clarification on the annual accounts at the meeting are requested to send their queries at least 48 hours in advance of the date of the meeting to the registered office.
6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Pvt Ltd. 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 13<sup>th</sup> July 2009.

## Explanatory Statement

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

As required by Section 173 of the Companies Act, 1956 (“Act”), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 9 of the accompanying Notice dated 28<sup>th</sup> May, 2009.

### **Item Nos.: 5 & 6**

Mr. N Sreekumar and Mr. A K Nair were appointed by the Board of Directors as Additional Directors of the Company on 27<sup>th</sup> May, 2009. In terms of the provisions of Section 260 of the Act, both the Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices from members under Section 257 of the Act, in respect of the above Directors 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 the Board of Directors.

Accordingly, Ordinary Resolutions set out under items nos. 5 and 6 of the Notice are submitted to the meeting.

Except Mr. N Sreekumar and Mr. A K Nair, who are interested in their respective appointments, no other Director of the Company is concerned or interested in the proposed resolutions.

### **Item No.: 7**

Your Directors have appointed Mr. N Sreekumar as the Joint Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> June, 2009 on the remuneration, perquisites and benefits as approved by the Remuneration Committee and the Board of Directors at their meetings held on 27<sup>th</sup> and 28<sup>th</sup> May, 2009 respectively and on the terms and conditions specified in the Agreement dated 28<sup>th</sup> May, 2009, entered into between the Company and Mr. N Sreekumar. The remuneration payable to Mr. N Sreekumar is given herein below.

Particulars	Per month	Per Annum
Basic Salary (Fixed)	1,80,000	21,60,000
House Rent Allowance (10%)	18,000	2,16,000
Contribution to Provident Fund (As per the rules of the company)		
Commission @ .50% of the Net Profit and the amount of such commission shall not exceed Rs.2,500,000/- in any financial year.		
Medical Reimbursement		1,00,000

Personal accident insurance premium not to exceed 2% of the salary per annum.		
Leave Travel Concession (half month's salary for every year)		90,000
Annual Membership fees of two clubs		Actual
Vehicle Allowance	8,000	96,000
Petrol Reimbursement	8,000	96,000

Details of his resume are given in the Annexure accompanying this Notice.

The appointment of Mr. N Sreekumar as the Joint Managing Director with effect from 1<sup>st</sup> June 2009 and the remuneration payable to him for the period of his appointment require the approval of the shareholders in general meeting as per Schedule XIII to the Act.

Accordingly, Special Resolution set out under Item No.7 of the Notice is submitted to the Meeting.

Your Directors recommend the resolution for your approval.

The terms of appointment of Mr. N Sreekumar and the remuneration payable to him as set out in the resolution and explanatory statement may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Act

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

A copy of the Agreement dated 28<sup>th</sup> May, 2009 entered into between the Company and Mr. N Sreekumar, is available for inspection for the members of the Company at the Registered Office of the Company on any working day during business hours upto the date of the ensuing Annual General Meeting.

### **Item Nos: 8 & 9**

The Remuneration Committee at its meeting held on 27<sup>th</sup> May 2009 had reviewed the remuneration payable to Senior Executives of the Company, including the Managing Director and the Executive Director. Taking into consideration several factors, including the prevalent market conditions, the Remuneration Committee decided to revise the remuneration payable to the Managing Director and the Executive Director with effect from 1<sup>st</sup> June 2009 during the residuary term of their current appointments. Based on the recommendation of the Remuneration Committee, the Board of Directors had revised the remuneration payable to the Managing Director and the Executive Director with effect from 1<sup>st</sup> June 2009, as set out in item No. 8 and 9 of the Notice and such revision has been accepted by each of them.

The revised remuneration payable to Mr. Kochouseph Chittilappilly as the Managing Director and to Mr. Mithun K Chittilappilly as the Executive Director with effect from 1<sup>st</sup> June 2009 till the expiry of the current period of their respective appointments, require the approval of the members. Accordingly Special Resolutions set out under item Nos. 8 and 9 of the Notice are submitted to the meeting.

Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly are interested in the resolutions to the extent of the remuneration payable to them.

Mr Kochouseph Chittilappilly may be deemed to be interested in the resolution for payment of remuneration to Mr. Mithun K Chittilappilly, being his relative.

Mr. Mithun K Chittilappilly may be deemed to be interested in the resolution for payment of remuneration to Mr. Kochouseph Chittilappilly, being his relative.

The revision in the remuneration payable to Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly as set out in the Notice may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Act

By Order of the Board of Directors

Sd/-  
Jayasree K  
Company Secretary

Kochi  
28.05.2009

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

Particulars	P G R Prasad	N Sreekumar	A K Nair
Date of Birth	12.12.1945	12.03.1949	27.08.1943
Date of Appointment	16.08.2007	27.05.2009	27.05.2009
Qualifications	<ul style="list-style-type: none"> <li>▪ B,Sc (Mechanical Engineering),</li> <li>▪ Certified Associate of the Indian Institute of Bankers,</li> <li>▪ Chartered Financial Analyst, Institute of Chartered Financial Analysts of India, Hyderabad,</li> <li>▪ Certified Financial Planner, Financial Planning Standards Board of India</li> </ul>	<ul style="list-style-type: none"> <li>▪ B.Sc (Mechanical Engineering)</li> <li>▪ Post Graduate Diploma in Industrial Engineering</li> <li>▪ L.L.B from Kerala University</li> </ul>	<ul style="list-style-type: none"> <li>▪ B.Sc (Mechanical Engineering)</li> <li>▪ Master of Business Administration</li> </ul>
Directorship held in other Companies	<ul style="list-style-type: none"> <li>▪ Mape Securities Pvt. Ltd.</li> <li>▪ JP Morgan Mutual Fund India Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sree Sakthi Paper Mills Limited</li> <li>▪ Management Manthra Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>▪ Nitta Gelatin India Ltd.</li> <li>▪ Guardian Controls India Pvt. Ltd</li> <li>▪ CII Guardian International Ltd.</li> <li>▪ Merchem Ltd.</li> <li>▪ Travancore-Cochin Chemicals Ltd.</li> <li>▪ Toroid India Ltd.</li> <li>▪ Strides Arcolab Ltd.</li> <li>▪ Geojit Credits Pvt. Ltd.</li> <li>▪ The Alleppey Co. Ltd.</li> <li>▪ The Kerala Balers Pvt. Ltd.</li> <li>▪ William Goodacre &amp; Sons India Pvt. Ltd.</li> </ul>

Membership/ Chairmanship of Committees of other public companies	NIL	NIL	NIL
Number of Shares held in the Company	NIL	17,800	NIL
Brief Profile	<p>Mr. P G R Prasad has worked with State Bank of India and its subsidiaries from 1970 to 2005 in various capacities. He retired as Managing Director and Chief Executive of SBI Mutual Fund. He was also a member of the Advisory Committee for Mutual Funds, Securities &amp; Exchange Board of India, Mumbai, Member of expert Group constituted by the Securities Exchange Board of India to suggest amendments in SEBI Act, Director on the Board of Financial Planning Standards Board of India and various other venerated posts in various capacities.</p>	<p>Mr. N Sreekumar has over 37 year of experience in the filed of engineering and management. He has formerly hold various prominent positions such as Head – Projects with Apollo Tyres, General Manager (P&amp;A) with Harrisons Malayalam, Indian Aluminum Company Limited etc He has vast experience in handling and managing large scale manufacturing facilities and has a proven track record of developing markets for products, and handling industrial relations.</p>	<p>Mr. A K Nair has over 45 years of experience in the filed of Engineering, finance, management and administration. Mr. A K Nair has served in various companies such as Kerala State Industrial Development Corporation, Nitta Gelatin India limited as Managing Director.</p>



## DIRECTORS' REPORT

Dear Members,

Your directors have great pleasure in presenting the Thirteenth Annual Report of the company on the business and operations together with the audited financial statements for the year ended 31<sup>st</sup> March, 2009.

### 1. Financial Results

(Rs. in lakhs)

	Year ended 31 <sup>st</sup> March, 2009	Year ended 31 <sup>st</sup> March, 2008
<b>Gross Sales</b>	32,604.17	28,917.94
Less : Excise Duty	926.50	1,106.94
<b>Net Sales</b>	<b>31,677.67</b>	<b>27,811.00</b>
<b>Other income</b>	<b>364.03</b>	<b>98.80</b>
<b>Total Income</b>	<b>32,041.70</b>	<b>27909.80</b>
Operating profit before Depreciation, Interest and Tax	3,506.06	3,081.52
Less: Depreciation	404.89	346.54
<b>Profit before Interest &amp; Tax</b>	<b>3,101.17</b>	<b>2,734.98</b>
Less : Financial charges	473.26	462.28
<b>Profit before Tax and Exceptional item</b>	<b>2,627.91</b>	<b>2,272.70</b>
<b>Exceptional Item</b>		
Profit on sale of land	-----	2,970.74
<b>Profit Before Tax</b>	<b>2,627.91</b>	<b>5,243.44</b>
<b>Provision for tax:</b>		
Current Tax	819.86	1,475.32
Deferred Tax	23.40	(5.00)
Fringe Benefit Tax	50.00	31.00
For earlier years	---	(0.19)
<b>Net Profit</b>	<b>1,734.65</b>	<b>3,742.31</b>
Balance in P&L account brought forward	2,415.26	948.37
<b>Profit available for appropriation</b>	<b>4,149.91</b>	<b>4,690.68</b>
<b>Appropriations</b>		
a) Transfer to General Reserve	350.00	380.00
b) Dividend proposed: -		
Interim dividend	-----	873.90
Tax on interim Dividend	-----	148.52
Final dividend proposed	746.19	746.19
Tax on Final Dividend proposed	126.81	126.81
	1,223.00	2,275.42
c) Balance carried to Balance Sheet	2,926.91	2,415.26
	<b>4,149.91</b>	<b>4,690.68</b>

**2. Business and Operations**

During the financial year 2008-09, Your Company recorded net revenue of Rs.31,677.67 lakhs, increase of 13.90% over the previous year of Rs. 27,811 lakhs. The Net Profit after tax (excluding after tax non recurring profit of Rs.2,277.92 lacs), increased from Rs. 1,464.39 in 2007-08 to Rs.1,734.65 lakhs in 2008-09, an increase of 18.46%. Despite the tough, weak and challenging economic condition prevalent in the country, your Company was able to improve performance both in the existing and new markets. As the Company is dealing in products belonging to different sectors and some of which are highly seasonal in nature, the market will have the presence of the brand, round the year.

During the year under review, the A.C Stabilizers, Electrical and Solar Water Heaters, Pumps, Cables and Fans had shown an excellent performance. Your Company was able to grow further in the area of solar water heaters meant for commercial purposes and succeeded in procuring bulk orders for various products, from Retail giants and institutions like real estate companies, hospitals, hotels etc. Thrust was also given to increase the retail customer base in all the products, especially in the sale of cables. Presently your Company is focusing on making its presence in tier two and tier three cities. During the year under review, the Company was able to increase its market share in the area of agricultural pumps and the Management is contemplating the opportunities in this particular area and is focusing to increase its production to meet the increased demand.

The branch expansion in North India, had also made its beginning and has contributed in a small way to increase the top line. Your Directors hope that Company will be able to excel further in North Indian region in the years to come and will formulate new strategies to penetrate the potential markets and will also take advantage of the expected future growth in the areas of infrastructure, power and consumer durables. Your Directors are also confident of capitalizing the production from the new factories set up and will create a favourable market in South India for the new product LT Power Cable.

Your Management was able to add a new product to its folder, during the year under review, in the electronic division i.e. Digital Home UPS and the same was well accepted in the market.

**3. Changes to the Share Capital**

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

**4. Appropriations made from the profits****a) Final Dividend**

Your Directors are pleased to recommend a final dividend of Rs.2.50/- 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 17<sup>th</sup> July 2009 to 27<sup>th</sup> July, 2009, both days inclusive.

**b) Transfer to Reserves**

Your directors transferred an amount of Rs. 350 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. Projects of the Initial Public Offer**

Your Company has successfully completed four of the projects mentioned in the Offer Document dt. 29<sup>th</sup> February, 2008, i.e. construction of LT Cable factory at Coimbatore, Building Wire factory at Kashipur, Pilot Production Unit for pumps at Coimbatore and Service and Distribution Center at Bangalore. The two state of the art facilities for manufacture of building wire and power cables were set up with an investment of Rs.38.75 crores, incurred upto 31<sup>st</sup> March, 2009. The LT Cable factory setup in over 60,000 sq feet, is capable of producing Aluminium / Copper, PVC / XLPE insulated cables and has a capacity to process 3000 metric tonnes of Aluminum and 300 metric tonnes of Copper per annum. This is one of the biggest factories in South India for the production of LT Cables. The factory has acquired machineries from various reputed international brands like Niehoff and Royle. Presently, it is working in single shift, with the support of 80 no. of employees. The Building Wiring Cable Factory set up at Kashipur in Uttaranchal is spread across 35,000 sq.ft area and has a capacity to produce 2,00,000 coils per month at its optimum capacity . Presently it employs 60 no. of employees, working in single shift.

The remaining projects are expected to be completed in the fiscal 2009-10. A detailed statement showing utilization of proceeds of IPO is included in the notes to the Accounts.

**6. Fixed Deposit**

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

**7. Change in Directors**

During the year under review, Mr. R Krishna Iyer, Non-Executive Non-Independent Director of the Company resigned from the Board with effect from 31<sup>st</sup> March, 2009. Consequent to the resignation of Mr. R Krishna Iyer, all the three Sub-committees of the Board were re-constituted and Mr. Mithun K Chittilappilly, Executive Director was appointed as a member of the Audit Committee and Shareholders' Grievance / Transfer Committee. Mr. C J George, Director was appointed as the Chairman of the Shareholders' Grievance / Transfer Committee.

