OUTPERFORM
OUTGROW

ANNUAL REPORT 2012-2013

V-GUARD®

The name you can trust

Steering Excellence

Kochouseph Chittilappilly
Chairman

Cherian Punnoose
Vice Chairman

Mithun Chittilappilly
Managing Director

Ramachandran V
Director

CJ George
Director

AK Nair
Director

V-GUARD INDUSTRIES LIMITED

SEVENTEENTH ANNUAL REPORT
2012-2013

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V-GUARD INDUSTRIES LIMITED

Registered Office: 33/2905 F, Vennala High School Road, Vennala, Kochi-682028
Ph: 0484 3005000; Fax: 0484 3005100; E-mail: mail@vguard.in; Website: www.vguard.in

SEVENTEENTH ANNUAL REPORT 2012-13

BOARD OF DIRECTORS

Shri. Kochouseph Chittilappilly	Chairman
Shri. Cherian N Punnoose	Vice Chairman
Shri. Mithun K Chittilappilly	Managing Director
Shri. Ramachandran V	Director
Shri. C J George	Director
Shri. A K Nair	Director

BOARD COMMITTEES

AUDIT COMMITTEE

Shri. Cherian N Punnoose	Chairman
Shri. Mithun K Chittilappilly	Member
Shri. C J George	Member
Shri. A K Nair	Member

COMPENSATION COMMITTEE

Shri. C J George	Chairman
Shri. Cherian N Punnoose	Member
Shri. A K Nair	Member
Shri. Kochouseph Chittilappilly	Member

SHAREHOLDERS GRIEVANCE/TRANSFER COMMITTEE

Shri. C J George	Chairman
Shri. Cherian N Punnoose	Member
Shri. Mithun K Chittilappilly	Member

CHIEF FINANCIAL OFFICER

Shri. A Jacob Kuruvilla

COMPANY SECRETARY

Smt. Jayasree K

AUDITORS

M/s S R Batliboi & Associates LLP
Chartered Accountants,
Kochi-682304

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

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

LISTED AT

The National Stock Exchange of India Ltd.
BSE Ltd.

PLANT LOCATIONS

WIRES & CABLE DIVISION

K G Chavady, Survey No. 569/ 2A, 566/2,
Ettimadai Village, Coimbatore – 641105

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

PUMP DIVISION

2/113 E, Karayampalayam Road,
Mylampatti Post, Coimbatore – 641014

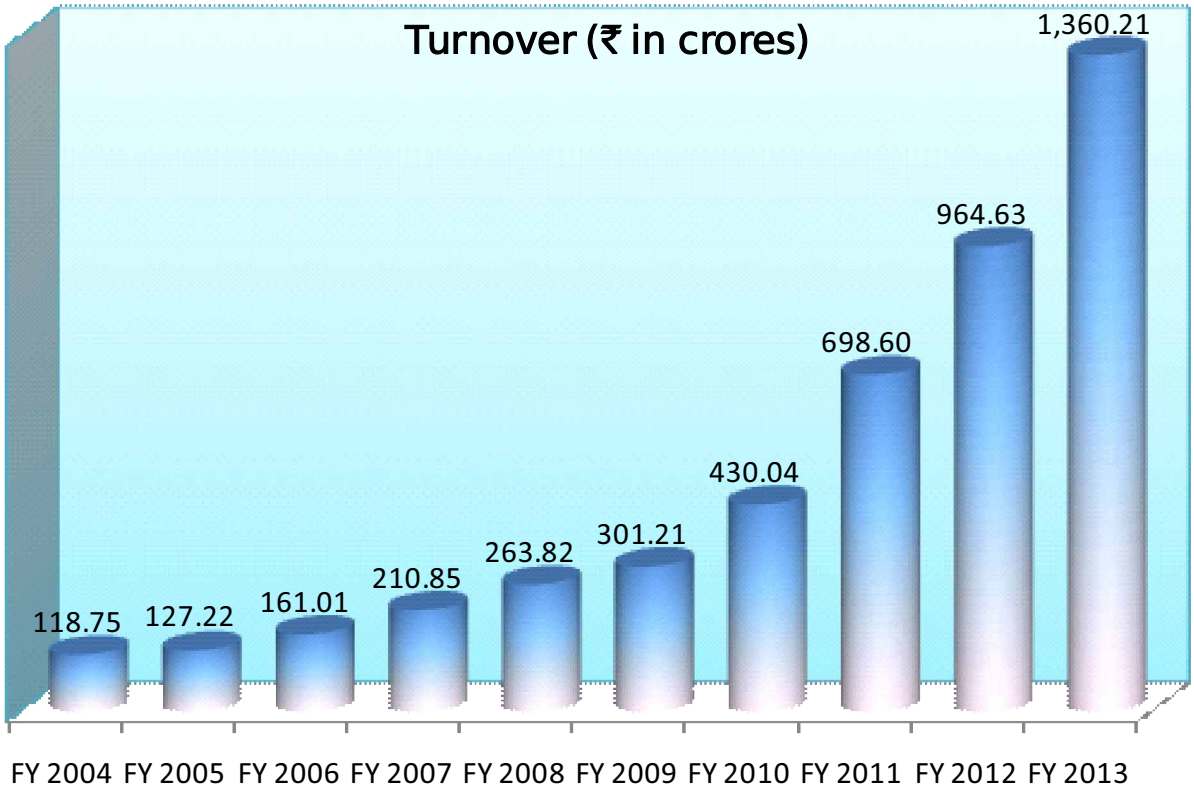
WATER HEATER & FAN DIVISION

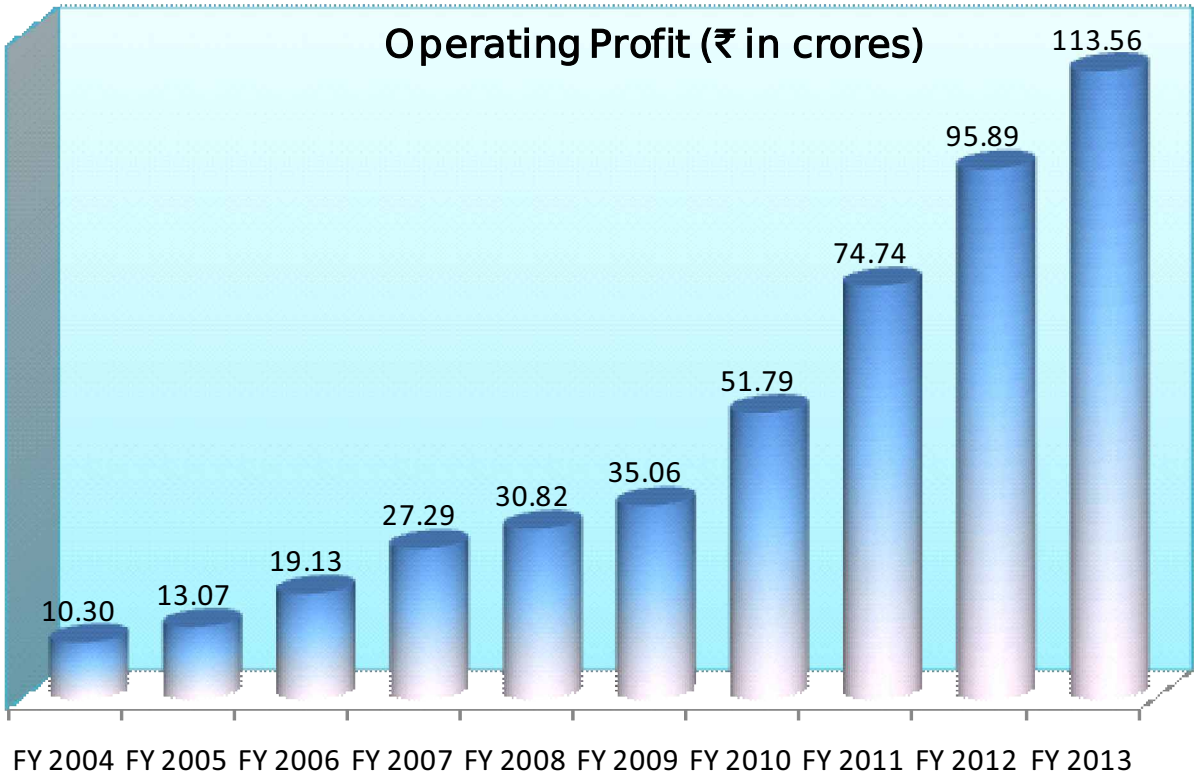
Vill. Bankebada, P.O., Moginand,
Tehsil Nahan, District Sirmour,
Himachal Pradesh – 173030