Mr. N Sreekumar and Mr. A K Nair, were co-opted as Additional Directors of the Board of the Company of the Company with effect from 27<sup>th</sup> May, 2009, of whom, Mr. A K Nair is appointed as an independent Director. 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 appointment as Directors of the Company. Resolutions seeking approval of the Members for appointment of Mr. N Sreekumar and Mr. A K Nair as Directors liable to retire by rotation have been

incorporated in the Notice of the 13<sup>th</sup> Annual General Meeting. Mr. A K Nair, is also appointed as a member of the Audit committee and Remuneration Committee.

Your Directors considered and approved the proposal of appointing Mr. N Sreekumar as Joint Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> June, 2009 on the terms and conditions stipulated in the agreement entered with him. The said appointment will be subject to the approval of the members, in the ensuing Annual General Meeting. A copy of the agreement is kept at the Registered Office of the Company and is available for inspection to the members, during the business hours on any day, upto the date of the ensuing Annual General Meeting.

Mr. P G R Prasad, Director is liable to retire by rotation and 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.

Mr. K Vijayan, the Whole-time Director of the Company has submitted his resignation and will be relieved from his duties and responsibilities from 1<sup>st</sup> June, 2009.

The Board highly appreciated both Mr. R Krishna Iyer and Mr. K Vijayan for the valuable services rendered for the growth of the Company, during their tenure.

## **8. Remuneration payable to Managing Director and Whole-time Director**

With the appointment of Jt. Managing Director, there is an increase in the total payout to the Managerial personnel. Considering the said increase in the total payout in the Managerial remuneration, the Managing Director has suggested the members of the Remuneration Committee to reduce his salary by 20% i.e. from Rs 4,50,000/- to Rs.3,60,000/- per month with effect from 1<sup>st</sup> June, 2009. The said proposal was considered and approved by the members of Remuneration Committee in their meeting held on 27<sup>th</sup> May, 2009 and the salary payable to the Managing Director has been re-structured as detailed in item no. 8 of the notice of the 13<sup>th</sup> Annual General Meeting. The members of the Remuneration Committee also considered and approved the proposal of increasing the salary of Mr. Mithun K Chittilappilly, Executive Director to Rs.1,00,000/- per month with effect from 1<sup>st</sup> June, 2009 and his salary has been re-structured as per the terms and conditions detailed in the resolution in item no. 9 of the notice of the 13<sup>th</sup> Annual General Meeting. Your Directors recommends the resolutions set out in items no.8 & 9 of the notice for your approval.

## **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 organizational 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 delighting our Customers by delivering Quality service on time. 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 1,000+ 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 pave the way for their career growth and constantly strive to serve their aspirations and needs.

#### **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 of the board 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 the Corporate Governance norms as stipulated under the provisions of the Listing Agreement entered into with the Stock Exchanges. A detailed Report on Corporate Governance is attached to this Report. A certificate of Statutory Auditor confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

#### **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 of employees**

The details of employees who are in receipt of salary in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with 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, 2009 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

28<sup>th</sup> May, 2009  
Kochi



**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 (Rs. in lakhs)	Nature of Employment	Qualification & Experience (In years)	Date of commencement of employment	Previous Employment
1.	Mr. Kochoseph Chittilappilly	58	Managing Director	92.42	Appointed by the members of the Company at the Extra Ordinary General Meeting held on 25 <sup>th</sup> August 2007 for a period of five years.	M.Sc (Physics) 30 years	12.02.1996	Chief Executive, V-Guard Industries, Cochin.

For and on behalf of the Board of Directors

**Kochi**  
**28<sup>th</sup> May, 2009**

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><b>To improve the conservation of energy, the following equipments are used in our manufacturing and distribution system:</b></p> <ol style="list-style-type: none"> <li>1) Installed 6 Nos. of T12 Lamps by replacing Mercury Lamps resulting in reducing 289 units per month.</li> <li>2) Installed 347.19 Sq. Mtrs. of solar Collectors for water heating in LT cable Factory.</li> <li>3) CFL Lamps of 0.25 KW capacity is installed in the factory.</li> <li>4) Installed 7 KW of T-5 series Fluorescent lamps having 28/54W capacity in lieu of 40W conventional florescent lamp.</li> <li>5) During the year under review, the Company was able to generate energy of 9.19 lakhs units from Wind mill, out of this 8.60 lakhs units was used for own or captive consumption.</li> <li>6) We installed 44 KW of Air Screw compressor at Cable Division Unit-II for getting high efficiency.</li> <li>7) Instead of HP Mercury Vapour lamps, 19 KW of HP Metal Helaide lamps are installed.</li> </ol>
(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.	<b>N.A</b>
(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





<p>(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto.</p>	<p>NA</p>
---	-----------

**B) Technology absorption :**

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

<p>Research and Development (R&amp;D)</p>	
<p>1. Specific areas in which R&amp;D carried out by the Company</p>	<p>a) To find the solution for Solar water heater system in very hard water area, we have introduced marine grade Stainless Steel 316L for inner tank for withstanding high hard water.</p> <p>b) To reduce power consumption in ceiling fan.</p> <p>c) To bring improvement in thermal efficiency in electric water heater.</p>
<p>2. Benefits derived as a result of the above R &amp; D</p>	<p>a) Better quality products at reduced costs for our application.</p> <p>b) H-Model solar water heaters released for high hardness water application and three new models (125 ETC PR, 150 SSAL, 300 ETC PR) launched.</p> <p>c) By using laminations of better quality, the energy consumption in some models of electric ceiling fan were reduced by 4%.</p> <p>d) By using PUF insulation in some models of Electric Water Heater, energy saving of 15% could be achieved.</p>
<p>3. Future Plan of action</p>	<p>Inner tank coating or replacement of inner tank material to prevent corrosion.</p> <p>Automated TIG welding for end dish welding and doom shape end dish for Pressurized model solar water heaters.</p> <p>Continual product developments and new innovative products to meet customer requirements.</p>

	<p>Launching of ceiling fans with a power consumption less than 55W.</p> <p>Improving the efficiency in Fan &amp; Water Heater.</p>
4. Expenditure on R&D	
(a) Capital	Rs.1.16 Lacs
(b) Recurring	Rs. 77.40 Lacs
(c) Total	Rs.78.56 Lacs
(d) Total R&D expenditure as a percentage of total turnover	0.25%
Technology absorption, adaptation and innovations	
1. Efforts in brief, made towards technology absorption, adaptation and innovation	<p>a. In the case of house wiring cable, automatic gluing machine is installed to improve the productivity.</p> <p>b. In the case of solar water heater, automatic heating collar pipe welding is introduced in the collar-welding machine.</p> <p>c. Failure Mode and Effect Analysis.</p> <p>d. Quality Function Deployment.</p>
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.	<p>a. Because of automatic gluing machine, the productivity is increased by 20%, and the manpower is reduced by 29%</p> <p>b. Presently the welding quality is better and because of automatic welding, the productivity is increased and manpower is reduced by 20%.</p> <p>c. Reduction in manufacturing cost and after sales expenditure.</p> <p>d. Reduction in percentage of in house rejections.</p>
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	

a) <b>Technology imported</b>	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.7.62 Lacs
Foreign Exchange used	Rs.628.09 Lcas

For and on behalf of the Board of Directors

Sd/-  
P G R Prasad  
Chairman

Place: Kochi  
Date: 28<sup>th</sup> May, 2009

**REPORT ON CORPORATE GOVERNANCE**

The fiscal 2008-09 is the Company's maiden full-fledged year after the listing of its shares at the Stock Exchanges in the last quarter of the previous fiscal.

**I. Company's Philosophy**

Corporate Governance is all about commitment to values and ethical business conduct. It is about how an organization is managed. V-Guard is committed to achieve and maintain the highest standards of Corporate Governance. V-Guard believes that all its actions must serve the underlying goal of maximising overall shareholder value on a continued basis. The Company's Corporate Governance Policy is based on the following principles:

1. Satisfy the spirit of law.
2. To be Transparent and maintain high degree of disclosure levels.
3. Communicate externally in a truthful manner, how the company is run internally.
4. Have a simple and transparent corporate structure driven solely by business needs.

**II. Board of Directors****A. Composition**

The Board of Directors of V-Guard Industries Limited consists of 6 directors, equally divided into executive and non-executive Directors. Out of the three Non executive Directors, two are Independent Directors, having high standing in the areas of business and finance. The Chairman of the Board is a non-executive Independent Director.

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

**B. Meetings & Attendance**

Being the Apex Body constituted by the shareholders for overseeing the overall functioning of the company, the board evaluates the strategic decisions on a collective consensus basis amongst the Directors. The senior management personnel heading respective departments, products or units are responsible for the day-to-day operations related issues. The Board meets at least four times a year with an intervening period between two meetings of not more than 3 months.

During the year 2008-09, the Board met seven times i.e. on 19<sup>th</sup> May 2008, 04<sup>th</sup> June 2008, 26<sup>th</sup> July 2008, 29<sup>th</sup> October 2008, 15<sup>th</sup> December 2008, 28<sup>th</sup> January 2009 and March 10<sup>th</sup> 2009. A structured agenda governs the board meetings. Items of major importance in the agenda are backed by comprehensive note and background material to enable the Board to take an informed decision. Agenda papers are circulated well in advance. Committees of the Board usually meet as and when it is required for transacting business. Minimum information, as given in Annexure – IA to the clause 49 of the listing agreement, is made available to the Board.

**Attendance of Directors at the Board Meetings and the last AGM and details about directorships and memberships in committees as on 31<sup>st</sup> March 2009**

Name & Position of the Director	Category	No. of shares held as on 31.03.2009	Attendance at		Directorships and Chairmanship /Membership of Board / Committees in other companies as on 31.03.2009		
			Board Meetings	Last AGM	Director	Committee Member	Committee Chairman
Mr. P G R Prasad Chairman	Non Executive – Independent	Nil	7	Yes	Nil	Nil	Nil
Mr. Kochouseph Chittilappilly Managing Director	Executive	67,97,576	7	Yes	1	Nil	Nil
Mr. Mithun K Chittilappilly Executive Director	Executive	44,16,210	6	Yes	Nil	Nil	Nil
Mr. K. Vijayan* Director - Admn	Executive	43,865	7	Yes	Nil	Nil	Nil
Mr. R. Krishna Iyer*	Non Executive non-Independent	Nil	7	Yes	Nil	Nil	Nil
Mr. C J George	Non Executive Independent	Nil	7	Yes	6	Nil	Nil

\*Mr. R. Krishna Iyer and Mr. K. Vijayan have resigned from the position of director of the Company with effect from close of the business hours of 31.03.2009 and 31.05.2009 respectively.

Other Directorships do not include Alternate Directorships, Directorships of private limited companies which are neither a subsidiary nor a holding company of a public company, companies under section 25 of the Companies Act, 1956 and of companies incorporated outside India.

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

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

### **Quarterly compliance Report**

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

### **Code of Business Conduct and Ethics for Senior Management**

The Company has posted the Code of Conduct for Directors and Ethics for Senior Management approved by the Board on its website.

## **III. Committees of the Board**

### **A. Audit Committee**

The Company's Audit Committee consisted of three Directors, of which two are Non-Executive Independent Directors. The qualification of the members of the Committee, its composition and terms of reference are as per the requirements of clause 49 of the Listing Agreement. The Chairman of the Audit Committee, Mr. P G R Prasad, has expert knowledge in finance and accounting. The position as on 31<sup>st</sup> March, 2009 is as follows:

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

Consequent to the resignation of Mr. R. Krishna Iyer from the Audit Committee with effect from the close of business hours on 31<sup>st</sup> March 2009, Mr. Mithun K Chittilappilly, Executive Director of the Company was inducted as a member of the Audit Committee with effect from 1<sup>st</sup> April 2009.

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

During the financial year 2008-09, five Audit committee Meetings were held i.e on 19<sup>th</sup> May 2008, 26<sup>th</sup> July 2008, 28<sup>th</sup> October 2008, 28<sup>th</sup> January 2009 and 10<sup>th</sup> March 2009. The meetings are usually held at the Registered Office of the Company. The Chief Financial Officer and the representatives of the Internal Auditors and the Statutory Auditors are invited to attend and participate the meeting. The Company Secretary acts the Secretary to the committee. The audited financial results of the Company for the year ended 31<sup>st</sup> March 2009 were taken on record at the meeting held on 27<sup>th</sup> May 2009. Attendance of committee members at the audit committee meetings held during the financial year 2008-09 is as follows

Name	No. of meetings held	No. of meetings attended
Mr. P G R Prasad	5	5
Mr. R. Krishna Iyer	5	5
Mr. C J George	5	5

## B Shareholders Grievance / Transfer Committee

### (i) Composition:

The composition of the Shareholders' Grievance / Transfer Committee as on 31<sup>st</sup> March, 2009 is as follows:

Name	Category	Position
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

Consequent to the resignation of Mr. R. Krishna Iyer from the Shareholders Grievance / Transfer Committee with effect from the close of the business hours of 31<sup>st</sup> March 2009, Mr. C J George, Non Executive Independent Director of the Company was appointed as the chairman of the committee and Mr. Mithun K Chittilappilly, Executive Director of the Company was inducted as a member of the committee with effect from 01<sup>st</sup> April 2009.