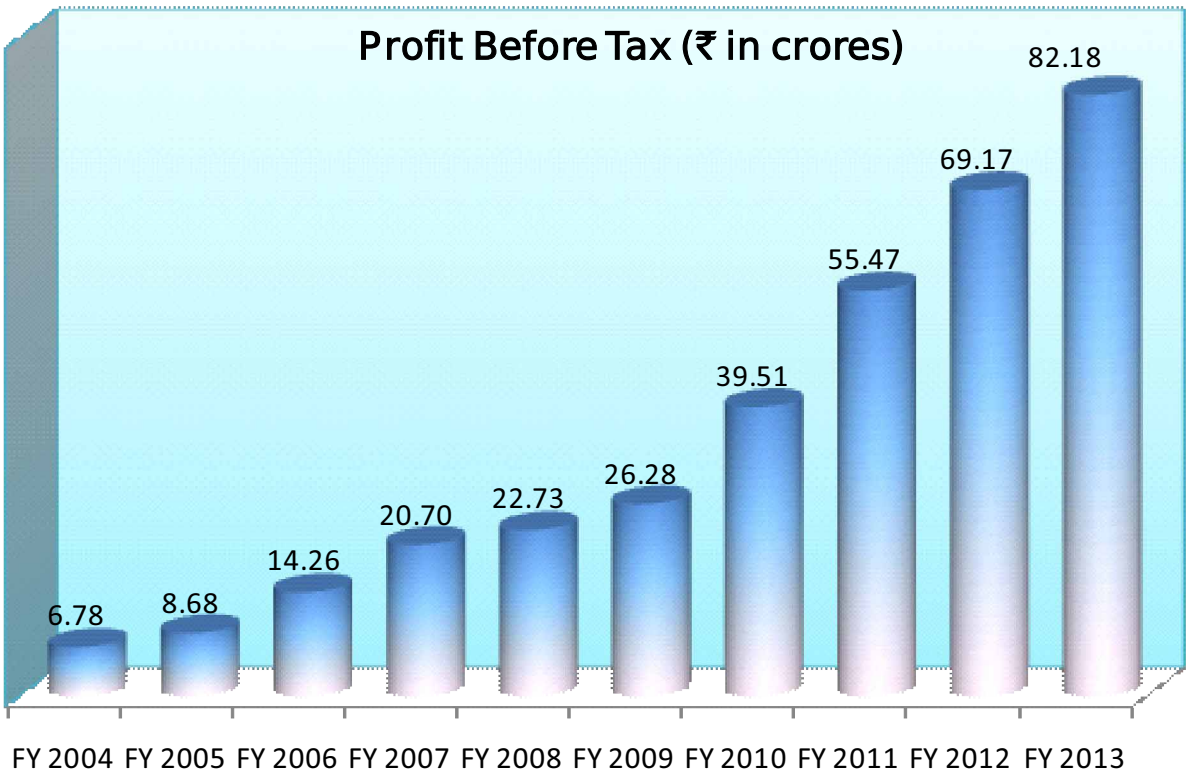
SOLAR WATER HEATER DIVISION

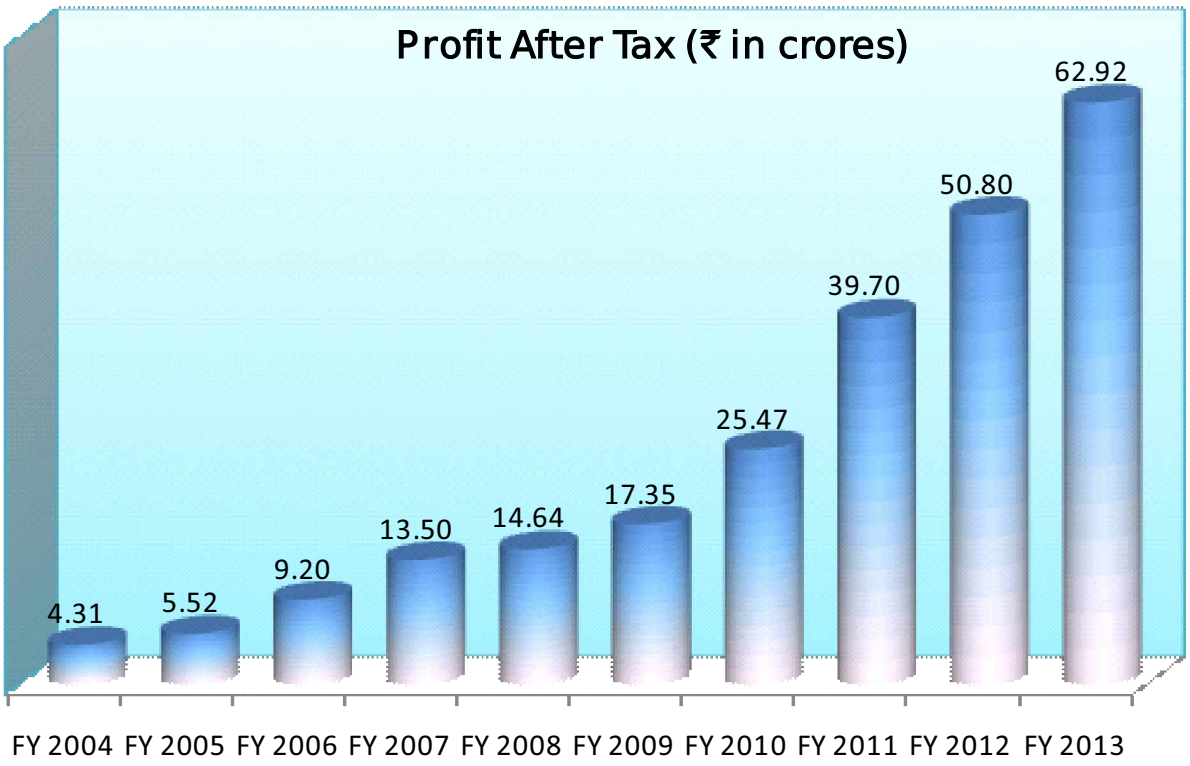
KK 12,13,14,15, SIPCOT Industrial Growth Centre,
Perundurai, Erode Dist. - 638052

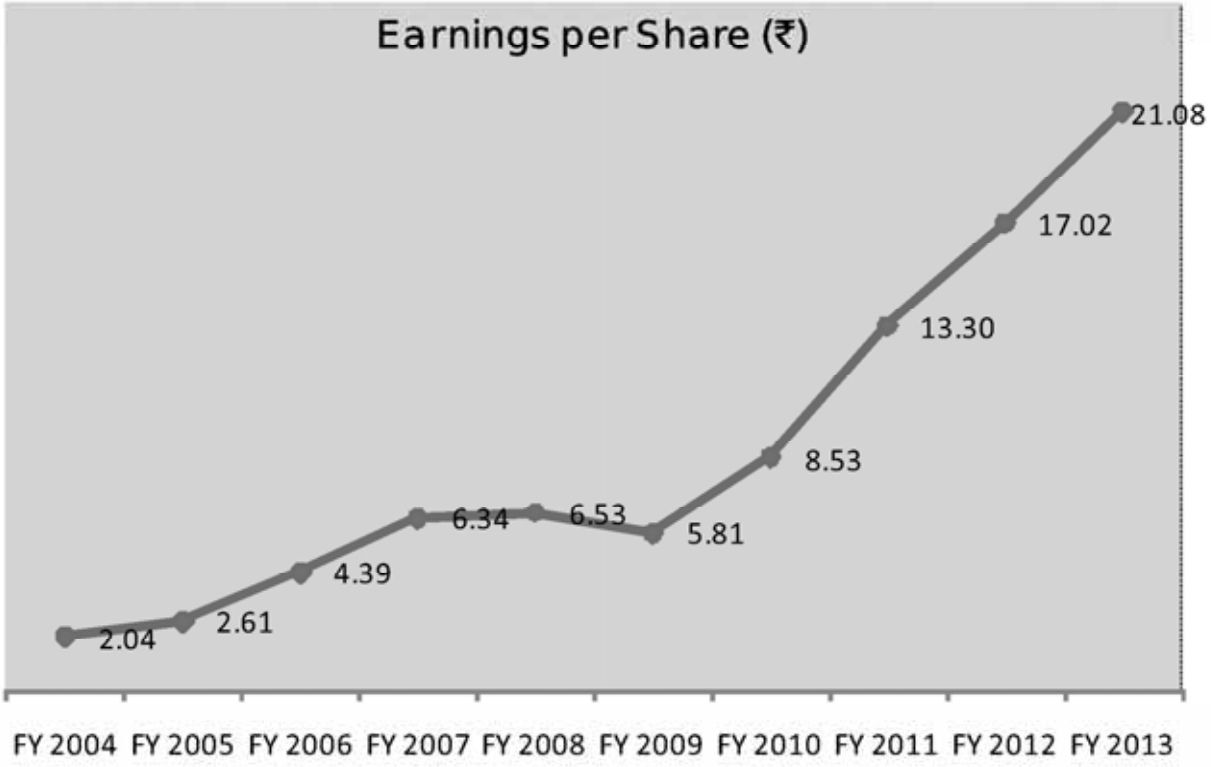
A DECADE'S JOURNEY

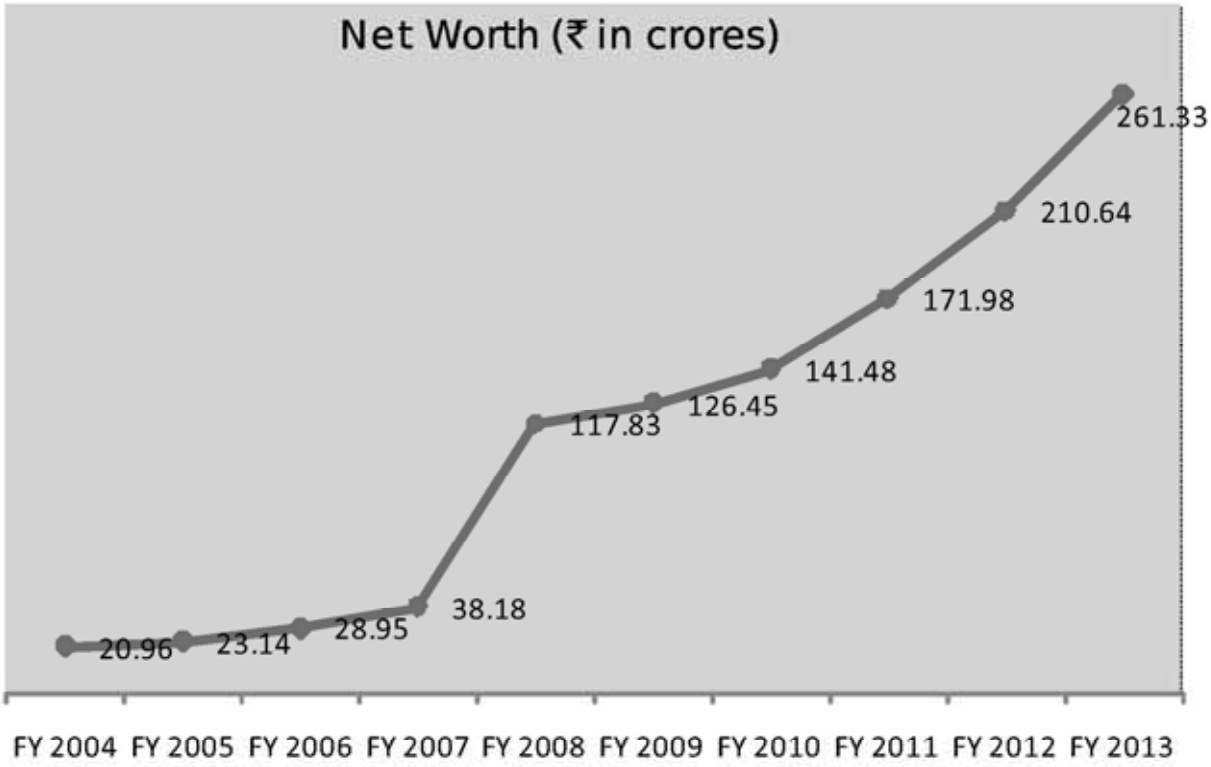





Profit Before Tax (₹ in crores)
6.78
8.68
14.26
20.70
22.73
26.28
39.51
55.47
69.17
82.18
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013


Profit After Tax (₹ in crores)
4.31
5.52
9.20
13.50
14.64
17.35
25.47
39.70
50.80
62.92
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013





Note: All margin figures are before exceptional items

Chairman's Letter to Shareholders

Dear Shareholders,

Before taking you to the highlights of performance of the year under review, I would like to inform you with profound grief the sad demise of Shri. P G R Prasad, who served the Board of your Company as Chairman & Independent Director, on 16th November, 2012. He served the Company as Chairman for five years and has contributed significantly to put in place good operational systems and procedures. He had guided the Management in adoption of best practices in governance and had made significant contributions during Board deliberations. At this juncture, I along with my other colleagues on Board, sincerely appreciate the contributions made by Shri. Prasad, during his tenure in the Company.

I convey my gratitude to the Board and shareholders for re-designating me as the Chairman of the Board of Directors to take the Company forward.

Maintaining its significant growth momentum, your Company has delivered another encouraging performance during the financial year 2012-13. I am happy to share with you that revenues have now grown by over four times in the last four years to ₹ 1,360 crores, compounded growth of 44%. Profit has grown at an average rate of 38% in the same period, doubling your net worth. This strong show is driven by our strategic initiatives, those of penetrating newer markets outside South India and building strong brand recognition across an expanding range of products.

Non-south markets now contribute 25% of revenues from a mere 5% in financial year 2008. We have continued to make significant investments in rapidly expanding our non-south distribution network and remain focused on increasing sales output by adding retail presence under existing distributors. Our objective is on improving average revenue per distributor in non-south markets from the current ₹ 2.5 crores annually to a level at par with our south markets which are at ₹ 7.5 crores. Meanwhile, in the established south markets, your Company maintains its strong competitive position. Revenues from these markets saw robust growth of 37% last year, crossing the ₹ 1,000 crores milestone.

Growth has been broad-based across all our product categories. The Digital UPS segment stood out, posting phenomenal growth of almost 140%. Demand for this product continues to be robust, backed by the favourable market conditions. We are doubling capacity at our house wiring cable plant in Kashipur, Utharakhand. This plant is operating at maximum output, driven by underlying demand from construction activity in tier 2 and tier 3 cities. We have adopted a systematic approach to new product launches, introducing them initially in our stronghold market of Kerala before extending to other South Indian states, and finally to the rest of the country.

Switch gears and induction cook tops which were launched last year in South Indian markets have received excellent response and recorded a sales of ₹ 27 crores. We also plan to launch mixer-grinders in Kerala, ahead of Onam season. This will expand our portfolio in the home appliances category, leveraging the existing distribution and marketing setup for induction cook tops.

Despite the slowdown in white goods sales, we are delivering strong growth in stabilizers. This is mainly on account of our expansion into non-South markets where there is strong demand for this product, driven by its high utility, affordability and absence of large branded players. We have seen a good pick-up in demand for the product during this summer season.

With the vision to become a formidable pan Indian player, we continue to spend considerably on advertising and promotions in non-South markets. The focus is to expand penetration and pricing power in these markets. In the current year, we intend to maintain our advertisement expenditure between 3.5-4% of revenues but allocate it adequately to capture the summer demand, using IPL as a platform to reach a large audience. Growing brand acceptance, we believe, will help us extract higher price realizations and also gain share away from our competitors.

We have also made rapid strides on the working capital front. Our cash conversion cycle has seen an improvement of 4 days over the last year and stood at 81 days at the end of the financial year 2012-13. This improvement can be attributed to our vendor financing and bill discounting initiatives. In addition to this, we also intend to increase coverage of channel financing in financial year 2013-14. This, coupled with improved pricing power in non-South markets, will help better the working capital position further.

The Board of Directors have recommended a dividend of ₹ 3.50 per share amounting to a dividend payout of almost 20% including dividend distribution tax. This underscores our commitment to returning value to shareholders.

The existing Board of the Company was re-constituted by inducting Mr. Cherian N Punnoose, a Chartered Accountant, who has held important positions in leading corporations, as an Additional Director in the Independent Director category and was designated as Vice Chairman of the Board and was also elected as Chairman of Audit Committee. Dr. George Sleeba's period of appointment as Joint Managing Director has expired and he has not offered for re-appointment and Mr. Ramachandran V has been appointed as a Whole-time Director.

To sum up, we have made further inroads in our quest to become a respected nationwide brand and are confident of maintaining the growth momentum in the coming years also. Thrust will be given to achieve steady margins, focused working capital management and stable asset base which will lead to strong cash generation and growth.

I would like to thank our shareholders, for the confidence reposed in V-Guard Industries. I also express my gratitude to the customers for their faith in the products and services of the Company and also the various Business Associates, Vendors, Banks, Central and various State Governments for their continued support. On behalf of my colleagues, I assure you of our total dedication and tireless efforts towards the objective of maximizing returns for all stakeholders.

With Best Wishes

Sd/-
Kochouseph Chittilappilly
Chairman

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel "The Renai Cochin", Palarivattom P.O., Kochi-682025, on Tuesday the 23rd day of July, 2013 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013 and Profit and Loss Account of the Company for the year ended on that date together with Cash Flow Statement, the Directors' Report and Auditors' Report thereon.

2. To declare final dividend for the year 2012-13 on Equity Capital.

3. To appoint a Director in place of Mr. C J George, who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint the Statutory Auditors to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting by passing the following resolution, as an ordinary resolution, with or without modification(s).

   RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s S R Batliboi & Associates LLP, Chartered Accountants, Kochi, with firm registration no. 101049W be and are hereby re-appointed as the Statutory Auditors of the Company till the conclusion of the next Annual General Meeting and the Board of Directors of the Company be and are hereby authorized to fix their remuneration.

Special Business

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

   RESOLVED THAT Mr. Cherian N Punnoose, who was appointed as an Additional Director of the Company, with effect from 01st November, 2012, pursuant to Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 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.

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

   RESOLVED THAT Mr. Ramachandran V, who was appointed as an Additional Director of the Company, with effect from 01st June, 2013, pursuant to Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 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(s), the following resolution as a special resolution:

   RESOLVED THAT in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") read with Article 129 of the Articles of Association of the Company and subject to such approvals, consents and sanction as may be required, consent of the members be and is hereby accorded for payment of remuneration in the form of commission to Mr. Cherian N Punnoose, Vice Chairman of the Board of the Company and who is a Non-Executive Director, for a period of three financial years commencing from 01st November, 2012 to 31st October, 2015 and that the commission payable to him shall not exceed 1% of the net

profits of the Company for each financial year computed in accordance with the provisions of Sections 349 and 350 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to decide the amount of commission payable to Mr. Cherian N Punnoose, for each financial year.

RESOLVED FURTHER THAT the commission payable to Mr. Cherian N Punnoose shall be exclusive of sitting fee payable to him for attending meetings of the Board or Committees thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all such steps as may be necessary or expedient to give effect to the resolution.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 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 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. Ramachandran V, as Whole-time Director of the Company for a period of three years with effect from 01st June, 2013 to 31st May, 2016.

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, consent and approval be and are hereby given for payment of remuneration to Mr. Ramachandran V, Whole-time Director with effect from 01st June, 2013 to 31st May, 2016 as set out in the explanatory statement to this Notice, which remuneration have been recommended by the members of Compensation Committee and approved by the Board of Directors at their meeting held on 15th May, 2013 and on the terms and conditions as set out in the Agreement dated 01st June, 2013 entered into between the Company and Mr. Ramachandran V, 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. Ramachandran V.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Mr. Ramachandran V, as Whole-time Director, the remuneration payable to him 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.

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

Sd/-
Jayasree K
Company Secretary

Kochi
Dated 03rd June, 2013

Notes:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy so appointed need not be a member of the Company.** A blank form of proxy is enclosed and if intended to be used, should be lodged with the Company at the registered office at least 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc must be supported by appropriate resolutions/authority as applicable.

2. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business under item nos. 5, 6, 7 & 8 is annexed hereto. As per Clause 49 of the Listing Agreement executed with Stock Exchanges, the brief resume and functional expertise of the Directors proposed for appointment/ reappointment is furnished below along with the details of Companies in which they hold Directorship and the details of membership or chairmanship of sub-committees of Board.

3. The Register of Members and Transfer Books of the Company will be closed from 13th July, 2013 to 23rd July, 2013, 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 23rd July, 2013 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 12th July, 2013.

   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 12th July, 2013.

4. Members holding shares in dematerialized form may kindly note that their address and bank account details, as furnished by their depositories to the Company, shall be printed on the Dividend Warrants as per applicable regulations of the depositories. Members who wish to change their address/bank account details are requested to advise their Depository Participants about such change.

5. Members holding shares in physical form are requested to advise any change of address immediately to Link Intime India Private Limited. Members holding shares in electronic form must send the advice about the change in address to their respective Depository Participant on or before 10th July, 2013.

6. Members who wish to seek/desire any further information/clarification on the annual accounts are requested to send their queries at least 48 hours in advance of the date of the meeting to the registered office.

7. Members who have opted for receipt of physical copy of Annual Report are requested to bring their copies of Annual Report at the time of the meeting and to quote their folio nos./client ID nos. in all correspondence.

8. Members who have not opted for NECS facility earlier are requested to fill up the enclosed mandate form and forward the same to Link Intime India Private Limited, latest by 10th July, 2013 to avail the NECS facility; members who have already availed the NECS facility may intimate Link Intime India Private Limited, of any change in the bank account details already furnished latest by 10th July, 2013.

9. Members who are holding shares in physical form and opts dividend warrant are also requested to intimate their savings account/current account no. and the name of the bank & branch with whom such account is held or of any change in the information already furnished to Link Intime India Private Limited latest by 10th July, 2013 to enable the printing of the said details on the Dividend Warrant to prevent fraudulent encashment of the same.

EXPLANATORY STATEMENT

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

As required by Section 173(2) of the Companies Act, 1956 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under item nos. 5, 6, 7 & 8 of the accompanying Notice dated 03rd June, 2013.

Item Nos. 5 & 6

Mr. Cherian N Punnoose and Mr. Ramachandran V were appointed as Additional Directors by the Board of the Company to hold office with effect from 01st November, 2012 and 01st June, 2013 respectively. In terms of the provisions of Section 260 of the Act, both the Directors hold office only up to the date of the ensuing 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 ₹ 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 item nos. 5 and 6 of the Notice are submitted to the meeting.