### (ii) Terms of reference:

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

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

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

During the financial year 2008-09, the committee met nine times i.e. on 15<sup>th</sup> April 2008, 30<sup>th</sup> April 2008, 19<sup>th</sup> May 2008, 01<sup>st</sup> July 2008, 26<sup>th</sup> July 2008, 08<sup>th</sup> September 2008, 29<sup>th</sup> October 2008, 2<sup>nd</sup> and 28<sup>th</sup> January, 2009. Attendance of the members at the meetings held during the financial year 2008-09 is as follows

Name	No. of meetings held	No. of meetings attended
Mr. R. Krishna Iyer	9	9
Mr. P G R Prasad	9	4
Mr. C J George	9	9

### (iv) Redressal of Investor Grievances

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

Sl. No.	Nature of Complaints received	Opening as on 01.04.2008	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31.03.2009
1	Non credit of shares	36	83	119	Nil
2	Non receipt of refund	41	122	163	Nil
3	Non receipt of Dividend	Nil	72	71	01
4	Others	4	1	5	Nil
	<b>Total</b>	<b>81</b>	<b>278</b>	<b>358</b>	<b>01</b>

### (v) Details of Shares lying in the Escrow Account of the Registrars & Share transfer Agents

The Company successfully completed its Initial Public Offer (IPO) and allotted 80 lakhs equity shares of Rs.10/- at a premium of Rs.72/- per share in the month of March 2008. As per the SEBI Circular dated April 24<sup>th</sup> 2009 bearing reference no. SEBI /CFD/DIL/LA/1/2009/24/04, every company is required to report the details of the shares lying in the Escrow Account which are yet to be credited to the investors who were allotted shares in the IPO. Accordingly we are reporting below the details of the shares lying in the Escrow Account in the name of ISRL ESCROW A/C with our Registrars and Share Transfer Agents, M/s Link Intime India Pvt. Ltd, formerly Intime Spectrum Registry Limited.

Details of the IPO escrow account maintained by the Company's Registrars are as follows:



Date	No. of Shareholders	No. of shares in the Escrow account
Shares credit to the Escrow Account as on 05.03.2008	217	46,287
No. of shares debited from the Escrow Account during the year under review	184	41,896
Balance shares as on 31.03.2009	33	4,391

Further as required by SEBI, the Company has opened a separate Demat Account in the name of 'V-Guard Industries Ltd – IPO escrow A/c' and all the unclaimed shares referred above are transferred to the said account. The Company has opened a separate dividend account with HDFC Bank and credited the unpaid dividend pertaining to the unclaimed shares. The company upon request from the Investors will verify the details and arrange to transfer the said shares and dividend thereof to the rightful allottee's demat account in consultation with the Registrars & Share Transfer Agents. We further confirm that the voting rights on these unclaimed shares shall remain frozen till the rightful owner of such shares claims these shares.

### Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading regulations), 1992, V-Guard has introduced a comprehensive code of conduct for prevention and regulation of trading in the Company's shares by insiders.

## C Remuneration Committee

### (i) Composition

The composition of the Remuneration Committee as on 31<sup>st</sup> March, 2009 is as follows:

Name	Category	Position
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

Mr. R. Krishan Iyer, has resigned from the Remuneration committee with effect from the close of business hours of 31<sup>st</sup> March 2009.

The Committee considers and approves the remuneration payable to the top Management.

## (ii) Meetings and Attendance during the year

During the financial year 2008-09, the members of Committee met three times i.e. on 19<sup>th</sup> May 2008, 28<sup>th</sup> October 2008 and 15<sup>th</sup> December 2008.

Attendance of committee members at the Remuneration committee meetings held during the financial year 2008-09 is as follows

Name	No. of meetings held	No. of meetings attended
Mr. P G R Prasad	3	3
Mr. R. Krishna Iyer	3	3
Mr. C J George	3	3
Mr. Kochouseph Chittilappilly	3	3

## (iii) Details of Remuneration paid to the Directors during the financial year 2008-09 are as follows:

Name	Rs. in Lakhs			
	Salary	Perquisites	Commission	Sitting fees
Mr. P G R. Prasad	-	-	-	1.30
Mr. Kochouseph Chittilappilly	57.42	7.40	27.60	-
Mr. K Vijayan	9.84	0.77	-	-
Mr. Mithun K Chittilappilly	10.54	0.77	13.80	-
Mr. R Krishna Iyer	-	-	-	1.50
Mr. C J George	-	-	-	1.50

## IV General Body Meetings

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

Financial year ended	Date	Time	Venue
31 <sup>st</sup> March 2008	14.07.2008	10.00 a.m	Hotel International, Kochi – 6820 15
31 <sup>st</sup> March, 2007	16.07.2007	11.00 a.m	Registered Office of the Company
	17.03.2007*	11.00 a.m	Registered Office of the Company
31 <sup>st</sup> March, 2006	31.08.2006	11.00 a.m	Registered Office of the Company

\* Extraordinary General Meeting

Special Resolutions:

**12<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> July 2008**

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

**11<sup>th</sup> Annual General Meeting held on 16<sup>th</sup> July, 2007**

- (i) 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.
- (ii) Alteration of the Articles of Association of the Company in line with the Clause V of the Memorandum of Association of the Company.
- (iii) To raise funds through Initial Public Offer.
- (iv) Alteration of the Main Object Clause of the Memorandum of Association of the Company.
- (v) Alteration of the Incidental or Ancillary Object Clause of the Memorandum of Association of the Company.
- (vi) Issue of Securities under Employees Stock Option Scheme.

**10<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> August, 2006**

- (i) Alteration of Articles of Association of the Company to increase the Authorized Capital of the Company.
- (ii) Alteration of Articles of Association of the Company to include the provisions relating to Capitalization of Reserves & Profits in the Articles of Association.
- (iii) 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.

**V Other Disclosures**

**(i) Related Party Transactions**

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

**(ii) Compliances**

The Company has complied with all the applicable rules & regulations prescribed by the Stock Exchanges, SEBI or any other statutory authority relating to the Capital Markets. All returns / reports were filed with the Stock Exchanges within the stipulated time.

## **(iii) Utilisation of proceeds of Public Issue**

Detailed note showing the utilization of the proceeds of the public issue is shown in the notes.

## **VI General Information to Shareholders**

### **(i) Registered and Corporate office**

The Registered and Corporate Office of the Company is situated at 44/1037, L F C Road, Kaloor, Kochi-682 017

### **(ii) Date, Venue and Time of the 13<sup>th</sup> Annual General Meeting**

Date: 27<sup>th</sup> July 2009

Venue: Hotel International, Veekshanam Road, Kochi

Time: 10.00 a.m.

### **(iii) Dates of Book Closure**

The Register of Members and Share Transfer Books will remain closed from 17<sup>th</sup> July 2009 to 27<sup>th</sup> July 2009 (both days inclusive).

### **(iv) Board Meetings & Financial Calendar**

Financial Year: 01<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010

### **Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the year 2009-10.**

For the quarter ending 30<sup>th</sup> June 2009 : 27<sup>th</sup> July 2009

For the quarter ending 30<sup>th</sup> September 2009 : 27<sup>th</sup> October 2009

For the quarter ending 31<sup>st</sup> December 2009 : 27<sup>th</sup> January 2010

For the year ending 31<sup>st</sup> March 2010 : May, 2010

### **(v) Dividend**

A final Dividend of 25% is recommended by the Board of Directors at their meeting held on 28<sup>th</sup> May 2009 which is subject to the approval of the shareholders at the ensuing Annual General Meeting and if approved will be payable on or after 27<sup>th</sup> July 2009 but within the statutory time of 30 days.

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

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 specified bank account. This ensures direct and immediate credit with no chance of loss of warrant in transit or its fraudulent encashment. Members holding shares in physical form who wish to avail 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. Link Intime India Private Limited, Surya, 35, May Flower Avenue, Behind Senthil Nagar, Souripalayam Road, Coimbatore-641028 latest by 20<sup>th</sup> July 2009.

#### **(vi) Unpaid Dividend Amount**

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the company is required to transfer the unpaid dividend amount which is unclaimed for a period of seven years from the date of declaration of dividend to the Investor Education and Protection Fund (IEPF) set up by the Central Government. The Company had declared a final dividend of 25% at the previous Annual General Meeting held on 14<sup>th</sup> July 2008.

Members who have not encashed their Dividend Warrants within the validity period may write to the Company at its Registered Office or to M/s Link Intime India Private Limited, the Registrars & Share Transfer Agents of the Company for obtaining Demand Drafts for getting the payment.

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

Financial Year	Date of Declaration of Dividend	Due date of transfer to IEPF
2007-08	14 <sup>th</sup> July 2008	13 <sup>th</sup> July 2015

#### **(vii) Listing on Stock Exchanges & Stock Codes**

Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) since 13<sup>th</sup> March 2008. Listing fees for the financial year 2009-10 have been paid to both the Stock Exchanges. The Stock codes of the Company at the Stock Exchanges are as follows:

The Bombay Stock Exchange Limited	:	532953
The National Stock Exchange Limited	:	VGUARD
Company's ISIN	:	IN951I01019

#### **(viii) Custodial Fees**

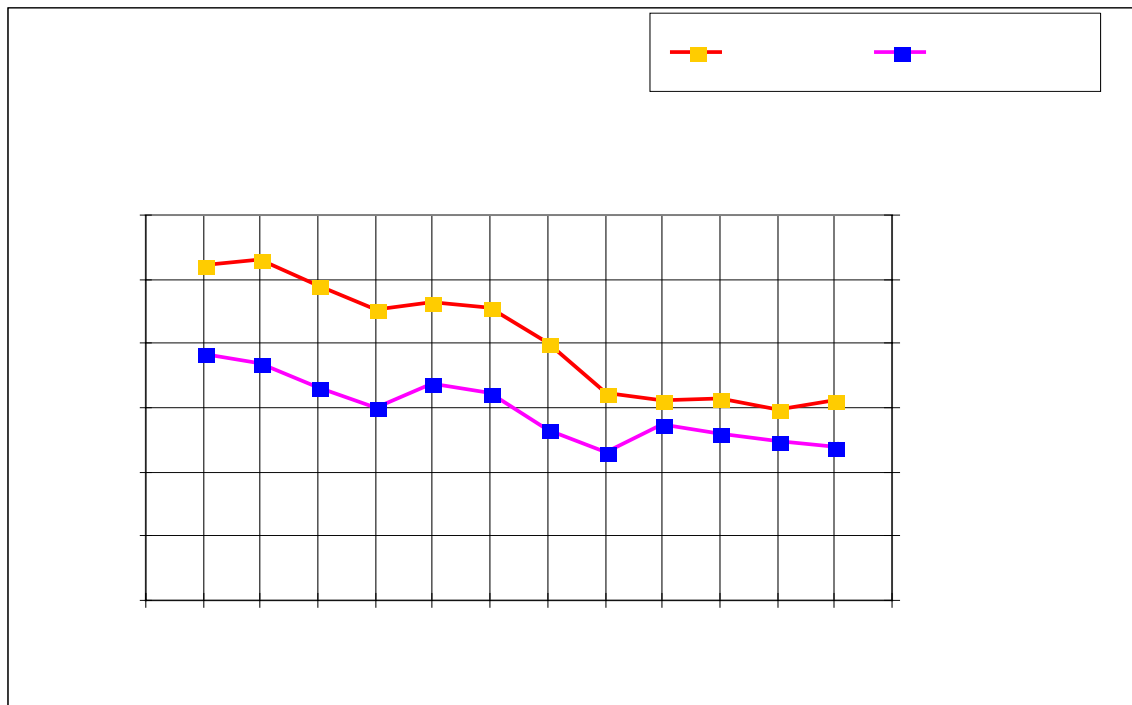
As per the revised circular issued by the Securities and Exchange Board of India No. MRD/Dop/SE/Dep/SE//Dep/Cir-2/2009, dated February 10<sup>th</sup> 2009, the Company has paid the custodial fees for the year 2009-10 to NSDL and CDSL on the basis of the beneficial accounts maintained by them as on 31<sup>st</sup> March 2009.

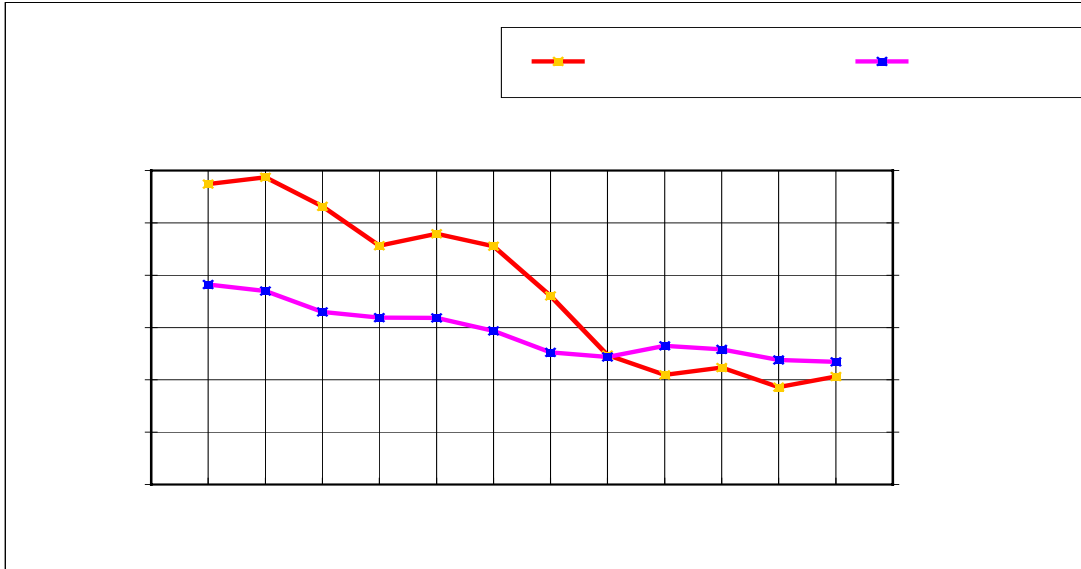
## (ix) Stock Market Data

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

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume (Rs in lacs.)	High (Rs.)	Low (Rs.)	Volume (Rs in lacs.)
Apr' 08	76.90	62.60	9632.00	76.40	62.10	5836.26
May' 08	73.70	64.30	1414.91	73.95	64.10	656.69
Jun' 08	66.25	49.50	618.15	66.00	50.25	166.71
Jul' 08	59.90	49.65	559.06	63.75	48.10	155.06
Aug' 08	67.50	53.00	707.12	63.70	54.15	385.06
Sep' 08	64.70	45.00	241.19	58.60	46.60	70.90
Oct' 08	52.80	36.00	202.59	50.55	36.50	46.10
Nov'08	46.00	40.00	184.22	48.70	39.60	47.72
Dec' 08	54.90	44.05	161.23	53.00	44.00	59.95
Jan' 09	51.90	42.20	124.42	51.70	42.40	54.03
Feb' 09	49.40	43.05	140.59	47.60	43.55	33.44
Mar'09	47.90	39.05	102.25	46.85	38.20	22.04

### V-Guard Industries Limited Vs NSE S&N CNX and BSE SENSEX





(x) **Share holding Pattern:** Distribution of shareholding as on 31<sup>st</sup> March 2009

Shares	Shareholders		Shareholding	
	Number	%	Number	%
1 - 500	28868	94.1829	3471485	11.6307
501 - 1000	852	2.7797	677583	2.2701
1001 - 2000	438	1.4290	642725	2.1534
2001 - 3000	158	0.5155	394797	1.3227
3001 - 4000	74	0.2414	258939	0.8675
4001 - 5000	127	0.4143	564898	1.8926
5001 - 10000	78	0.2545	560314	1.8773
10001 and above	56	0.1827	23276779	77.9857
	<b>30651</b>	<b>100.0000</b>	<b>29847520</b>	<b>100.0000</b>

(xi) **Category of Shareholders**

Category	No. of Shares	% to the total no. of shares
Promoters Holdings	11346510	38.01
Promoters Group	8986907	30.11
Corporate Bodies	370954	1.24
Banks, Financial Institutions, State & Central Govt.	1319075	4.42
Foreign Institutional Investors	229793	0.77
Indian Public & Others	7125037	23.88
NRI's /OCBs/ Foreign Nationals	469244	1.57
<b>Total</b>	<b>29847520</b>	<b>100.00</b>

**(xii) Shares held in Physical and Dematerialized Form**

<b>Particulars</b>	<b>No. of shares</b>	<b>Percentage</b>
Shares held in Dematerialized form	28520796	95.55
Shares held in Physical form	1326724	4.45
<b>Total</b>	<b>29847520</b>	<b>100.00</b>

**(xiii) Registrar & Share Transfer Agents and Share Transfer Systems**

M/s Link Intime India Private Limited  
(Formerly Intime Spectrum Registry Limited)  
Surya, 35, May Flower Avenue,  
Behind Senthil Nagar, Souripalayam Road,  
Coimbatore-641028  
Phone: 0422-2314792, Email: [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

Share Transfers would be registered and share certificates are returned within a period of 20 days from the date of the receipt, if the documents are clear in all respects. The Company holds Share Transfer Committee Meetings as may be required for approving the share transfer, transmission and rematerialisation of equity shares.

**(xiv) Means of Communications**

The Company regularly intimates information like the financial results and media releases on significant developments in the Company from time to time and the same are also posted on the website of the Company and have also been submitted to the Stock Exchanges in which the shares of the Company are listed, to enable them to post it into their websites. The financial results are normally published in the Business Line / Financial Express (English) and Mangalam (Malayalam).

**(xv) Address for Correspondence**

Jayasree K  
Company Secretary  
44/1037, L F C Road,  
Kaloor, Kochi-682017  
e-mail: [jayasree@vguard.in](mailto:jayasree@vguard.in), Ph: 0484-3095000

**(xvi) Website**

The Website of the Company, [www.vguard.in](http://www.vguard.in) contains comprehensive information about the company, Directors, products, branch details etc. It serves to inform the shareholders by providing key information like shareholding pattern, financial results other developments etc.



**CEO/CFO Certification**

Mr. Kochouseph Chittilappilly, Managing Director and Mr. Nandakumar T, Chief Financial Officer have given CEO/CFO Certificate to the Board. The Board has taken on record the CEO/CFO certificate as per the format given under clause 49 (v) at its meeting held on 28<sup>th</sup> May, 2009.

**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 : 28<sup>th</sup> May, 2009

Sd/-  
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** (“the Company”) for the year ended on 31<sup>st</sup> March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s 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.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*

Sd/-

C.R. Rajagopal

Partner

Membership No.23418

Place : Coimbatore

Date : 29<sup>th</sup> May, 2009

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **Forward Looking Statements**

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.

### **Industry Overview and Developments:**

According to National Council for Applied Economic Research (NCAER), Indian consumer class is growing at a fast rate. This in turn is benefiting the consumer durables manufacturers. The increase in income levels, easy availability of finance, increase in consumer awareness, and introduction of new models has increased significantly the demand for consumer durables. Products like washing machines, air conditioners, microwave ovens, color televisions (CTVs) are no longer considered luxury items. Consumer durables sector is characterized by the emergence of MNCs, exchange offers, discounts, and intense competition. The market share of MNCs in consumer durables sector is 65%. MNC majors' target is the growing middle class people of India. The Indian companies are striving to compete with MNCs on the basis of firm grasp of the local market, their well-acknowledged brands, and hold over wide distribution network. However, the penetration level of the consumer durables is still low in India. An important factor behind low penetration is poor government spending on infrastructure development. For example, the government spending is very less on electrification programs in rural areas. This factor discourages the consumer durables companies to market their products in rural areas.

### **A SWOT analysis of the consumer durable industry**

#### **Strengths**

1. Presence of established distribution networks in both urban and rural areas.
2. Presence of well-known brands.
3. In recent years, organized sector has increased its share in the market vis a vis the unorganized sector.

#### **Weaknesses**

1. Demand is seasonal and is high during festive season.
2. Demand of some of the products is dependent on good monsoons.
3. Poor government spending on infrastructure.
4. Low purchasing power of consumers.

## Opportunities

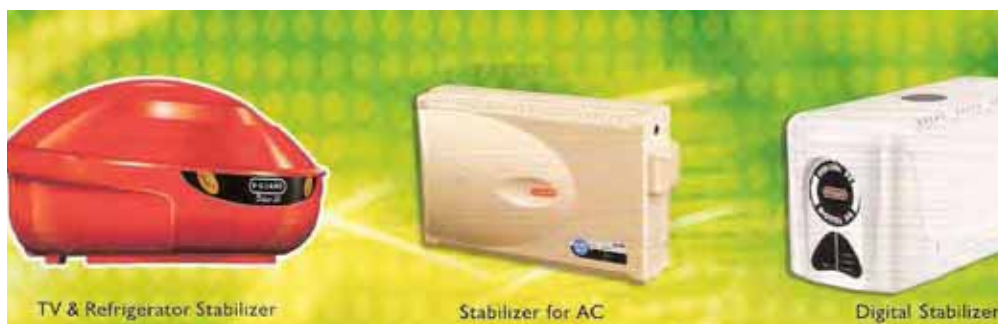
1. In India, the penetration level of white goods is lower as compared to other developing countries.
2. Unexploited rural market.
3. Rapid urbanization.
4. Increase in income levels, i.e. increase in purchasing power of consumers.
5. Easy availability of finance.

## Threats

1. Higher import duties on raw materials imposed.
2. Cheap imports from Singapore, China and other Asian countries.

V-Guard's product range deals into eight different products catering to the consumer durable and construction sectors of the country. The products dealt with by the company are Stabilizer, Pump, Water Heater, Solar Water Heater, Cables, UPS, Fan and Digital home UPS

## Stabilizers:



V-Guard Pioneered in the Electronic industry in India with manufacture of voltage stabilizers the year 1977. Today V-Guard is the largest selling Stabilizer brand in India Equipped with features like Automatic Restart, Time-delay system, and High-low voltage cut-off.

The product holds in its folder almost 26 models with different capacities, current rating varying from 0.4 Amps to 15 Amps to suit the various parent products. Digital type of Stabilizers is also available in 3 models, current rating varying from 1.50 Amps to 6 Amps more specifically designed for LCD TV, medical equipments, fax machine, treadmills etc. The company still enjoys a dominant market share in stabilizers and it continuous to be our flagship product by contributing to the total turnover significantly.

However the Company does face some adverse factors concerning this product. Primarily, stabilizers being a dependent product, any change in the parent product line will obviously have an impact on this market. For example, introduction of stabilizer free appliances have given a tough resistance in the market for our stabilizer promotion. Decrease in sale of white goods especially due to the current economic slowdown directly correlates to sales of stabilizers. Improved power dissemination and reduced fluctuations in the power distribution also limits the scope of market for stabilizers.

The company has been focusing mainly at the semi urban and rural markets, where the voltage problems are more frequent, through its wide spread dealer network across India, and try to tap the potential markets. The marketing and the sales team of the dealer network are also given frequent training to help them give a better understanding of the product, its needs, advantages etc and make the customers understand the utility of the products, which would result in larger customer base. The company also boasts of the best after sales service and the complaint ratio of stabilizers comes to less than 1%. The company's R& D division could successfully improve the product to suit to the changing market requirements.

### **Pumps:**

The company forayed into the pump market in the year 1992. V-Guard pumps are available in various categories like Self Prime and Mini Monobloc Pumps, Centrifugal Pumps, Jet Centrifugal Pumps, Open Well Submersible Pumps, Bore Well Submersible Pumps and Compressor Pumps in more than 150 models ranging from 0.25 HP to 7.5 HP to suit various requirements. Low Power Consumption, Low Voltage working, Electrical grade silicon steel stamping, ISI certification, Double side sealed ball bearings, Higher power factor and Maximum efficiency are some of the main features of our pumps.



The Indian industrial pumps market is significant for not only the size and pace of domestic and international demand, but also as an outsourcing option for companies in the mature economies. A large number of multinational companies engaged in manufacturing pumps and valves are entering the Asian market, particularly India, not only because these markets are growing at a hectic pace but also due to the high cost of labour and inputs in the European countries.

The Indian pump manufacturers have traditionally catered to the needs of domestic market. In India, pumps are mainly used for pumping water from wells. The Indian pump industry is set to grow at 6-7 percent over the next three years. There are around 800 large, medium and small units producing pumps in the country catering to a range of sectors from agriculture to industries including nuclear power generation.

Our company has been consistent in increasing its market share in the pump industry, and with strong distribution and marketing channel covering small towns and villages, will help us explore the rural markets in a better way. It also forays into pumps meant for agricultural purposes.

## Electric Water Heaters:



The Company introduced Electrical Water Heaters in the year 1996. Over the years the company has been able to establish its position in the market among major market players because of the superior quality and many attractive features like Penta Protection System, Automatic Thermostat, Reset Type Thermal Cut off, Pressure Release Valve, Fusible Plug, ISI marked Heating Element, Thermostat and Power Cords. The company has to its credit a wide range of instant and storage water heaters ranging from 1 ltr. to 50 ltrs. Water Heaters, has shown a remarkable growth in terms of turnover, as it has turned out to be an inevitable product for households who earlier has other conventional options of heating water such as LPG gas, stoves etc. which are costlier to Electric Water Heaters and importantly time consuming. The water heaters are designed internally and the dedicated team is aiming to reduce the cost of the products by using substitute components without compromising the quality. We are also planning to launch models, which will reduce the consumption of energy.

## Solar Water Heaters:



Solar Water heaters were launched by the company in the year 2002. These are manufactured at the factory, which is awarded an ISO 9001-2000 certification, located at K G Chavadi at Coimbatore and are approved by the Ministry of the Non Renewable Energy Sources. Available in various capacities ranging from 100 LPD to 10000 LPD, the solar water heaters are made of imported machineries, latest Welding Technology and experienced R & D personnel.



There are two distinct market segments for solar water heating systems (SWHS) in India, namely, (i) domestic and (ii) commercial and industrial. In commercial sector SWHS are used to meet the hot water demand e.g. in hotels and hospitals etc. while in industrial sector, these systems are used for preheating boiler feed water or to meet the process heating requirements. In domestic sector, SWHS are used to meet household hot water requirements.

The manufacturing base of solar water heating systems has since been improved substantially with a total number of 49 manufacturers securing Bureau of Indian Standards (BIS) certification for their products. During the recent years, the annual business generated in the country is around 550000 sq.m. of collector area. Also there are immense opportunities available in solar water heating systems in the heater segment. We understand that the potential market for solar heaters would stand at 1mn units by 2012.

We have recently seen a better acceptance for Solar Water Heaters. Rising electricity cost and power cuts have made this product very attractive to the consumers. We believe this will be one of our main product of our company. This is happened because of the superior technology being adopted by us. When we forayed into the solar water heater segment, the main technology used was copper flat plates. V-Guard is one of the earliest adopters of the Evacuated Vacuum Tube Collector –ETC technology.

#### Cables:



Cables will be the key focus of the company for the fiscal 2009-10. The Indian Cable industry is empowered with the boom in construction industry, automobile industry, power distribution, irrigation and the like. There are sentiments of lowering demand due to the bottom hit slow down nevertheless; Indian economy will not be hit in any major way. The power cable sector is headed for a strong growth in India, backed by large investment plans coming up in power generation, transmission and distribution, industrial expansion, construction and rural electrification etc.