Except Mr. Cherian N Punnoose and Mr. Ramachandran V, 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. Cherian N Punnose as Vice Chairman of the Board and he has been entrusted with the responsibility of monitoring compliance of corporate governance practices in the operations of the Company. He is also acting as the Chairman of the Audit Committee and as a member of other sub-committees. Considering his role in strengthening further the corporate governance practices, Your Directors have proposed the payment of commission to Mr. Cherian N Punnoose, as per the provisions of Section 309(4)(b) of the Companies Act, 1956 for a period of 3 years from 01st November, 2012 to 31st October, 2015. The amount of commission payable to him shall be decided by the Board of Directors and the same shall not exceed 1% of the net profits of the Company for each financial year determined in accordance with the provisions of Section 198, 309, 349 and 350 and other applicable provisions of the Companies Act, 1956. Such Commission will be in addition to the sitting fees being paid to him by the Company for attending the Board/Committee Meetings of the Company.

Section 309(4)(b) of the Companies Act, 1956 provides that a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

Accordingly Your Directors recommend the special resolution set out under item no. 7 of the Notice for approval of the shareholders.

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

Item No. 8

The Board of Directors has appointed Mr. Ramachandran V as whole-time Director of the Company under the designation 'Director-Marketing & Strategy' with effect from 01st June, 2013. He is a professional with more than twenty five years cross functional experience in Hindustan Unilever/ Unilever and L G Electronics. His last assignment was as Director and Chief Strategy Officer - LG Electronics, South West Asia Region. Before joining LG Electronics, he held the position of Business Head (International food business) at Hindustan Unilever Ltd., where he served for more than 21 years at various levels and business portfolios. His terms and conditions of appointment and remuneration payable to him is recommended by the members of Compensation Committee and approved by the Board of Directors in their meeting held on 15th May, 2013.

The remuneration payable to Mr. Ramachandran V is given herein below.

(Amt. in ₹)

Particulars	Per month	Per Annum
Salary	7,50,000	90,00,000
House Rent Allowance (50% of salary)	3,75,000	45,00,000
Performance Incentive @ 0.50% of the net profit of the Company calculated in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956.		
Medical allowance/reimbursement of medical expenses.	3,750	45,000
Contribution to the Provident Fund as per the rules of the Company.		

Mr. Ramachandran V, will not be entitled for sitting fee for attending the meetings of the Board or committees thereof.

Detailed resume of Mr. Ramachandran V is given in the Annexure accompanying this Notice.

The appointment of Mr. Ramachandran V as Whole-time Director with effect from 01st June, 2013 and the remuneration payable to him for the period of his appointment requires the approval of the Shareholders in General Meeting as per Schedule XIII to the Act. Accordingly, ordinary resolution set out under item no. 8 of the Notice is submitted to the Meeting for approval of the shareholders.

The terms of appointment of Mr. Ramachandran V 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. A copy of the Agreement dated 01st June, 2013 entered into between the Company and Mr. Ramachandran V is available for inspection for the members of the Company at the Registered office on any working day during business hours upto the date of the ensuing Annual General meeting.

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

Your Directors seek the approval of the members for appointment of Mr. Ramachandran V, as a Whole-time Director by way of passing an ordinary resolution.

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

Sd/-
Jayasree K
Company Secretary

Kochi
Dated 03rd June, 2013

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

Particulars	Cherian N Punnoose	Ramachandran V	C J George
Date of Birth	30-05-1947	27-10-1963	22-03-1959
Date of Appointment	01-11-2012	01-06-2013	16-08-2007
Qualifications	Bachelor of Science Fellow of the Institute of Chartered Accountants of India	Bachelor of Science Master's in Management Studies (Marketing)	Master of Commerce CFP, Specialized training in Merchant Banking, Underwriting, Securities Market and Commodities Market. Research Scholar with the School of Management Studies of Cochin University of Science and Technology.
Directorship held in other Public Companies	Nil	Nil	• Geojit Credits Pvt. Ltd. • Geojit BNP Paribas Financial Services Ltd. • Geojit Financial Distribution Pvt. Ltd. • Geojit Financial Management Services Pvt. Ltd. • Geojit Investment Services Ltd. • Kerala Educational Ventures Ltd.
Membership/ Chairmanship of Committees of other Public Companies	Nil	Nil	• Member of Shareholders/Investors Grievance Committee of Geojit BNP Paribas Financial Services Ltd. • Member of Audit Committee of Geojit Credits Pvt. Ltd. • Chairman of Audit Committee of Geojit Financial Management Services Pvt. Ltd.
Number of Shares held in the Company	Nil	Nil	Nil

Brief Profile

Mr. Cherian N Punnoose : Mr. Cherian N Punnoose is a Chartered Accountant having more than three decades of experience in the field of Finance and General Administration in various Companies. He had served as an advisor of Finance and Director of Kochi Refineries Ltd., a subsidiary of Bharat Petroleum Corporation Ltd., and also served as a Director of Petronet CCK Ltd.

Mr. Ramachandran V : Mr. Ramachandran V is a professional with more than twenty five years cross functional experience in Hindustan Unilever/Unilever and L G Electronics. His last assignment was as Director and Chief Strategy Officer - LG Electronics, South West Asia Region. Before joining LG Electronics, he held the position of Business Head (International food business) at Hindustan Unilever Ltd, where he served for more than 21 years at various levels and business portfolios.

Mr. C.J.George: Mr. C J George is the Managing Director of Geojit BNP Paribas Financial Services Ltd. He is a member of Executive Committee of National Securities Depository Ltd. (NSDL), Managing Committee of the Associated Chambers of Commerce & Industry of India (ASSOCHAM), New Delhi, Executive Committee of BNP Paribas Personal Investors, Paris, Advisory Board of BNP Paribas Group India, Charter Member of Tie Kerala and Chairman of Kerala State Council of Confederation of Indian Industry, (CII). Also a member of Advisory Committee of Kerala Financial Corporation, Thiruvananthapuram, Expert Committee Member of Forward Market Commission (FMC), Mumbai, Advisory Committee of Indian Clearing Corporation Limited (ICCL), Bombay Stock Exchange, Mumbai and Advisory Committee of Forward Market Commission (FMC), Mumbai.

He is a recipient of the Management Leadership Award from Kerala Management Association.

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Seventeenth Annual Report of the Company on the business and operations together with the audited financial statements for the year ended 31st March, 2013.

1. Financial Results

(₹ in lakhs)

	Year ended 31-03-2013	Year ended 31-03-2012
Revenue from operations (Gross)	138,371.92	97,778.26
Less : Excise Duty	2,350.47	1,315.25
Revenue from operations (Net)	**136,021.45**	**96,463.01**
Operating expenditure	125,027.91	87,109.22
Operating profit before Depreciation, Interest, Tax & Exceptional Item	10,993.54	9,353.79
Finance Cost	1,997.06	1,702.53
Depreciation and amortization expense	1,141.12	969.36
Other Income	362.21	235.22
Profit Before Tax & Exceptional Item	**8,217.57**	**6,917.12**
Exceptional Item	-	-
Profit Before Tax	**8,217.57**	**6,917.12**
Tax Expense:		
a) Current Tax	1,562.29	2,023.00
b) Deferred Tax	363.77	(185.98)
Profit After Tax	**6,291.51**	**5,080.10**
Balance in Profit & Loss account brought forward	9,645.53	6,479.56
Profit available for appropriation	**15,937.04**	**11,559.66**
Appropriations		
a) Transfer to General Reserve	700.00	700.00
b) Dividend proposed	1,044.66	1,044.66
Tax on Dividend proposed	177.54	169.47
c) Balance carried to Balance Sheet	**14,014.84**	**9,645.53**

2. Company's Performance

During the financial year 2012-13, the Company achieved net revenue from operations of ₹ 1,36,021.45 lakhs, registering a growth of 41% over the net revenue from operations of ₹ 96,463.01 lakhs achieved during the previous year. The Profit After Tax for the year increased to ₹ 6,291.51 lakhs from ₹ 5,080.10 lakhs achieved during the previous year. Growth of each product vertical is detailed under the section Management Discussion and Analysis, which forms part of the Annual Report.

3. Changes to the Share Capital

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

4. Appropriations made from the profits

a) Transfer to Reserves

Your Directors transferred an amount of ₹ 700.00 lakhs to the General Reserve account, out of the profits available for appropriation during the year, which is in accordance with the Companies (Transfer of Profits to Reserves) Rules 1975.

b) Final Dividend

Your Directors are pleased to recommend a final dividend of ₹ 3.50 per share (35% on par value of ₹ 10/- per share). The final dividend, if declared as recommended, would involve an outflow of ₹ 1,044.66 lakhs and ₹ 177.54 lakhs towards dividend tax, resulting in a total outflow of ₹ 1,222.20 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 13th July, 2013 to 23rd July, 2013, both days inclusive.

5. New Projects

Considering the strong demand for wires, Your Directors decided to double the capacity at the Kashipur plant in Uttaranchal from 3.3 million coils per annum to 6.6 million coils per annum in two phases. The total cost estimated for the capacity expansion is ₹ 18 Cr. In the first phase, the capacity will be expanded to the tune of 1.8 million coils and production is expected to commence by July, 2013. The second phase of the expansion for the remaining 1.5 million coils is expected to complete by January, 2014. Construction of warehouse at Angamali was commenced during the year and the same is expected to complete by January, 2014. The other projects for the current financial year include construction of another central warehouse at Palakkad and a warehouse for solar water heater at Perundurai.

6. Fixed Deposit

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

7. Change in Directors

During the year under review, Mr. P G R Prasad, Chairman and Independent Director resigned from the Board and its sub committees with effect from 01st November, 2012. Consequent to the resignation of Mr. P G R Prasad, Mr. Kochouseph Chittilappilly was re-designated as Chairman of the Board with effect from 01st November, 2012. The Board appointed Mr. Cherian N Punnoose as an Additional Director with effect from 01st November, 2012 in the independent category and he has been designated as Vice Chairman of the Board.

Dr. George Sleeba, Joint Managing Director, whose term of office expires on 31st May, 2013 has not offered for re-appointment and he will be relived from the Board with effect from 01st June, 2013. The Board has appointed Mr. Ramachandran V as an Additional Director of the Company and also as a Whole-time Director to hold office with effect from 01st June, 2013.

In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Cherian N Punnoose and Mr. Ramachandran V, Directors will hold office only up to the date of the ensuing 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 ₹ 500/- each. Keeping in view the experience and expertise of these persons, their appointment as Directors of the Company is recommended by the Board of Directors. Resolutions seeking approval of the Members for the appointment of Mr. Cherian N Punnoose and Mr. Ramachandran V as Directors liable to retire by rotation have been incorporated in the Notice of the 17th Annual General Meeting. The Board of Directors appointed Mr. Ramachandran V as Whole-time Director of the Company with effect from 01st June, 2013 and the said appointment will be subject to the approval of the members in the ensuing Annual General Meeting.

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

Brief resume of the Directors seeking appointment and re-appointment, nature of their expertise in specific functional areas and names of Companies in which they hold Directorship / Membership / Chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges has been provided as an Annexure to the Notice convening the Annual General Meeting.

8. Employee Stock Option Scheme 2013

With a view to reward the employees of the Company in line with the growth of the Company, Your Directors with

the approval of the shareholders by way of a special resolution under Section 81(1)(A) of the Companies Act, 1956 passed on 14th May, 2013 through postal ballot procedure, have implemented ESOS 2013 in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for issue of shares to the employees. The Board of Directors in their meeting held on 25th March, 2013 had appointed Mr. M D Selvaraj, Practicing Company Secretary to act as the scrutinizer for conducting the Postal Ballot. Details of the votes cast are given in the section "Report on Corporate Governance" which forms part of this Annual Report.

9. Human Resources

Company recognizes people as its primary source of competitiveness, and continues to focus on their development by leveraging technology and creating a continuously learning human resource base to unleash their potential and fulfill their aspirations. The year saw the HR activities directed towards this end through initiatives in areas of talent management, training & employee compensation.

In view of the increasing need for the right type of personnel for the Company's growth plans and current requirements, the primary emphasis during the year was on the quality of talent which could only be achieved by institutionalization of a robust talent acquisition process. With this objective, the Company introduced a Talent Management System, a fully hosted and an integrated online solution that will enable the Company to simplify & automate talent management lifecycle, from pre-hiring to post hiring. The selection process has been further strengthened by the inclusion of a psychometric test (People Profile Analysis) and a vigorous interview process. A new scheme for Management Trainee selection for attracting freshers and a loyalty scheme for retaining key employees in the organization were also introduced during the year. These measures are intended to help in meeting the talent requirements as per the needs of the business.

The identification of training needs continues to be a major focus area that enables the Company to organise need-based Training & Development programs. Nominations of employees for external programs are also made based on the training need analysis. During the year, the Company launched a Leadership Development Program for Senior Management personnel to identify employees with potential who could be groomed for taking up positions of responsibility in future. The senior/middle Management employees were also put through a three day outbound training program as part of experiential learning. All these programs were aimed at building effective teams with shared vision and values that can equip the Company to meet the emerging challenges.

The Company firmly believes that in the quest for maintaining a high performance culture, an effective system for performance management is essential. Action has been initiated during the year to design a system for objective assessment of performance and for a reward system based on performance contribution of employees. Steps are also being taken to align the compensation structure of the Company to the market so as to attract and retain the best talent. The Performance Appraisal & Development System is being made more effective by introducing Key Result Areas and Key Performance Indicators (KPI) also, against which the employees can make a self-assessment and plan for improving their performance.

The employee strength as on 31st March, 2013 has increased from 1599 during last year to 1872 during the year under review. The major increase has been in Marketing and Customer Service, to take care of the expanding market for the Company's products in non-South.

10. Corporate Social Responsibility

The CSR activities of the Company mainly focus on areas like Health, Education, Environment, Women empowerment and Youth and Community Development with the objective of bringing about improvements in the quality of life of people, especially those living in and around the operating Divisions and various establishments of the Company such as Warehouses and Branch Offices.

Some of the on-going CSR activities are:

- Providing free medicines to the ailing cancer patients of District Hospital Ernakulam from a Social Welfare Fund created by voluntary contribution from Employees.
- Supporting the Charitable units engaged in the manufacture of electronic products for V-Guard.
- Extending educational assistance to poor students in Ernakulam District through the Rajagiri Outreach Programme.

- Caring for the aged women and differently abled children through the Thomas Chittilappilly Trust (TCT).
- Adopting the Govt Higher Secondary School, Vennala with the objective of improving its physical infrastructure and quality of education.
- Educational Sponsorship and Community Development projects at Kannadi (Palakkad) and Ettimadai (Coimbatore).
- Associating with the Heart Care Foundation, in its activities for saving lives of Heart patients through installation of AED (Automatic External Defibrillator) in Public places.
- Associating with the Voluntary Agencies and Institutions that promote Blood Donation and Organ Donation for saving lives.
- Distribution of reusable / recyclable carry bags to households in association with Grama Panchayathu to promote green environment.

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 forms part of the Annual Report. A certificate of Statutory Auditor confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

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

13. Auditors

M/s S R Batliboi & Associates LLP, Chartered Accountants, Kochi with firm registration number 101049W, who are the Statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors upon the recommendation of the Audit Committee proposes the re-appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company.

14. Cost Auditors

Your Directors have, with the approval of the Ministry of Corporate Affairs, appointed M/s Ajeesh & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year 2012-13 and Cost Audit Report will be filed. Compliance Report in respect of the financial year 2011-12 was filed by the Cost Auditor with the Ministry of Corporate Affairs.

15. Disclosure of Particulars of Employees

Particulars of Employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, form part of this report and are annexed herewith. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956 the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company at the registered office.

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

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

17. Directors' Responsibility Statement

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

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments 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, 2013 and of the profit of the Company for the year ended on that date;

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The annual accounts of the Company have been prepared on a going concern basis.

18. Acknowledgement

The Board wishes to place on record its sincere appreciation to the Company's Customers, Vendors, Central and State Government Bodies, Auditors, Legal Advisors, Consultants, Registrar and Bankers for their continued support to the Company during the year under review. The Directors also wish to place on record their appreciation for the dedicated efforts of the employees at all levels. Finally, the Board expresses its gratitude to the members for their continued trust, co-operation and support.

For and on behalf of the Board of Directors

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

Kochi

15th May, 2013

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE I

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

A) Conservation of energy:

(a) Energy conservation measures taken	To conserve energy, the following measures were taken in our manufacturing location: 1. The Hot Water Curing for insulated cores for LT Cables which is offline curing process was converted to online curing process by which power used to heat the water and pump hot water into the Curing tank, is eliminated, thereby saving electrical energy. 2. Electrical butt-welding machine replaced with cold welding machine for 1.60 mm copper wire welding at MMH eliminating the need for electrical power. 3. Identified compressed air leakage spots using Ultrasonic detectors and arrested the leakages. 4. 11 models of electric water heaters approved by Bureau of energy efficiency for star rating were introduced.
(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.	1. Two nos of Solar Water Heaters are being fitted to extruders for heating water with single electric heater used for on-line curing. 2. Installation of APFC (Automatic Power Factor Controller Panel) at a cost of ₹ 4.5 Lakhs for diesel generators. 3. Additional investments of ₹ 6 Lakhs for making moulds for injected PUF, in 6, 10, 15 & 25 Ltr Pebble series electric water heaters.
(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.	1. By introduction of online curing, saved an amount of ₹ 2.52 Lakhs during FY 2012-13. In FY 2013-14, approximately ₹ 30 Lakhs will be saved. 2. Using APFC Panel, increased the DG efficiency from 2.6 units generation per litre to 3.53 units per litre. 3. By implementing the aforesaid measures, there has been reduction in the energy consumption
(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.	**N.A**

B) Technology absorption:

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

Research and Development (R&D)	
1. Specific areas in which R&D carried out by the Company	a. Replacing EVA based master batch with PVC based MB

	b. Use of Self-curing XLPE (also called Ambient curing XLPE) instead of Hot Water curing XLPE material used in LT Cables. c. Black sheathing Grade PVC is introduced in outer sheathing instead of natural sheathing material with black master batch. d. Wooden drum packaging design is optimized. e. Wire break sensor is introduced in 61B stranding machine. f. Developed the Solar Water Heater of 100 litre & 200 litre capacity with polymer inner tank . g. Developed Solar Water Heaters (250 LPD, 300 LPD & 500 LPD) by using bigger diameter vacuum tubes in place of smaller Dia. tubes, enabling reduction in the number of vacuum tubes without affecting system performance and required collector area. h. Developed Sprinhot Classic range of Electric water heaters by making better design component. i. Development of corrosion resistant tanks for Electric water heaters (Polymer coated MS tank). j. New models (Pebble series) of electric water heaters developed. k. Introduced BLDC technology in table fans. l. 'A' class agricultural mono-block pumps with superior efficiency introduced. m. Low voltage performance improvement in Ceiling Fans. n. Analysis of effects of spring back in Ceiling Fan shanks, helped improving the Ceiling Fan design. o. Stress and vibration analysis on Pumps, Fans and Mixer Grinders helped to improve design and product reliability. p. Flow analysis for performance improvements in Pumps. q. A new category of products 'Mixer Grinders' is under development for introduction. r. Obtained 'star' rating for 56 models in 3 phase agricultural pumps - from the Bureau of Energy Efficiency. s. Developed Cost effective solutions for various models of Voltage Stabilizers with improved features to ensure higher protection and safety of connected appliances. t. Initiated R&D activities in the area of development of Solar PV Power Management and Power Conditioning Systems. Developed a range of Renewable Energy Solutions.

	u. Different Variants of Digital Home UPS with advanced features have been developed. v. Obtained DSIR (Dept. of Scientific and Industrial Research) Recognition for 'In-House R&D Centre' of V-guard at Kochi.
Benefits derived as a result of the above R&D	a. By introduction of PVC based master batch, the saving is approx ₹ 30 lakh / annum and peeling-off problem from surface of cable is also eliminated. b. Introduction of on-line curing and ambient curing material effected a reduction of 3 man power. c. By starting to use Black compound for Outer sheathing the additional expenditure towards Master batch is saved. d. By optimizing wooden drum design, savings of ₹ 50 Lakhs are expected in this FY 2013-14 e. Manual inspection to check breakage of wires is eliminated and one manpower is reduced f. Polymer inner tank can resist corrosion and give longer life and hence these could be installed irrespective of water quality. g. This improved design has resulted in reduced manufacturing cost. h. Improved the product reliability and life, which resulted in increased customer satisfaction and sales. i. Cutting edge energy efficient technology, enabled the Company to be more competitive. j. Expansion of product range with unique models. k. New Product category introduced to capitalize market opportunity. l. Entered into upcoming and promising renewable energy solutions segment. m. Wider range of products resulted in increased market share and sales. n. DSIR approval has enhanced Company's image and enabled to avail many tax benefits under the IT Act
Future Plan of action	a. Reduction in copper consumption at MMH to required levels. b. Reduction in PVC consumption in identified sizes. c. Introduction of new pallet truck and hydraulic stacker for loading of MS spools in bunchers thus saving of electrical charges and production time. d. Reduce wire scrap in joint observation. e. Introduction of LED lights in factory shed (with same luminosity) f. Introduction of reprocessing of all PVC scrap generated in Unit I & II will reduce the RM cost of the product.