The company has made a major investment of around Rs. 39 Crores to its two cable projects ie manufacturing facility of LT Cables at Coimbatore and expansion of capacity of building wire cables by commissioning a manufacturing facility at Kashipur. We have set up around 35000 sq. ft. Factory area for the manufacture of PVC Wiring Cable at Uttarakhand, Kashipur. With exquisite building structure and quality standards the Factory is expected to manufacture around 24,00,000 coils annually.

The LT Power cable factory is set up at K G Chavadi, Coimbatore where the building wire factory is situated. The Factory extends to approximately 60000 sq.ft. with an estimated annual processing capacity of 3000 MT Aluminum and 300MT of copper.

The Indian cable industry is however characterized by a large unorganized sector. The company may face severe competition from these unorganized and regional and local players. The company with its high quality superior products and channelised business approach will definitely overcome the constraints.

While the market opportunities remain vast, being a manufacturing industry, cable players will continue to face input cost pressures. The price of copper being highly volatile, material prices will have an adverse impact on going forward. Passing on the costs to the customers may not be feasible always, considering the volume of trade. Strong competitive environment, currency fluctuations and shortage of manpower are other factors that this sector needs to address in the long run.

### **Uninterrupted Power Supply (UPS)**

V-Guard included UPS in its product folder in the year 1998. Initially we were only into



offline UPS and have recently embarked into the online segment. Our make UPS are of Micro Controller based compact design with unique features like off mode battery charging, High Voltage Protection, ZPD technology to prevent battery deep discharge, Advanced PWM technology based on PID algorithm, intelligent audio indication.

According to latest findings, the Indian UPS market is expected to grow at a compounded annual growth rate of 28 to 32% in next two years. It is expected to touch Rs. 5000 crore mark by the year ending March 2010. With most of the Indian corporates eyeing an edge of the global IT pie through the rapid deployment of IT enabled services, there's an ever increasing need for world-class connectivity and reliability in IT networks. Due to enormous growth in the IT, Telecom & BPO sectors, businesses are becoming more service oriented and are trying to provide customers with fast and efficient service on a 24x7 basis. Hence businesses are now looking at Uptime solutions from a strategic viewpoint.

### **Fans**



V-Guard commenced its operations in fans in the year 2006. V-Guard Fans are equipped with features like Sleek and light weight aluminum body, Imported high quality ball bearing, Aerodynamically designed blades for better air delivery etc. With a variety of



models and colour range, the company has been able to grow in terms of its turnover and margins in the fan industry. Electric Fans is a high market penetration product category and is very high in terms of purchase priority amongst durables. The domestic market size of fans in India is around 20 Million units. The share of the organised sector stands at 45 per cent and of the unorganised sector at 55 per cent.

To remain profitable and competitive, it becomes imperative to have high-volumes and a reasonable market-share, to enjoy the related economies of scale. With liberalisation of imports, low cost world-class manufacturers of Table, Pedestal and Wall fans from China offer an active threat to Indian manufacturers. The market size in value terms of the fans category is quite large at around Rs.1500 Crores and it is the largest selling item in the brown goods category. We look forward to capitalize this vast potential market spread in the country and capture a better market share in the coming years.

### **Home UPS**



Digital Home UPS is our latest offering in the market. We have just entered the market in a small way and are looking to establish the product line in the current fiscal. The Digital Home UPS offers various features such as Micro Controller based line interactive technology, Sine Wave output, High frequency design, advanced MOSFET based Power stage with PWM output etc. The preliminary phase of our introduction has fetched us amazing results because of the shortage of power and the resulting load shedding exercises by electricity boards across the country.

### **Opportunities & Threats**

We have a distinct advantage of being in several sectors such as consumer durables (stabilizers, water heaters, fans), agricultural (motor pumps), business needs (UPS), Construction sector(cables) etc This diversity in our operations will help us in maintaining our margins and profits and have an edge over competitors. Although some products such as the stabilizer have been slightly affected due to improve power transmission, we have seen increase in the sale of pumps due to the increased government aid to the agriculture sector. We have been able to grow in the cables sector despite the downturn in the construction industry by concentrating more on retail electrical shops and reducing our dependency on large builders and projects. However there is a risk of the construction and the real estate industry facing slowdown. V-Guard with its diversified products has a strong distribution and marketing channel in small towns across India, which help us in tapping the rural and the interior market. We have been seeing our solar

water heater sales zoom. Rising electricity cost and power outages have made this product very attractive to the consumers. We believe in the years to come we will be able to achieve a larger market share in the industry. The Home UPS segment recently ventured into, has also given amazing results because of the shortage of power and the resulting power cuts exercised by electricity boards across the country.

## **Future Outlook**

With easy availability of finance, emergence of double-income families, fall in prices due to increased competition, government support, growth of media, availability of disposable incomes, improvements in technology, reduction in customs duty, rise in temperatures, growth in consumer base of rural sector, the consumer durables industry is growing at a fast pace. Given these factors, a good growth is projected in the future, too. The penetration level of consumer durables is very low in India, as compared with other countries. This translates into vast unrealized potential.

With all these advantages, we foresee to transform V-Guard from a stabilizer player to a complete electrical solutions company. We are focusing on making a stronger national presence, specially North East India where we have recently ventured. V-Guard with its unique product mix, quality consciousness, intelligent workforce, latest technology, strong distribution and marketing channel will ensure that its growth story continues and that we will be able to contribute to the nation in all the peripherals of the economy.

**AUDITORS' REPORT**

To the Members of  
**V-Guard Industries Limited**

1. We have audited the attached balance sheet of **V-Guard Industries Limited** (“the Company”) as at 31<sup>st</sup> March 2009, 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, the profit and loss account and the 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 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 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 31<sup>st</sup> March 2009;
  - (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 : Coimbatore

Date : 29<sup>th</sup> May, 2009

**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 (iv) with regard to sale of services, (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 31<sup>st</sup> March 2009.
- 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, the discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.  
(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 at periodic intervals during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) In our opinion, and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties 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 the size and nature of its business for the purchase of inventory and fixed assets, and sale of goods. 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 contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.  
(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 relating to the manufacture of PVC insulated electrical cables, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of those accounts and records with a view to determining whether they are accurate or complete. To the best of our knowledge, and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.
- ix) (a) According to the information and explanations given to us, the Company has generally been regular in depositing 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 with appropriate authorities during the year and no undisputed amounts were in arrears, as at 31<sup>st</sup> March 2009, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, except for the following disputed Sales Tax demands, 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 dispute is pending
Kerala General Sales Tax Act	1988-89 to 1994-95	31.16	Supreme Court of India
- do -	1997-98	10.55	High Court of Kerala
- do -	1998-99	3.78	Dy. Commissioner (Appeals), Cochin
Andhra Pradesh VAT Act	2005-06	0.75	Addl. Dy. Commissioner (CT), Hyderabad

- x) In our opinion, and according to the information and explanations given to us, 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 the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- xii) In our opinion, and 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 for long-term investment.

- xiii) In our opinion, and according to the information and explanations given to us, the management has disclosed the end use of moneys raised by public issue and have been verified by us.
- 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: Coimbatore

Date : 29<sup>th</sup> May 2009

<b>BALANCE SHEET AS AT 31ST MARCH 2009</b>			
<i>(Rupees in lakhs)</i>			
Particulars	Sch. No.	As at 31st March 2009	As at 31st March 2008
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' Funds</i>			
Share capital	1	2,984.75	2,984.75
Reserves and surplus	2	9,660.38	8,798.73
		12,645.13	11,783.48
<i>Loan Funds</i>			
Secured loans	3	2,625.03	3,591.62
<i>Deferred tax liability (Net)</i>		442.61	419.21
<b>TOTAL</b>		<b>15,712.77</b>	<b>15,794.31</b>
<b>APPLICATION OF FUNDS</b>			
<i>Fixed Assets</i>			
Gross block	4	9,011.32	5,902.17
Less: Accumulated depreciation		1,883.10	1,525.17
Net block		7,128.22	4,377.00
Capital work in progress	5	2,576.82	1,553.35
		9,705.04	5,930.35
<i>Investments</i>			
	6	1,136.04	1,500.00
<i>Current Assets, Loans &amp; Advances</i>			
Inventories	7	3,586.00	4,341.26
Sundry debtors	8	4,875.33	3,794.36
Cash and bank balances	9	409.11	3,856.48
Loans and advances	10	3,764.60	2,885.92
		12,635.04	14,878.02
<i>Less: Current Liabilities &amp; Provisions</i>			
Current liabilities	11	3,536.53	3,273.41
Provisions	12	4,226.82	3,240.65
		7,763.35	6,514.06
<i>Net Current Assets</i>		4,871.69	8,363.96
<b>TOTAL</b>		<b>15,712.77</b>	<b>15,794.31</b>
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/-	Sd/-
For <b>DELOITTE HASKINS &amp; SELLS</b>		<b>P.G.R. PRASAD</b>	<b>KOCHOUSEPH CHITILAPPILLY</b>
Chartered Accountants		Chairman	Managing Director
		Sd/-	Sd/-
<b>C.R. RAJAGOPAL</b>		<b>NANDAKUMAR T.</b>	<b>JAYASREE K.</b>
Partner		Chief Financial Officer	Company Secretary
Place: Coimbatore		Place: Kochi	
Date : 29th May, 2009		Date : 28th May, 2009	



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

*(Rupees in lakhs)*

Particulars	Sch. No.	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>INCOME</b>			
Turnover (Gross)	13	32,604.17	28,917.94
Less : Excise duty		926.50	1,106.94
		31,677.67	27,811.00
Other income	14	364.03	98.80
<b>Total</b>		<b>32,041.70</b>	<b>27,909.80</b>
<b>EXPENDITURE</b>			
Cost of goods sold	15	21,770.23	19,051.39
Employee costs	16	1,905.84	1,542.63
Selling and distribution expenses	17	3,186.86	2,928.58
Establishment expenses	18	1,672.71	1,305.68
Financial expenses	19	473.26	462.28
Depreciation/Amortisation	4	404.89	346.54
<b>Total</b>		<b>29,413.79</b>	<b>25,637.10</b>
<b>Profit before tax and exceptional item</b>		<b>2,627.91</b>	<b>2,272.70</b>
<b>Exceptional item:</b>			
Profit on sale of land		-	2,970.74
Profit on sale of long term non-trade investments		-	-
<b>Profit before tax</b>		<b>2,627.91</b>	<b>5,243.44</b>
Provision for tax:			
Current tax		819.86	1,475.32
Deferred tax		23.40	(5.00)
Fringe benefit tax		50.00	31.00
Income tax for earlier years		-	(0.19)
<b>Net profit</b>		<b>1,734.65</b>	<b>3,742.31</b>
Balance brought forward		2,415.26	948.37
<b>Profit available for appropriation</b>		<b>4,149.91</b>	<b>4,690.68</b>

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

(Rs. Rupees in Lakhs except for EPS)

Particulars	Sch. No.	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>APPROPRIATIONS:</b>			
Transfer to General Reserve		350.00	380.00
Interim dividend		-	873.90
Tax on interim dividend		-	148.52
Proposed final dividend		746.19	746.19
Tax on proposed final dividend		126.81	126.81
		1,223.00	2,275.42
<b>Balance carried to Balance Sheet - Schedule 2</b>		<b>2,926.91</b>	<b>2,415.26</b>
		<b>4,149.91</b>	<b>4,690.68</b>
Basic and Diluted Earnings Per share (In rupees):			
- before exceptional item		5.81	6.53
- after exceptional item		5.81	16.70
(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/-

Sd/-

For **DELOITTE HASKINS & SELLS**

**P.G.R. PRASAD KOCHOUSEPH CHITILAPPILLY**

Chartered Accountants

Chairman Managing Director

Sd/-

Sd/-

Sd/-

**C.R. RAJAGOPAL**

**NANDAKUMAR T.**

**JAYASREE K.**

Partner

Chief Financial Officer

Company Secretary

Place: Coimbatore

Place: Kochi

Date : 29th May, 2009

Date : 28th May, 2009

<b>CASH FLOW STATEMENT</b>		
<i>(Rupees in lakhs)</i>		
<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,627.91	5,243.44
Add/(Less):		
Depreciation/Amortisation	404.89	346.54
Financial expenses	473.26	462.28
Profit on sale of land	-	(2,970.74)
Loss on sale of fixed assets	0.95	1.84
Interest from banks	(36.16)	(26.11)
Dividend from non-trade current investments	(222.08)	(5.23)
<b>Cash flow before changes in working capital</b>	<b>3,248.77</b>	<b>3,052.02</b>
Working capital changes:		
(Increase) / Decrease in debtors	(1,080.97)	(1,079.87)
(Increase) /Decrease in inventories	755.26	(1,241.82)
(Increase) / Decrease in loans and advances	(103.46)	(51.54)
(Increase) / Decrease in other assets	-	-
Increase / (Decrease) in current liabilities and provisions	366.10	859.94
<b>Cash generated from operations</b>	<b>3,185.70</b>	<b>1,538.73</b>
Less: Income tax incld. fringe benefit tax paid (net)	(775.22)	(955.34)
<b>Cash flows from Operating Activities</b>	<b>2,410.48</b>	<b>583.39</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,183.17)	(2,519.94)
Sale of fixed assets	2.64	3,219.15
Dividend from non-trade current investments	222.08	5.23
Purchase of investments	(17,657.88)	(4,000.00)
Sale of investments	18,021.84	2,500.00
Direct taxes paid on capital gains	-	(692.82)
Interest from deposits		
Interest received from banks	36.16	26.11
<b>Cash flows from / (used in) Investing Activities</b>	<b>(3,558.33)</b>	<b>(1,462.27)</b>

## CASH FLOW STATEMENT

(Rupees in lakhs)

Particulars	2008-09	2007-08
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	845.17
Securities premium received (Net of share issue expenses of Rs.515.54 lakhs)	-	5,244.46
Loans availed	-	55.76
Repayment of term loan	(486.75)	(343.86)
Repayment of other loans	(21.28)	-
Increase / (Decrease) in working capital loans	(440.93)	263.69
Dividend paid	(740.83)	(873.90)
Dividend tax paid	(126.81)	(148.52)
Interest paid	(482.92)	(451.88)
<b>Cash flows from / (used in) financing activities</b>	<b>(2,299.52)</b>	<b>4,590.92</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>(3,447.37)</b>	<b>3,712.04</b>
Add: Opening cash & cash equivalents \$	3,856.48	144.44
<b>Closing cash and cash equivalents \$</b>	<b>409.11</b>	<b>3,856.48</b>

\$ - 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/-

Sd/-

For **DELOITTE HASKINS & SELLS**

**P.G.R. PRASAD**

**KOCHOUSEPH CHITILAPPILLY**

Chartered Accountants

Chairman

Managing Director

Sd/-

Sd/-

Sd/-

**C.R. RAJAGOPAL**

**NANDAKUMAR T.**

**JAYASREE K.**

Partner

Chief Financial Officer

Company Secretary

Place: Coimbatore

Place: Kochi

Date : 29th May, 2009

Date : 28th May, 2009

*Schedules forming part of Balance Sheet as at 31st March 2009*

(Rupees in lakhs)

Particulars	As at 31st March 2009	As at 31st March 2008
<b>Schedule 1: SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,000,000 Equity shares of Rs.10/- each	3,000.00	3,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
29,847,520 Equity shares of Rs.10/- each, fully paid up	2,984.75	2,984.75
	<b>2,984.75</b>	<b>2,984.75</b>
<b>Schedule 2: RESERVES &amp; SURPLUS</b>		
<i>Securities Premium</i>		
As per last Balance Sheet	5,244.46	-
Add: Received during the year	-	5,760.00
Less: Share issue expenses	-	515.54
	5,244.46	5,244.46
<i>General Reserve</i>		
As per last Balance Sheet	1,139.01	730.00
Add: Adjustment on adoption of revised Accounting Standard 15 "Employee Benefits" (Net of deferred tax adjustment of Rs.15.00 lakhs)	-	29.01
Add: Transfer from Profit & Loss Account	350.00	380.00
	1,489.01	1,139.01
<i>Profit and Loss Account</i>		
	2,926.91	2,415.26
	<b>9,660.38</b>	<b>8,798.73</b>
<b><u>Schedule 3. SECURED LOANS</u></b>		
Term loans from banks	755.82	1,242.57
Interest accrued and due	6.60	9.46
(Repayable within one year Rs.448.36 Lakhs (Previous Year: Rs.334.36 Lakhs))		
Working capital loans from banks	1,790.71	2,231.64
Interest accrued and due	-	14.77
Loans from others	76.93	94.26
Less: Interest suspense	(5.03)	(1.08)
(Repayable within one year Rs.39.35 Lakhs (Previous Year: Rs.43.47 Lakhs))	71.90	93.18
(Refer Note 2 of Schedule 20)		
	<b>2,625.03</b>	<b>3,591.62</b>

Schedules forming part of Balance Sheet as at 31st March 2009

**SCHEDULE 4. FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31/03/2008	Additions during the Year	Deletions/Transfers during the Year	As at 31/03/2009	Up to 31/03/2008	For the Year	On Deletions/Transfers	Up to 31/03/2009	As at 31/03/2009	As at 31/03/2008
<b>Tangible Assets:</b>										
Freehold Land	1,234.09	177.90	-	1,411.99	-	-	-	-	1,411.99	1,234.09
	734.42	713.77	214.10	1,234.09	-	-	-	-	1,234.09	734.42
Buildings	1,216.72	1,218.11	34.12	2,434.83	128.52	31.24	0.14	159.76	2,275.07	1,088.20
	1,064.17	186.67	18.09	1,216.72	105.56	23.10	16.55	128.52	1,088.20	958.61
Plant & Machinery	1,692.36	1,608.32	18.09	3,282.59	835.70	186.96	0.98	1,006.11	2,276.48	856.66
	1,628.34	65.59	1.57	1,692.36	675.77	160.91	5.70	835.70	856.66	952.57
Office Equipments	86.05	10.89	5.70	91.24	26.26	9.26	1.62	29.82	61.42	59.79
	64.08	25.15	3.18	86.05	22.35	5.53	14.49	26.26	59.79	41.73
Computers	290.05	90.90	14.49	366.46	158.25	36.20	0.25	179.96	186.50	131.80
	216.49	73.83	0.27	290.05	134.00	24.50	7.53	158.25	131.80	82.49
Furniture and Fixtures	106.72	24.72	7.60	123.84	69.15	11.49	-	73.11	50.73	37.57
	74.65	32.07	-	106.72	52.04	17.11	2.69	69.15	37.57	22.61
Vehicles	214.11	28.86	4.67	238.30	36.99	21.77	-	56.07	182.23	177.12
	105.89	108.22	-	214.11	25.00	11.99	-	36.99	177.12	80.89
<b>Intangible Assets:</b>										
Trademark	1,062.07	-	-	1,062.07	270.30	107.97	-	378.27	683.80	791.77
	1,001.43	60.64	-	1,062.07	166.90	103.40	-	270.30	791.77	834.53
<b>Total</b>	<b>5,902.17</b>	<b>3,159.70</b>	<b>50.55</b>	<b>9,011.32</b>	<b>1,525.17</b>	<b>404.89</b>	<b>46.96</b>	<b>1,883.10</b>	<b>7,128.22</b>	<b>4,377.00</b>
<i>Previous Year</i>	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

Note: Previous year figures are shown in italics.

*Schedules forming part of Balance Sheet as at 31st March 2009*

*(Rupees in lakhs)*

Particulars	As at 31st March 2009	As at 31st March 2008
<b><u>Schedule 5. CAPITAL WORK-IN-PROGRESS</u></b>		
Capital work in progress	2,473.24	1,012.55
Advances for capital expenditure	123.58	560.80
Less: Provision for doubtful advances	(20.00)	(20.00)
	<b>2,576.82</b>	<b>1,553.35</b>
<b><u>Schedule 6. INVESTMENTS</u></b>		
<i>Current investments- At lower of cost and fair value</i>		
<i>Unquoted, non trade</i>		
In Mutual Funds	1,136.04	1,500.00
(Market value: Rs.1,136.04 lakhs (Previous Year: Rs.1,500 lakhs))	<b>1,136.04</b>	<b>1,500.00</b>
<b><u>Schedule 7. INVENTORIES</u></b>		
Raw materials	366.95	193.64
Raw materials-in-transit	127.17	74.04
Finished goods	2,605.11	3,652.07
Finished goods-in-transit	-	33.66
Stock-in-process	317.90	250.20
Scrap stock	23.10	-
Stores, Spares and Consumables	145.77	137.65
	<b>3,586.00</b>	<b>4,341.26</b>
<b><u>Schedule 8. SUNDRY DEBTORS</u></b>		
Debts outstanding for a period exceeding six months	6.31	65.34
Other debts	4,869.02	3,729.02
[Debts considered good in respect of which the company is fully secured Rs.733.45 lakhs (Previous year : Rs.632.88 lakhs) and debts considered good for which the company holds no security other than the debtor's personal security Rs.4,141.88 lakhs (Previous year : Rs.3,161.48 lakhs)]		
	<b>4,875.33</b>	<b>3,794.36</b>
<b><u>Schedule 9. CASH AND BANK BALANCES</u></b>		
Cash on hand	1.97	1.65
Cheques on hand	16.02	17.88
Balance with Scheduled Banks:		
- in current accounts	326.16	280.30
- in current accounts - unclaimed dividend	5.36	-
- in EEFC account	0.15	1.84
- in deposit accounts	59.45	3,554.81
	<b>409.11</b>	<b>3,856.48</b>

*Schedules forming part of Balance Sheet as at 31st March 2009*

*(Rupees in lakhs)*

Particulars	As at 31st March 2009	As at 31st March 2008
<b><u>Schedule 10. LOANS AND ADVANCES</u></b>		
(Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	540.79	448.87
Advance income tax	3,028.42	2,309.56
Advance fringe benefit tax	101.36	45.00
Deposits :		
With Government authorities	43.72	26.69
With others	50.31	55.80
	<b>3,764.60</b>	<b>2,885.92</b>
<b><u>Schedule 11. CURRENT LIABILITIES</u></b>		
Sundry Creditors		
- Micro and Small Enterprises (Refer Note 18 of Schedule 20)	118.88	29.31
- Others	1,585.90	1,285.69
Acceptances	831.96	1,112.65
Deposits from distributors	568.25	496.75
Investor Education & Protection Fund shall be credited by the following:		
- Unclaimed dividend (Refer Note 27 of Schedule 20)	5.36	-
Other liabilities	410.39	341.19
Interest accrued but not due on loans	15.79	7.82
	<b>3,536.53</b>	<b>3,273.41</b>
<b><u>Schedule 12. PROVISIONS</u></b>		
Employee benefits	37.01	38.70
Warranty (Refer Note 28 of Schedule 20)	143.00	25.00
Proposed final dividend	746.19	746.19
Tax on proposed final dividend	126.81	126.81
Income tax	3,073.81	2,254.41
Fringe benefit tax	100.00	49.54
	<b>4,226.82</b>	<b>3,240.65</b>



*Schedules forming part of the Profit and Loss Account for the year ended 31st March 2009*

(Rupees in lakhs)

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
<b><u>Schedule 13. TURNOVER (Gross)</u></b>		
Sales	34,915.12	31,064.67
Less: Trade/Quantity discounts allowed	(2,310.95)	(2,146.73)
<b>Total</b>	<b>32,604.17</b>	<b>28,917.94</b>
<b><u>Schedule 14. OTHER INCOME</u></b>		
Service charges	34.69	35.34
Mould hire charges [TDS: Rs.2.33 Lakhs (Previous Year: Rs.1.18 Lakhs)]	16.25	12.05
Dividend from long term non-trade investments	-	-
Dividend from non-trade current investments	222.08	5.23
Sale of power	-	3.05
Interest from banks (Gross) [TDS: Rs.8.86 Lakhs (Previous Year: Rs.1.84 Lakhs)]	36.16	26.11
Other interest (Gross) [TDS: Rs.2.42 Lakhs (Previous Year: Rs.1.93 Lakhs)]	20.34	10.01
Miscellaneous income	32.48	5.72
Foreign exchange fluctuation gain (Net)	2.03	1.29
	364.03	98.80
<b><u>Schedule 15. COST OF GOODS SOLD</u></b>		
<b><u>a) Raw Materials Consumed (Manufacturing)</u></b>		
Opening stock	193.64	246.86
Add: Purchases	6,660.67	5,432.88
	6,854.31	5,679.74
Less: Closing stock	366.95	193.64
	6,487.36	5,486.10
<b><u>b) Cost of Goods sold (Trading)</u></b>		
Opening stock	2,655.00	1,796.40
Add: Purchases	13,453.50	14,106.19
	16,108.50	15,902.59
Less: Closing stock	1,948.71	2,655.00
	14,159.79	13,247.58
Add: Packing expenses	89.80	109.86
" Spares and components	305.56	305.31
	14,555.15	13,662.76

*Schedules forming part of the Profit and Loss Account for the year ended 31st March 2009*

*(Rupees in lakhs)*

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
<b><u>c) Manufacturing Expenses</u></b>		
Power and fuel	94.83	60.16
Consumables	56.32	36.94
Packing expenses	160.70	120.53
Factory expenses	8.61	11.95
Excise duty	-	12.92
Labour charges	82.14	71.16
Powder coating expenses	28.18	24.25
	<b>430.78</b>	<b>337.91</b>
<b><u>d) Change in Finished Stock (Manufacturing)</u></b>		
Opening stock:		
Finished goods	997.07	580.20
Stock-in-process	250.20	231.77
Stock-in-process - Trial production stock	65.68	-
	<b>1,312.95</b>	<b>811.97</b>
Used for captive consumption	(18.61)	(0.08)
	<b>1,294.34</b>	<b>811.89</b>
Closing stock:		
Finished goods	656.40	997.07
Stock-in-process (Including scrap)	341.00	250.20
	<b>997.40</b>	<b>1,247.27</b>
(Increase)/ Decrease in stock	296.94	(435.38)
Total (a+b+c+d)	<b>21,770.23</b>	<b>19,051.39</b>
<b><u>Schedule 16. EMPLOYEE COSTS</u></b>		
Salaries and wages (Refer Note 11 of Schedule 20)	1,583.47	1,279.11
Bonus and ex-gratia	96.24	79.77
Contribution to provident & other funds	79.54	64.07
Gratuity	38.15	18.11
Staff welfare expenses	108.44	101.57
	<b>1,905.84</b>	<b>1,542.63</b>
<b><u>Schedule 17. SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Discounts and incentives	1,476.75	1,318.43
Advertisement and sales promotion	1,622.76	1,592.14
Sales Tax, Turnover tax etc.	70.20	8.41
Gifts and compliments	9.97	3.72
Commission to consignment agent	7.18	5.88
	<b>3,186.86</b>	<b>2,928.58</b>

*Schedules forming part of the Profit and Loss Account for the year ended 31st March 2009*

*(Rupees in lakhs)*

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
<b><u>Schedule 18. ESTABLISHMENT EXPENSES</u></b>		
Rent	104.29	90.17
Power and fuel	37.29	35.56
Postage, telephone and telex	96.03	81.49
Printing and stationery	29.61	29.06
Insurance	23.63	20.75
Rates and taxes	28.04	18.10
Freight charges	484.45	373.42
Travelling expenses	260.93	238.15
R & D expenses (Refer Note 11(d) of Schedule 20)	77.40	100.55
Legal and professional charges (Refer Note 12 of Schedule 20)	81.82	48.60
Office expenses	72.22	57.18
Repairs & Maintenance- Machinery	27.39	23.05
Repairs & Maintenance- Building	22.34	29.41
Repairs & Maintenance- Others	93.57	57.49
Provision for warranty	143.00	25.00
Bank charges	34.44	47.76
Donation	35.27	19.15
Commission/Brokerage	10.32	-
Miscellaneous expenses	5.42	7.52
Loss on sale of fixed assets (Net)	0.95	1.84
Sitting fees to directors	4.30	1.43
	<b>1,672.71</b>	<b>1,305.68</b>
<b><u>Schedule 19. FINANCIAL EXPENSES</u></b>		
Interest on fixed loans	411.54	415.30
Other interest	61.72	46.98
	<b>473.26</b>	<b>462.28</b>

**V-GUARD INDUSTRIES LIMITED**

*(Schedules forming part of the Accounts for the year ended 31<sup>st</sup> march 2009)*

**SCHEDULE 20 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****I. Significant Accounting Policies****(a) Accounting Convention**

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

**(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. Cost of assets comprises of purchase value (net of cenvat credit) and other costs attributable to bringing the assets to working condition for the intended use.