	g. Maintaining the dimensions of GI steel wire as per IS standards and developing the existing steel suppliers to match this specification would result in substantial saving in RM cost. h. Introduction of one more die stand set for Armoring machine will reduce the setup time in this critical process. i. Reduction in WIP of the factory by 10% will reduce the interest rate on inventory carrying cost. j. Using of solenoid in compressed air line at the input of every machine to arrest air leakage and thereby save compressor running time. k. Installing servo stabilizer for overcoming the impact of voltage fluctuations at both units of Chavadi factory. l. Develop Solar Water Heaters in 125 LPD & 150 LPD capacities with polymer inner tank that can resist corrosion and give longer life. m. Develop 500 LPD capacity Solar Water Heater without header as per MNRE specifications by using bigger diameter vacuum tubes. n. Implementation of MS Tank with Polymer coating in all models of Electric water heaters o. Obtain BEE star rating for Ceiling Fans
4. Expenditure on R&D	
(a) Capital	₹ 102.86 Lakhs
(b) Recurring	₹ 288.85 Lakhs
(c) Total	₹ 391.71 Lakhs
(d) % of R&D expenditure to total sales	0.29%

Technology absorption, adaptation and innovations

1. Efforts in brief, made towards technology absorption, adaptation and innovation	a. In house modification of flyer pay-off trolley. b. Introduction of ultrasonic machine for die cleaning. c. Introduction of additional heat exchanger at MMH machine. d. Reduction in glue consumption. e. Detuned Thyristor APFC panel. f. Introduction of additional pressure controller in pay-off buncher. g. Introduction of 6 nos ventilator wind turbine in Coolant room & Power house of Unit I. h. Length of LT cable provided for testing was reduced from 500mm to 150mm resulting in 350mm saving in length of cable. i. Outer seam welding method was adopted for end cover welding of Solar Water Heater inner tanks.

	j. MS Tank with Polymer coating method adopted in electric water heaters. k. Paint shop in Kala-Amb FAN factory improved to produce coated components with superior finish.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.	a. Productivity has improved in terms of reduced material handling and tangible benefit of this in-house modification is ₹ 1.5 Lakh. b. Using Ultrasonic Die cleaning, the die life and quality of drawn copper in MMH & RBD has improved. c. In summer, the gear oil temperature is reaching to more than 60 deg temp (Spec: 60 Deg) and machine stops automatically at this temperature. This happens 7 to 8 times in a day and it was rectified after installing an additional heat exchanger. d. This is to utilize the existing potential / facility of auto gluing machine. The pattern of glue application is modified without affecting the quality of baby carton packing and annual saving approx ₹ 10.6 lakh. e. By adopting the technology of thyristor based switching in place of MCB and using detuned filtered the power factor (PF) is maintained at 0.99 This shall save electrical charges by 4%. f. Introduction of common pressure regulator in addition to individual device has reduced the manual control of pressure gauge to control the uniform pressure in pay-off of buncher machine and improved the productivity of the machine and quality of production. g. Introduction of turbo ventilator requires lesser utilization of fans inside the shop floor and they do not consume power. h. Testing length reduction from 500mm to 150mm has resulted in 350mm saving in length of cable per drum and the total saving for a month would be substantial. i. The quality of welding has improved resulting in reduction of rejections due to weld corrosion in SS tanks used for Solar water heaters. j. The polymer coated MS tank in Electric water heater can withstand high pressure and are suitable for hard water. Complaint rates can be drastically reduced by using this technology. k. Improved Product quality is achieved.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following informations may be furnished.	

a) Technology imported	SS Edge Bending, Seam Welding, Multi Grooving, Pipe Welding, Linear TIG welding, AL edge bending & AL lapping machine for Solar Water Heaters manufacturing plant in Perundurai
b) Year of import	2012-13
c) Has technology been fully absorbed?	Yes
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	N A

C) Foreign Exchange earnings and outgo:

Foreign Exchange earned	₹ 11.30 lakhs
Foreign Exchange used	₹ 8800.04 lakhs

For and on behalf of the Board of Directors

Sd/-
Kochouseph Chittilappilly
Chairman

Sd/-
Mithun K Chittilappilly
Managing Director

Kochi
15th May, 2013

REPORT ON CORPORATE GOVERNANCE

The Company's report on Corporate Governance for the year ended 31.03.2013 as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges is presented as under:

I. CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that good governance practices, internal control systems, transparent operational activities and proper risk management system are essential for sustainable business. The Company focuses on enhancement of long term shareholder value without compromising on ethical standards and corporate social responsibilities.

The Board of Directors plays a significant role in implementation of good Corporate Governance practices. It oversees how the management serves and protects the long term interest of all stakeholders. The Company believes that an active, well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The practices followed by the Company are detailed herein below.

II. BOARD OF DIRECTORS

A. Composition of the Board

The Board of the Company has been constituted in a manner which ensures optimum mix of Executive and Non-Executive Directors. As on 31st March, 2013, the Board of the Company consists of six Directors of which three are Non-Executive Independent Directors. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement executed with the Stock Exchanges. During the year under review, Mr. P G R Prasad, Chairman and Independent Director resigned from the Board w.e.f. 01st November, 2012 and Mr. Kochouseph Chittilappilly, Vice Chairman was re-designated as Chairman of the Company. The Board appointed Mr. Cherian N Punnoose as an Additional Director w.e.f. 01st November, 2012 in the independent category and he has been designated as Vice Chairman of the Board.

As per the declarations received by the Company, none of the Directors is disqualified under Section 274(1)(g) of the Companies Act,1956 read with Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act,1956) Rules 2003.

Necessary disclosures have been made by the Directors stating that they do not hold membership in more than 10 committees or are acting as Chairman in more than 5 Committees in terms of Clause 49 of the Listing Agreement.

B. Meetings & Attendance

During the year 2012-13, the Board met six times i.e. on 30th May, 2012, 07th August, 2012, 01st November, 2012 (two meetings), 28th January, 2013 and 25th March, 2013. The maximum interval between any two meetings was well within the maximum gap of four months. The Board Meetings of the Company are generally held at the Registered Office of the Company.

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

Name & Position of the Director	Category	No. of shares held as on 31.03.2013	Attendance at		Directorships and Chairmanship / Membership of Board / Committees in other Companies as on 31.03.2013		
			Board Meetings	Last AGM	Director	Committee Member	Committee Chairman
Mr. P G R Prasad* Chairman (Upto 31.10.2012)	Non Executive Independent	NA	0	No	NA	NA	NA
Mr. Kochouseph Chittilappilly ** Chairman w.e.f. 01st November, 2012	Promoter and Executive	73,66,518	6	Yes	2	Nil	Nil
Mr. Cherian N Punnoose *** Vice Chairman Appointed as an Additional Director w.e.f 01st November, 2012	Non Executive Independent	Nil	4	NA	Nil	Nil	Nil
Mr. Mithun K Chittilappilly Managing Director (w.e.f. 01st April, 2012)	Executive	48,30,805	6	Yes	Nil	Nil	Nil
Dr. George Sleeba Joint Managing Director	Executive	Nil	5	Yes	Nil	Nil	Nil
Mr. C J George Independent Director	Non Executive Independent	Nil	1	Yes	6	2	1
Mr. A.K. Nair # Independent Director	Non Executive Independent	Nil	6	Yes	7	4	1

*Mr. P G R Prasad, Chairman resigned from the Board and its sub-committees w.e.f. 01st November, 2012.

**Mr. Kochouseph Chittilappilly, occupying the position of Vice Chairman has been re-designated as Chairman of the Company w.e.f. 01st November, 2012.

***Mr.Cherian N Punnoose has been appointed as an Additional Director w.e.f. 01st November, 2012 and designated as Vice Chairman of the Board.

Mr. A K Nair, attended the Board meeting held on 25th March, 2013 through video conferencing.

Resume of Directors retiring and seeking reappointment; and Directors seeking appointment is appended in the Notice of the ensuing Annual General Meeting, attached to this Annual Report.

Mr. Mithun K Chittilappilly, Managing Director of the Company is the son of Mr. Kochouseph Chittilappilly, Chairman. None of the other Directors are having inter-se relationship.

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

Chairmanship / Membership of Board Committees include Chairmanship / Membership of Audit Committee and Shareholders' Grievance/Transfer Committee only, as per the requirements of Clause 49(I)(C). The membership or Chairmanship of Board Committees of Private Limited Companies that are neither a subsidiary nor a holding Company of a Public Company, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the purpose.

C. Quarterly Compliance Report

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

D. Information provided to the Board Members

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The Board also reviews periodical compliances of all laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

E. Code of Conduct for Directors and Senior Management

The Company has strong transparent and ethical governance in practices for prevention of Insider Trading in the shares and securities of the Company for its Directors and Designated Employees. In compliance with Clause 49 of Listing Agreement, the Company has adopted a Code of Conduct for Directors and Senior Management personnel of the Company, which is uploaded in the Company's website www.vguard.in.

III. COMMITTEES OF THE BOARD

The Board has constituted three sub-committees, which are Audit Committee, Shareholders Grievance/Transfer Committee and Compensation Committee (formerly known as Remuneration Committee). Each Committee of the Board functions according to the terms of reference as approved by the Board. Meeting of each sub-committee is convened by the respective committee Chairman. The composition and terms of reference of these sub-committees including the number of meetings held during the financial year and the related attendance are given below:

A. AUDIT COMMITTEE

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

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

The Company's Audit Committee consists of Four Directors, of which three are Non-Executive Independent Directors. During the year under review, Mr. P G R Prasad, resigned from the position as Chairman and member of Audit Committee effective from 01st November, 2012 and the Board has appointed Mr. Cherian N Punnoose as a member of the Audit Committee and the members of the Committee elected him as the Chairman w.e.f. 01st November, 2012. Mr. Cherian N Punnoose, is a Chartered Accountant by profession and has an expert knowledge in finance and accounting and all the other members of the Committee are also financially literate. The Company Secretary acts as the secretary to the Audit Committee. The composition of the Audit Committee as on 31st March, 2013 is as under:-

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

(i) Meetings & Attendance during the year

During the financial year 2012-13, the Committee members met five times i.e on 29th May, 2012, 17th July, 2012, 07th August, 2012, 01st November, 2012 and 28th January, 2013 respectively. The meetings are usually held at the Registered Office of the Company. The Chief Financial Officer and the representatives of the Internal Auditors and the Statutory Auditors are invited to attend and participate in

the meeting. The audited financial results of the Company for the year ended 31st March, 2013 was reviewed by the Committee in its meeting held on 15th May, 2013. Attendance of Committee members at the Audit Committee meetings held during the financial year 2012-13 is as follows:-

Name	No. of meetings held	No. of meetings attended
Mr. P G R Prasad *	5	0
Mr. Mithun K Chittilappilly	5	5
Mr. C J George	5	3
Mr. A K Nair**	5	5
Mr. Cherian N Punnoose***	5	2

*Mr. P G R Prasad,resigned from the position as Chairman and as a member of Audit Committee w.e.f. 01st November, 2012.