**(d) Intangible Assets**

Trademark and computer software are classified as intangible assets. Acquisition cost of trademark comprises of purchase cost and other expenses incurred in connection with its 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 their intended use. Other borrowing costs are recognized as expense in the period in which they are incurred.

**(g) Depreciation/Amortisation**

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

Trademark and Computer Software are amortized over a period of ten years and five years respectively.

**(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) Stock-in-process is valued at lower of cost and net realizable value. Cost includes attributable direct costs and production overheads incurred up to the respective stage of completion.
- 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 on removal of finished goods from the factory and provision is made for excise duty payable on stock of finished goods in hand at the balance sheet date.

**(k) Employee Benefits****Post-employment Benefit Plans**

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

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and

loss account of the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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

#### Short-term employee benefits

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

#### Long-term employee benefits

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

#### (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

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

#### (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 and 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 Accounting Standard 20 –‘Earnings per share’. 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 as per the provisions of the Income Tax Act, 1961.

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

(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.1,000 lakhs from 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 buildings, 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 State Bank of India is secured by (a) charge over the assets acquired / constructed out of bank finance, namely corporate office building at Vennala, (b) 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, and (c) extension of charge over Plant and Machinery in trading Division and Solar Division and factory building of Solar Water Heater Division. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.
- e) Medium term loans from Sundaram Finance Ltd., Dhanalakshmi Bank Ltd. and HDFC Bank Ltd. are secured by hypothecation of vehicles financed by the lender.
- f)
- i. Working Capital Loan from State Bank of India and Standard Chartered Bank are secured by hypothecation by way of first charge on all current assets of the company, both present and future, including stock of goods, book debts and all other movable assets including document of title to goods 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.
  - ii. Working Capital Loan from Dhanalakshmi Bank Ltd, is secured by way of first charge on all current assets of the company, both present and future, including stock of goods, book debts and all other movable assets including document of title to goods on pari-passu basis and 3rd pari-passu charge on all fixed assets of the company including immovable properties.
  - iii. Working Capital Loan from HDFC Bank Ltd., is secured by way of first charge on all current assets of the company, both present and future, including stock of goods, book debts and all other movable assets including document of title to goods on pari-passu basis. The loan is further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph.
3. Company has availed supplier 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 and Rs. 500 Lakhs from Dhanalakshmi Bank Ltd. The security details of these facilities are as follows:



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

4. Contingent liabilities:

Particulars	2008-09 (Rs. in lakhs)	2007-08 (Rs. in lakhs)
a) Sales tax matters under dispute	97.49	103.40
b) Open letters of credit for import purchase	65.22	174.39

5. Estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) Rs.576.10 lakhs. (Previous year: Rs.4,841.66 lakhs).

6. Utilization during the year out of proceeds from the allotment of Equity Shares to public:  
(Rs.In lakhs)

Details of implementation of projects (Rs. in lakhs)			The uses of IPO proceeds are as under	
Particulars of projects	Envisaged in the prospectus	Invested in projects upto 31.03.09	Particulars	Amount
Setting up of facilities for cable manufacturing in Coimbatore and Uttaranchal	4,478.20	3,875.00	Issue Proceeds	6,560.00
Setting up development and Pilot Production Plants for Water Heaters, Fans and Pumps at Himachal Pradesh and Coimbatore	567.11	442.50	Funds yet to be utilized (invested in mutual funds)	1,058.90
Investment for setting up Service and Distribution Centres at Bangalore, Hubli and Vijayawada	956.52	425.89	Funds utilized	5,501.10
Issue management expenses	486.95	515.54	Internal Accruals	559.83
General Corporate Purpose*	904.56	802.00	Amount invested in projects	<b>6,060.93</b>
<b>Total</b>	<b>7,393.34</b>	<b>6,060.93</b>		

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

7. Details of Current Investments – Unquoted & Non-trade (stated at lower of cost and market price / net asset value):

Name of Security	No. of units as on 31.03.2009	Book Value as on 31.03.2009 (Rs.)	No. of units as on 31.03.2008	Book Value as on 31.03.2008 (Rs.)
SBI Debt Fund (51,046,205 units were purchased during the year and 66,046,205 units were sold during the year)	--	--	15,000,000	150,000,000
SBI Liquid Plus Institutional Fund (40,064,444 units were purchased during the year and 33,733,133 were sold during the year)	6,331,311	63,344,759	--	--
HDFC Cash Management Fund - Treasury Advantage Plan (5,010,149 units were purchased during the year)	5,010,149	50,259,313	--	--
<b>TOTAL</b>	<b>--</b>	<b>113,604,072</b>	<b>--</b>	<b>150,000,000</b>

Details of securities purchased and sold during the year:

Name of Security	As on 31.03.2008	(Number of units)		
		Purchased during the year (Incl. Dividend reinvested)	Sold during the year	As on 31.03.2009
SBI Magnum Insta Cash Fund	--	33,097,031	33,097,031	--
Principal PNB Maturity Plan	--	5,089,434	5,089,434	--
HDFC FMP Wholesale Plan	--	20,429,100	20,429,100	--
DSP Black Rock Strategic Bond	--	10,000	10,000	--

8. Exceptional item reported in previous year represents profit on sale of land.

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

Particulars	Units	Opening		Net Turnover		Closing Stock	
		Qty.	Value (Rs. In lakhs)	Qty.	Value (Rs.in lakhs)	Qty.	Value (Rs.in lakhs)
<b>2008-2009</b>							
a) PVC Insulated Cables	K.mts	8,912	672.78	107,651	6,950.26	3,959	292.97
b) Solar Water Heater	Nos.	809	102.33	7,536	1,546.60	1,012	126.80
c) Pumps	Nos.	3,649	219.28	8,576	620.40	4,034	232.42
d) Other Items*	-	-	2.68	-	60.00	-	4.21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>997.07</b>	<b>-</b>	<b>9,177.26</b>	<b>-</b>	<b>656.40</b>

Particulars	Units	Opening Stock		Net Turnover		Closing Stock	
		Qty.	Value (Rs. In lakhs)	Qty.	Value (Rs.in lakhs)	Qty.	Value (Rs.in lakhs)
<b>2007-2008</b>							
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) Other Items *	-	-	-	-	63.98	-	2.68
<b>Total</b>	<b>-</b>	<b>-</b>	<b>580.20</b>	<b>-</b>	<b>7,749.28</b>	<b>-</b>	<b>997.07</b>

\*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	2008-09		2007-08	
	Qty (Nos.)	Value (Rs. in Lakhs)	Qty (Nos.)	Value (Rs. in Lakhs)
Opening Stock	220,008	1,184.17	1,44,453	889.05
Purchases	927,296	5,007.56	11,59,946	5,978.44
Net Sales	1,062,101	9,679.85	10,84,391	9,375.23
Closing Stock	85,203	669.87	2,20,008	1,184.17

**(ii) Pump:**

Particulars	2008-09		2007-08	
	Qty (Nos.)	Value (Rs. in Lakhs)	Qty (Nos.)	Value (Rs. in Lakhs)
Opening Stock	29,893	863.40	11,465	322.21
Purchases	165,779	3,764.05	1,79,720	4,032.32
Net Sales	176,725	6,001.94	1,61,292	5,135.43
Closing Stock	18,947	657.78	29,893	863.40

**(iii) Water Heater:**

Particulars	2008-09		2007-08	
	Qty (Nos.)	Value (Rs. in Lakhs)	Qty (Nos.)	Value (Rs. in Lakhs)
Opening Stock	10,703	220.64	10,527	211.49
Purchases	110,385	2,017.39	96,593	1,758.20
Net Sales	105,323	3,306.19	96,417	2,713.10
Closing Stock	15,765	309.03	10,703	220.64

**(iv) Other items \*:**

Particulars	2008-09		2007-08	
	Qty (Nos.)	Value (Rs. in Lakhs)	Qty (Nos.)	Value (Rs. in Lakhs)
Opening Stock	--	386.79	--	373.64
Purchases	--	2,664.50	--	2,337.23
Net Sales	--	3,512.43	--	2,837.96
Closing Stock	--	312.03	--	386.79

\* - 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. Particulars in respect of Raw materials consumed:

Particulars	2008-09		2007-08	
	Qty (Kgs.)	Value (Rs. in Lakhs)	Qty (Kgs.)	Value (Rs. in Lakhs)
Copper	1,347,052	4,857.67	1,239,914	4,113.58
PVC	968,189	542.39	887,956	463.46
Others*	--	1,087.30	--	909.07
<b>Total</b>		<b>6,487.36</b>		<b>5,486.11</b>

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

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

(Rs. in Lakhs)

Particulars	2008-09			2007-08		
	Salary	Commission	Perquisites	Salary	Commission	Perquisites
Managing Director	57.42	27.60	7.40	57.60	32.34	0.23
Whole time Directors	20.38	13.80	1.54	17.00	16.17	2.37
<b>Total</b>	<b>77.80</b>	<b>41.40</b>	<b>8.94</b>	<b>74.60</b>	<b>48.51</b>	<b>2.60</b>

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

- (b) Payments to other directors:

(Rs. in Lakhs)

Particulars	2008-09	2007-08
Sitting fees	4.30	1.43
<b>Total</b>	<b>4.30</b>	<b>1.43</b>

- (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	2008-09	2007-08
Profit before tax and exceptional item (Previous Year: For the period 01.08.2007 to 31.03.2008*)	2,627.91	1,515.13
Add:		
Managerial remuneration	128.14	100.43
Directors sitting fees	4.30	1.43
Adjusted Net Profit	2,760.35	1,616.99
Commission payable to Managing Director @ 1% and to Executive Director @0.5% (Previous year @ 2% for Managing Director and 1% for Executive Director)	41.40	48.51

\* - During the previous year, commission was paid to Managing and Executive Directors w.e.f. 1<sup>st</sup> August 2007.

- (d) R&D expenses include salary and allowances of R&D staff amounting to Rs.58.00 lakhs (Previous year: Rs.82.69 lakhs)

12. Legal and professional charges includes remuneration paid to statutory auditors towards:

(Rs. in Lakhs)

Particulars	2008-09	2007-08
a) Statutory Audit Fees	8.00	8.00
b) Tax Audit fee	2.00	2.00
c) Reimbursement of out of pocket expenses	0.81	-
d) Fees towards Quarterly Limited Reviews	1.50	1.00
e) Other services	-	0.50
f) Service tax thereon	1.18	1.43
<b>Total</b>	<b>13.49</b>	<b>12.93</b>

Note: Previous year figures excludes Rs.12 lakhs towards fees (excluding service tax) in connection with public issue of Company's shares during the year, adjusted against share premium account.

13. Particulars in respect of Installed capacity (as certified by management and relied upon by auditors) and actual production:

Particulars	2008-09	2007-08
	Qty	Qty
Installed capacity:		
PVC Insulated Cables (mtrs.)	148,968,000	148,968,000
Solar Water Heaters (nos.)	18,000	18,000
Pumps (nos.)	20,000	12,000
Actual production:		
PVC Insulated Cables (mtrs.) (in 1 and 1.5 sq mm dia.)	123,374,107	113,162,158
Solar Water Heaters (nos.)	12,182	9,745
Pumps (nos.)	8,961	8,646

**Note:** As the cables and solar water heaters 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	2008-09	2007-08
Raw materials	167.65	133.02
Capital goods	114.96	23.00
Finished Goods	342.53	--
R & D Components	0.40	--
<b>Total</b>	<b>625.54</b>	<b>156.02</b>

15. Expenditure in Foreign Currency:

(Rs. in Lakhs)

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Traveling expenses	2.55	5.09

16. Consumption of Raw Materials:

<b>Particulars</b>	<b>2008-09</b>		<b>2007-08</b>	
	<b>Value (Rs. in Lakhs)</b>	<b>%</b>	<b>Value (Rs. in Lakhs)</b>	<b>%</b>
Imported	191.39	3	120.58	2
Indigenous	6,295.97	97	5,365.52	98
<b>Total</b>	<b>6,487.36</b>	<b>100</b>	<b>5,486.10</b>	<b>100</b>

17. Earnings in Foreign Currency:

(Rs. in Lakhs)

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
F.O.B value of exports	7.62	1.36

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. Other disclosures with respect to amounts payable to Micro and Small Enterprises are as follows:

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Principal amount remaining unpaid to Micro and Small Enterprises as at the end of accounting year	118.88	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 using the 'indirect method' specified in Accounting Standard – 3 "Cash Flow Statements" notified in Companies (Accounting Standards) Rules, 2006.
- b) Cash and Cash Equivalents include fixed deposits of Rs.59.45 lakhs (Previous Year: Rs.54.47 lakhs), given as security against guarantees and Letter of credit issued by

State Bank of India and Dhanalakshmi Bank Ltd., and unclaimed dividend account of Rs.5.36 lakhs, not available for use by the Company.

20. Interest amounting to Rs.36.97 lakhs (Previous year – Rs.37.29 lakhs) 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:

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

### I. Defined Contribution Plan – Provident Fund:

During the year, the Company has recognised the employer’s contribution to Employees Provident Fund Organisation amounting to Rs.7,752,984/- (Previous year Rs.6,485,585/-) as part of Employee Costs in Schedule 16 of the financial statements.

### II. State Plans:

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

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

Sl. No.	Details of Plans	2008-09	2007-08
1.	Employer’s contribution to Employees’ State Insurance Scheme.	Rs.2,412,375/-	Rs.2,046,059/-
2.	Employer’s contribution to Employees’ Pension Scheme, 1995	Rs. 4,933,138/-	Rs.4,042,720/-

### III. Defined Benefit Plan - Gratuity

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

Particulars	Gratuity	
	2008-09	2007-08
Discount Rate (per annum)	7% p.a	8% p.a
Rate of increase in compensation levels	4% p.a	4% p.a
Rate of return on plan assets	7.50% p.a	8% p.a
Expected average remaining working lives of employees (years)	28.34 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 (Amount in Rupees)	
		2008-09	2007-08
<b>(A)</b>	<b>Change in Present Value (PV) of obligation:</b>		
	PV of obligation at the beginning of the period	8,328,396	6,935,066
	Current service cost	1,587,549	997,453
	Interest cost	638,551	594,703
	Actuarial (gain) / loss on obligation	2,676,345	852,538
	Benefits paid	(1,090,267)	(1,051,364)
	Past service cost	--	--
	Curtailment cost / (credit)	--	--
	Settlement cost / (credit)	--	--
	PV of obligation as at the end of the period	<b>12,140,574</b>	<b>8,328,396</b>
<b>(B)</b>	<b>Change in the Fair Value (FV) Plan Asset:</b>		
	FV of Plan Asset as at the beginning of the period	12,320,840	7,341,744
	Expected return on Plan Assets	924,063	758,856
	Actuarial gain / (loss)	162,890	(124,744)
	Contributions by the employer	4,824,539	5,396,348
	Benefits paid	(1,090,267)	(1,051,364)
	FV of Plan Assets as at the end of the period	<b>17,142,065</b>	<b>12,320,840</b>
<b>(C)</b>	<b>Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:</b>		
	PV of obligation as at the end of the period	12,140,574	8,328,396
	FV of Plan Assets as at the end of the period	17,142,065	12,320,840
	Funded Status [Surplus/(Deficit)]*	5,001,491	3,992,444
	* Included in Loans and Advances in Schedule 10		
<b>(D)</b>	<b>Amounts recognized in Profit and Loss Account:</b>		
	Current service cost	1,587,549	997,453
	Interest cost	638,551	594,703
	Expected return on Plan Assets	(924,063)	(758,856)
	Actuarial (gains) / losses	2,513,455	977,282
	Past service cost	--	--
	Curtailment cost / (credit)	--	--
	Settlement cost / (credit)	--	--
	Net amount recognised in Profit and Loss Account *	<b>3,815,492</b>	<b>1,810,582</b>
	* Included in Schedule 16 – Employee costs		
<b>(E)</b>	<b>Constitution of Plan Assets:</b>		
	Equity instruments	--	--
	Debt instruments	--	--
	Property	--	--
	Insurer managed asset #	17,142,065	12,320,840
# The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information			

## 22. Segment disclosures:

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

<b>Business Segment</b>	<b>Types of Products</b>
Electronics	Voltage Stabilizers, UPS and Digital Home UPS
Electrical / Electro Mechanical Products	PVC Insulated Cables, Pumps, Water Heaters, Fans and LT Power and Control Cables.
Others	Solar Water Heaters, 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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	<b>Segment Revenues:</b>							
External sales	11,418.75	11,056.63	18,506.62	15,304.86	1,752.30	1,449.51	3,1677.67	27,811.00
Inter segment sales	--	--	--	--	--	--	--	--
<b>Total Revenue</b>	<b>11,418.75</b>	<b>11,056.63</b>	<b>18,506.62</b>	<b>15,304.86</b>	<b>1,752.30</b>	<b>1,449.51</b>	<b>31,677.67</b>	<b>27,811.00</b>
<b>Result:</b>								
Segment result	1,818.91	1,386.27	937.23	1,326.81	179.40	136.62	2,935.54	2,849.69
Other Income	28.31	13.30	39.03	32.56	46.82	6.95	114.16	52.81
Unallocated corporate income	--	--	--	--	--	--	19.81	9.87
Unallocated corporate expenses	--	--	--	--	--	--	226.58	213.51
<b>Operating profit</b>	<b>1,847.22</b>	<b>1,399.57</b>	<b>976.26</b>	<b>1,359.37</b>	<b>226.22</b>	<b>143.57</b>	<b>2,842.93</b>	<b>2,698.86</b>
Financial expenses	--	--	--	--	--	--	473.26	462.28
Interest Income	--	--	--	--	--	--	36.16	36.12
Dividend Income	--	--	--	--	--	--	222.08	--
Provision for Taxes	--	--	--	--	--	--	893.26	808.31
<b>Profit from ordinary activities</b>	<b>1,847.22</b>	<b>1,399.57</b>	<b>976.26</b>	<b>1,359.37</b>	<b>226.22</b>	<b>143.57</b>	<b>1,734.65</b>	<b>1,464.39</b>
Exceptional item- Profit on sale of long term investments(Net of tax)	--	--	--	--	--	--	--	--
Exceptional item- Profit on sale of land (Net of tax)	--	--	--	--	--	--	--	2,277.92
<b>Net Profit</b>	<b>1,847.22</b>	<b>1,399.57</b>	<b>976.26</b>	<b>1,359.37</b>	<b>226.22</b>	<b>143.57</b>	<b>1,734.65</b>	<b>3,742.31</b>
<b>Other information:</b>								
Segment assets	2,597.81	2,444.74	10,639.00	7,211.53	943.96	854.03	14,180.77	10,510.31
Unallocated corporate assets	--	--	--	--	--	--	9,262.50	11,798.06
<b>Total Assets</b>	<b>2,597.81</b>	<b>2,444.74</b>	<b>10,639.00</b>	<b>7,211.53</b>	<b>943.96</b>	<b>854.03</b>	<b>23,443.27</b>	<b>22,308.37</b>

	Electronics		Electrical/ Electro Mechanical		Others		Consolidated Totals	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Segment liabilities	692.87	455.14	908.47	579.72	96.68	136.89	1,698.02
Unallocated corporate liabilities	--	--	--	--	--	--	8,657.51	8,933.93
<b>Total Liabilities</b>	<b>692.87</b>	<b>455.14</b>	<b>908.47</b>	<b>579.72</b>	<b>96.68</b>	<b>136.89</b>	<b>10,355.53</b>	<b>10,105.68</b>
Capital expenditure	--	--	3,354.47	1,096.02	4.53	42.28	3,359.00	1,138.30
Unallocated capital expenditure	--	--	--	--	--	--	824.17	1,381.64
<b>Total Capital expenditure</b>	<b>--</b>	<b>--</b>	<b>3,354.47</b>	<b>1,096.02</b>	<b>4.53</b>	<b>42.28</b>	<b>4,183.17</b>	<b>2,519.94</b>
Depreciation	--	--	138.17	118.84	40.12	39.19	178.29	158.03
Unallocated depreciation	--	--	--	--	--	--	226.60	188.51
<b>Total Depreciation</b>	<b>--</b>	<b>--</b>	<b>138.17</b>	<b>118.84</b>	<b>40.12</b>	<b>39.19</b>	<b>404.89</b>	<b>346.54</b>
Non cash expenses other than depreciation	--	--	--	--	--	--	--	--

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

**23. Related party disclosures:**  
I. Related party disclosures as per Accounting Standard 18:

a) Name of Related Parties and Nature of Relationship:

Sl. No.	Nature of Relationship	Name of Related Party
(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), Mr. C T Varghese and Mr. C T John (brothers)
(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, 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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Transactions during the year</b>						
Rent received	--	--	2.08	1.22	--	--
Rent paid	28.27	27.79	--	--	4.20	4.20
Remuneration including commission	92.42	90.17	--	--	25.11	23.61
Dividend paid	157.43	251.88	--	--	338.82	579.63
Personal guarantee provided during the year	--	2,800.00	--	--	--	2,800.00
<b>Balance at year end</b>						
Receivable	--	--	--	--	--	--
Payable	27.42	32.34	--	--	13.80	16.17
Cumulative value of personal guarantees / Collateral securities provided	6,670.00	9,950.00	--	--	6,170.00	9,450.00

**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 is Rs.2,147.57 lakhs (Previous year : Rs. 4,611.10 lakhs)

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

Particulars	As at 31.03.2009	As at 31.03.2008	Maximum amount outstanding during the year	
			2008-09	2007-08
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	2008-2009	2007-2008
Profit attributable to equity shareholders (A) (Rs. in Lakhs)	1,734.65	1,464.39
Weighted average number of equity shares outstanding (B)	298.48	224.08
Basic/ Diluted earnings per share of Rs.10/- each (A/B) (in Rs.)	<b>5.81</b>	<b>6.53</b>

Based on net profit including exceptional item:

Particulars	2008-2009	2007-2008
Profit attributable to equity shareholders (A)(Rs. in Lakhs )	--	3,742.31
Weighted average number of equity shares outstanding (B)	--	224.08
Basic/ Diluted earnings per share of Rs.10/- each (A/B) (in Rs.)	--	<b>16.70</b>

25. Break up of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March, 2009

(Rs. in Lakhs)

Particulars	Up to 31.03.2008	For the year ended 31.03.2009	Balance as on 31.03.2009
		Recognised in P&L	
<b>Deferred Tax Liability Item:</b>			
Depreciation / Amortisation	456.82	68.37	525.19
<b>Deferred Tax Asset Item:</b>			
Expenditure disallowed under Section 43B of the Income Tax Act	(29.61)	(3.97)	(33.58)
Provision for warranty	(8.00)	(41.00)	(49.00)
Net Deferred Tax Liability	<b>419.21</b>	<b>23.40</b>	<b>442.61</b>

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	11,261	5.69

27. The amount of unclaimed dividends lying in separate bank accounts as at the Balance Sheet date is Rs. 5.36 lakhs (Previous year Rs. nil.). There is no amount due and outstanding as at the Balance Sheet date to be credited to the Investor Education and Protection Fund.
28. Details of provision for warranty as per Accounting standard 29 “Provisions, Contingent Liabilities and Contingent Assets”:

<b>Particulars (Rs. in lakhs)</b>	<b>As on 31/03/08</b>	<b>Provided during the year</b>	<b>Reversed during the year</b>	<b>As on 31/03/09</b>
Provision for warranty	25.00	143.00	25.00	143.00

29. Previous year’s figures have been re-grouped/re-classified wherever necessary to conform to classification for the year.

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

Signatures to Schedules 1 to 20.

For and on behalf of the Board of Directors

Sd/-  
**P.G.R.PRASAD**  
Chairman

Sd/-  
**KOCHOUSEPH CHITILAPPILLY**  
Managing Director

Sd/-  
**NANDAKUMAR T.**  
Chief Financial Officer

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

Place: Kochi,

Dated : 28<sup>th</sup> May, 2009

## 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	9
---	---

Date 

--	--

 Date 

--	--

 Month 

--	--

 Year

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

Public Issue 

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

 Rights Issue 

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

Bonus Issue 

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

 Private Placement 

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

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:

(Amount in Rs. Thousands)

Total Liabilities 

			1	5	7	1	2	7	7
--	--	--	---	---	---	---	---	---	---

 Total Assets 

			1	5	7	1	2	7	7
--	--	--	---	---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital 

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

 Reserves & Surplus 

			9	6	6	0	3	8
--	--	--	---	---	---	---	---	---

Secured Loans 

			2	6	2	5	0	3
--	--	--	---	---	---	---	---	---

 Unsecured Loans 

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

Deferred tax liability 

			4	4	2	6	1
--	--	--	---	---	---	---	---

#### APPLICATION OF FUNDS

Net Fixed Assets 

			9	7	0	5	0	4
--	--	--	---	---	---	---	---	---

 Investments 

			1	1	3	6	0	4
--	--	--	---	---	---	---	---	---

Net Current Assets 

			4	8	7	1	6	9
--	--	--	---	---	---	---	---	---

 Misc. Expenditure 

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

Accumulated Losses 

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





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

Turnover

		3	2	0	4	1	7	0
--	--	---	---	---	---	---	---	---

Total Expenditure

		2	9	4	1	3	7	9
--	--	---	---	---	---	---	---	---

Profit/Loss Before Tax

			2	6	2	7	9	1
--	--	--	---	---	---	---	---	---

Profit/Loss After Tax

			1	7	3	4	6	5
--	--	--	---	---	---	---	---	---

Earning per share in Rs.

							6
--	--	--	--	--	--	--	---

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/-

**KOCHOUSEPH CHITTILAPPILY**  
Managing Director

Sd/-

**NANDAKUMAR T.**  
Chief Financial Officer

Sd/-

**JAYASREE K.**  
Company Secretary

Place : Kochi  
Date : 28th May, 2009



**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.

Date:

**Signature of First Shareholder**