**Mr. A K Nair, attended the Audit Committee meeting held on 29th May, 2012 through video conferencing.

***Mr. Cherian N Punnoose was inducted as a member of the Audit Committee w.e.f. 01st November, 2012.

(ii) Terms of Reference

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

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
2. Recommending to the Board, the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
3. Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
4. Reviewing the financial statements and draft audit report, including the quarterly/ half yearly financial information.
5. Reviewing with the management, the annual financial statements before submission to the Board focusing primarily on:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956.
   b. Any changes in accounting policies and practices.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Qualifications in the audit report.
   e. Significant adjustments arising out of audit.
   f. The going concern assumption.
   g. Compliance with Accounting Standards.
   h. Compliance with Stock Exchanges and legal requirements concerning financial statements.
   i. Any related party transactions as per Accounting Standard 18.
6. Reviewing the Company's financial and risk management policies.
7. Disclosure of Contingent Liabilities.
8. Reviewing with the management, performance of Statutory and Internal Auditors, and the adequacy of internal control systems.
9. Reviewing the adequacy of internal audit function, the structure of the internal audit department,

approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

10. Discussion with the Internal Auditors of any significant findings and follow up thereon.
11. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. SHAREHOLDERS GRIEVANCE / TRANSFER COMMITTEE

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

(i) Composition:

The Committee consists of two Non-Executive Independent Directors and one Whole-time Director as members. During the year under review, Mr. P G R Prasad, member of the Committee resigned w.e.f. 01st November, 2012 and Mr. Cherian N Punnoose, Independent Director was appointed as a member of the Committee w.e.f. 01st November, 2012. The composition of the Shareholders' Grievance / Transfer Committee as on 31st March, 2013 is as follows:

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

(ii) Terms of reference:

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

a) Look into shareholders' complaints like non-receipts of dividend warrants, refund orders, non credit of shares allotted in IPO, non-receipt of Annual Reports, transfer of shares etc.

b) Overseeing and reviewing matters connected with the transfer of shares and its approval, splitting up of shareholding, approving demat requests and issue of duplicate share certificates.

c) Oversee the performance of the registrars and transfer agents, and recommend measures for overall improvement in the quality of investor services.

d) Affix or authorize fixation of the common seal of the Company on the share certificates.

(iii) Meetings and Attendance during the year:

During the financial year 2012-13, the Committee met seven times i.e. on 09th May, 2012, 04th September, 2012, 29th September, 2012, 01st November, 2012, 28th December, 2012, 28th January, 2013 and 23rd March, 2013. Attendance of the members at the meetings held during the financial year 2012-13 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	7	5
Mr. P G R Prasad*	7	0
Mr. Mithun K Chittilappilly	7	7
Mr. Cherian N Punnoose**	7	2

*Mr P G R Prasad, Member resigned w.e.f. 01st November, 2012.

** Mr. Cherian N Punnoose was inducted as a member w.e.f. 01st November, 2012.

(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 01.04.2012	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31.03.2013
1	Non credit of shares	1	1	2	0
2	Non receipt of refund order	Nil	Nil	Nil	Nil
3	Non receipt of Dividend	Nil	26	26	0
	Total	1	27	28	0

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

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

Particulars	No. of Shares	Aggregate no. of Shareholders
Opening Balance as on 01-04-2012	1,825	17
No of shareholders who approached for the transfer and the shares transferred during the year 2012-13	160	2
Closing balance as on 31-03-2013	1,665	15

Note: The voting rights on these shares (1,665 shares) lying in the Demat Suspense Account shall remain frozen till the rightful owners of such shares claim the shares.

(vi) Prevention of Insider Trading

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

(vii) Compliance Officer

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

C. COMPENSATION COMMITTEE

The members in their meeting held on 25th March, 2013 renamed the existing Remuneration Committee to Compensation Committee. The Committe consists of three Non Executive Independent Directors and an Executive Director. During the year under review, Mr. P G R Prasad, member resigned from the Committee effective from 01st November, 2012 and Mr. Cherian N Punnoose was inducted as a member of the Committee w.e.f. 01st November, 2012. The broad terms of reference of Compensation Committee includes the following:

a) Review of remuneration payable to the Directors and Senior Management officials of the Company.

b) Reviewing and advising the Board over the remuneration policies of the Company generally and

c) Such other matters as may be decided by the Board from time to time.

(i) Composition

The composition of the Compensation Committee as on 31st March, 2013 is as follows:

Name	Category	Position
Mr. C J George	Non-Executive Independent	Chairman
Mr. Cherian N Punnoose	Non-Executive Independent	Member
Mr. A K Nair	Non-Executive Independent	Member
Mr. Kochouseph Chittilappilly	Promoter and Executive	Member

(ii) Meetings and Attendance during the year:

The members of Compensation Committee met 2 times i.e. on 01st November, 2012 and 25th March, 2013 during the financial year 2012-13. Attendance of the members at the meetings held during the financial year 2012-13 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	2	1
Mr. Kochouseph Chittilappilly	2	2
Mr. Cherian N Punnoose	2	2
Mr. A K Nair	2	1

(iii) Remuneration/compensation Policy

The remuneration/compensation policy of the Company is broadly based on the following criteria:

a. Job responsibilities

b. Key performance areas of the Directors /Employees

c. Industry trend

(iv) Details of Remuneration paid / payable to the Directors during the financial year 2012-13 are as follows:

(₹ in lakhs)

Name	Salary	Perquisites	Commission	Sitting fees	Total
Mr. P G R Prasad	-	-	3.53	-	**3.53**
Mr. Cherian N Punnoose*	-	-	2.08	0.90	**2.98**
Mr. Mithun K Chittilappilly	27.00	8.66	42.33	-	**77.99**
Dr. George Sleeba	29.27	5.04	25.00	-	**59.31**
Mr. Kochouseph Chittilappilly	46.20	0.28	63.50	-	**109.98**
Mr. A K Nair	-	-	-	0.75	**0.75**
Mr. C J George	-	-	-	0.40	**0.40**
Total	**102.47**	**13.98**	**136.44**	**2.05**	**254.94**

*Commission to Mr. Cherian N Punnoose will be paid after seeking the approval of the shareholders by way of passing special resolution in the ensuing Annual General Meeting.

Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly, were appointed as Vice Chairman and Managing Director of the Company respectively for a period of three years w.e.f. 01st April, 2012. Mr. Kochouseph Chittilappilly, was re-designated as Chairman w.e.f. 01st November, 2012. Commission is paid to them at the rate of 0.75% and 0.50% of the net profit of the Company computed in accordance with the provisions of the Companies Act, 1956 respectively.The appointment of Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly is governed by resolutions passed by the shareholders of the Company, which cover the terms and conditions of such appointment. A separate service contract is not entered into by the Company with these Directors. No notice period or severance fee is payable to any Director.

Also, refer Note 26.4 of the financial statements as at 31st March, 2013 which forms part of this Annual Report.

IV. GENERAL BODY MEETINGS

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

Financial year ended	Date	Time	Venue
31.03.2012	25.07.2012	10.00 a.m	IMA House, Behind Jawaharlal Nehru Stadium, Jawaharlal Nehru Stadium Road, Kaloor, Palarivattom P.O., Cochin – 682025
31.03.2011	25.07.2011	04.00 p.m	Hotel International, Veekshanam Road, Kochi – 682035
31.03.2010	26.07.2010	10.00 a. m	Hotel International, Veekshanam Road, Kochi – 682035

Special Resolutions passed at the last three AGMs:

16th Annual General Meeting held on 25th July, 2012

(i) To appoint Mr. Mithun K Chittilappilly, as the Managing Director of the Company pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for a period of three years w.e.f. 01st April, 2012, including the remuneration payable to Mr. Mithun K Chittilappilly.

(ii) To appoint Mr. Kochouseph Chittilappilly, as the Executive - Vice Chairman of the Company pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for a period of three years w.e.f. 01st April, 2012,including the remuneration payable to Mr. Kochouseph Chittilappilly.

15th Annual General Meeting held on 25th July, 2011

NIL

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

(i) To appoint Dr. George Sleeba, as the Joint Managing Director of the Company pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.

(ii) To pay commission to Mr. P.G.R Prasad, Chairman of the Board, as per the provisions of Sections 198, 309, 310 of the Companies Act, 1956 and Article 129 of the Articles of Association, an amount not exceeding 1% of the Net Profit of the Company, for a period of 5 years commencing from 01st April, 2010 to 31st March, 2015.

Special resolution passed through postal ballot

Shareholders of the Company passed a special resolution under Section 81(1A) of the Companies Act, 1956, on 14th May, 2013, by way of Postal Ballot procedure for issue of shares to the employees under the Employee Stock Option Scheme (ESOS) 2013, in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Board of Directors in their meeting held on 25th March, 2013 had appointed Mr. M D Selvaraj, Practicing Company Secretary to act as the scrutinizer for conducting the Postal Ballot.

The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with Central Depository Services Limited (CDSL) to enable its members to cast their votes electronically pursuant to Clause 35B of the Listing Agreement.

The postal ballot process was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Mr. M D Selvaraj had carried out the scrutiny of all the postal ballots received up to close of working hours on 11th May, 2013 and submitted the report thereon on 13th May, 2013 addressed to the Chairman of the Company. Based on the scrutinizer's report, the Chairman declared the result of voting exercise on 14th May, 2013.

Details of the voting done by the shareholders are as follows:

	No. of Postal Ballot Forms	No. of Shares of ₹ 10/- each
Total postal ballot covers & emails sent	21,205	2,98,47,520
Less: Postal covers returned by Postal Authorities	252	35,296
Bounced E-mails	450	61,728
Members who have not exercised their voting rights (including e-voting)	19,841	90,07,140
Total no. of members who have exercised their voting rights (including e-voting)	662	2,07,43,356
Less: Invalid vote	60	73,867
Members who have exercised their voting rights including e-voting (Valid Votes)	602	2,06,69,489
Members who have voted against the resolution (including e-voting)	52	1,49,062
Members who have voted for the resolution (including e-voting)	550	2,05,20,427

The special resolution was passed with majority of 99.28% of the total votes polled in favour of the resolution.

VI. OTHER DISCLOSURES

(i) Related Party Transactions

Details of transactions with related parties for the year are disclosed in Note 26.4 of the financial statements as at 31st March, 2013 which forms part of this Annual Report. 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. Further, the related party transactions of the Company have been reviewed by the Audit Committee on a quarterly basis.

(ii) Disclosure of Risk Management

The Audit Committee regularly reviews the risk assessment and control process in the Company and is satisfied that the process is appropriate to the Company needs. The Board also periodically reviews the risk assessment procedure and risk mitigation procedures laid down by the Company.

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

(iii) Management Discussion And Analysis

Management Discussion and Analysis has been done by the Directors of the Company and the same forms part of this Annual Report.

(iv) Details of Non-Compliance / Penalties / Strictures

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

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at and for the year ended 31st March, 2013.

(v) Plant locations

The details of manufacturing / plant locations and registered office are given in the page no. 3 of the Annual Report.

VII. GENERAL INFORMATION TO SHAREHOLDERS

(i) Date, Venue and Time of the 17th Annual General Meeting

Date	:	23rd July, 2013
Venue	:	Hotel "The Renai Cochin", Palarivattom P.O., Kochi - 682025
Time	:	10.00 a.m.

(ii) Dates of Book Closure

The Register of Members and Share Transfer Books will remain closed from 13th July, 2013 to 23rd July, 2013 (both days inclusive).

(iii) Board Meetings & Financial Calendar

The financial year of the Company starts from 01st April of a year and ends on 31st March of the following year.

Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the financial year 2013-2014

For the quarter ending 30th June, 2013	:	18th July, 2013
For the quarter ending 30th September, 2013	:	25th October, 2013
For the quarter ending 31st December, 2013	:	20th January, 2014
For the year ending 31st March, 2014 (Audited results for the year)	:	28th April, 2014

(iv) Dividend

A final Dividend of 35% i.e. ₹ 3.50 per Equity Share is recommended by the Board of Directors at their meeting held on 15th May, 2013 which is subject to the approval of the shareholders at the ensuing Annual General Meeting and if approved will be payable on or after 23rd July, 2013 but within the statutory time limit of 30 days.

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

The Company will make arrangements to pay dividend through National Electronic Clearing Service (NECS) to its members. Under this system of payment of dividend, the shareholders will receive the credit directly in their specified bank account. This ensures direct and immediate credit with no chance of loss of warrant in transit or its fraudulent encashment. Members holding shares in physical form who wish to avail the NECS facility are requested to give the NECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, Surya, 35, May Flower Avenue, Behind Senthil Nagar, Souripalayam Road, Coimbatore-641028 latest by 10th July, 2013.

(v) Unpaid Dividend Amount

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer the unpaid dividend amount which is unclaimed for a period of seven years from the date of declaration of dividend to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

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

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

Financial Year	Dividend per share (₹)	Date of Declaration of Dividend	Due date of transfer to IEPF
2007-08	2.50	14th July, 2008	13th July, 2015
2008-09	2.50	27th July, 2009	26th July, 2016
2009-10	3.00	26th July, 2010	25th July, 2017
2010-11	3.50	25th July, 2011	24th July, 2018
2011-12	3.50	25th July, 2012	24th July, 2019
2012-13	3.50	23rd July, 2013	22nd July, 2020

(vi) Listing on Stock Exchanges & Stock Codes

Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) and the BSE Ltd. since 13th March, 2008. Listing fees for the financial year 2013-14 have been paid to both the Stock Exchanges. The Stock codes of the Company at the Stock Exchanges are as follows:

BSE Ltd.	:	Scrip Code 532953
The National Stock Exchange of India Limited	:	Symbol VGUARD/ Series: EQ
Company's ISIN	:	INE951I01019

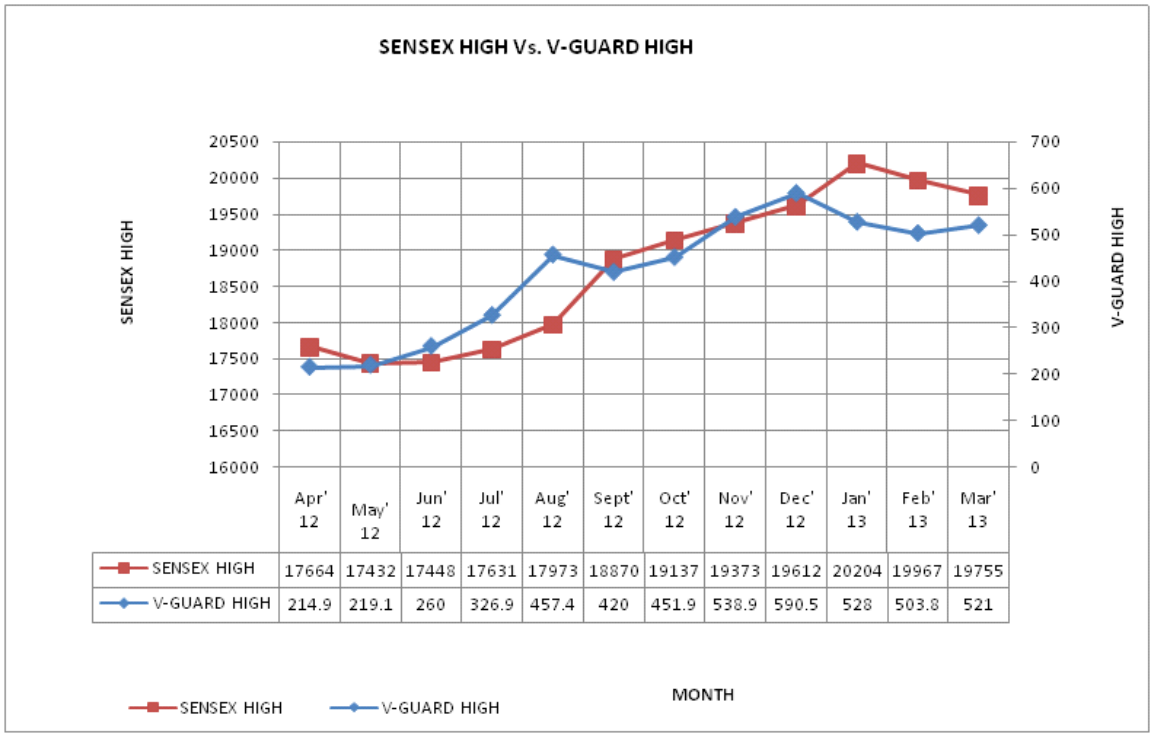
(vii) Custodial Fees

The Company has paid the custodial fees to the NSDL and CDSL as per the SEBI Circular CIR/MRD/DP/05/ 2011 dated 27th April, 2011 for the year 2013-14.

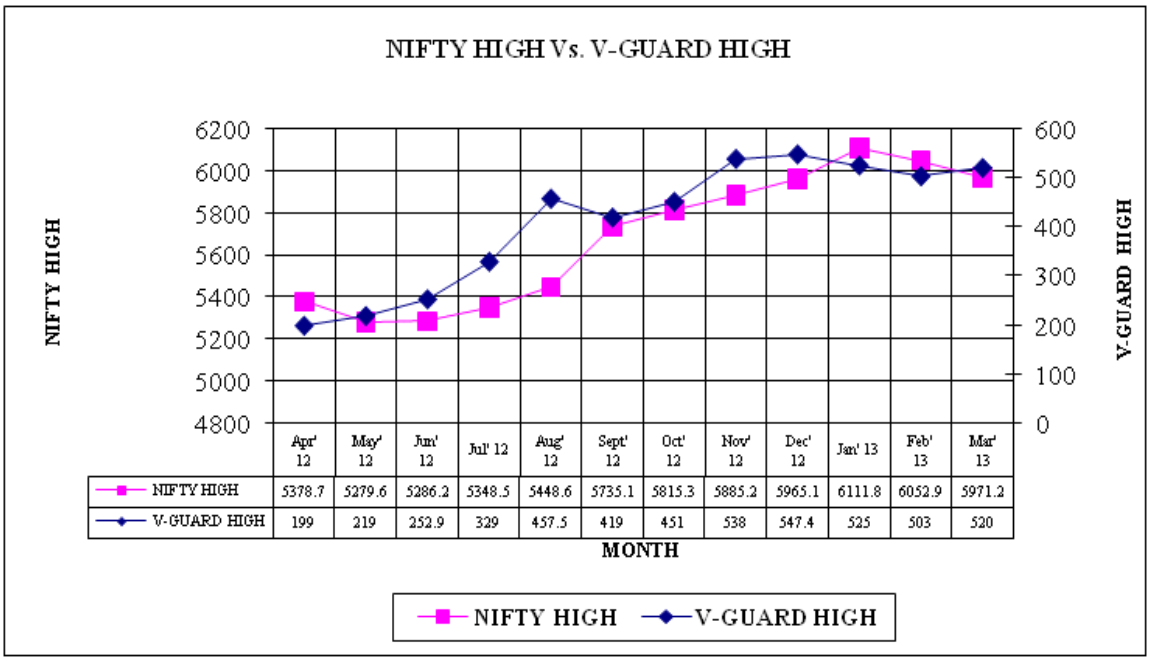
(viii) Stock Market Data

Monthly high and low quotations during each month during the financial year 2012-13 as well as the volume of shares traded at the National Stock Exchange of India Limited and the BSE Ltd. are as follows:

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
Apr' 12	199.00	184.50	437,252	214.95	180.00	44,892
May' 12	219.00	179.50	896,324	219.15	180.00	1,46,967
Jun' 12	252.90	207.00	869,393	260.00	202.50	8,06,574
Jul' 12	329.00	235.05	6,664,462	326.90	236.45	16,90,218
Aug' 12	457.50	298.80	15,497,341	457.45	299.25	38,96,165
Sept' 12	419.00	382.65	4,117,271	420.00	385.00	7,35,117
Oct' 12	451.00	382.00	4,284,973	451.95	381.00	8,10,904
Nov' 12	538.00	412.35	6,291,902	538.90	416.60	13,88,529
Dec' 12	547.40	495.00	3,106,405	590.50	496.65	4,37,211
Jan' 13	525.00	421.90	1,297,266	528.00	475.50	1,85,708
Feb' 13	503.00	421.10	864,369	503.85	441.25	1,30,465
Mar' 13	520.00	406.30	1,069,042	521.00	405.00	1,85,711



	Apr' 12	May' 12	Jun' 12	Jul' 12	Aug' 12	Sept' 12	Oct' 12	Nov' 12	Dec' 12	Jan' 13	Feb' 13	Mar' 13
SENSEX HIGH	17664	17432	17448	17631	17973	18870	19137	19373	19612	20204	19967	19755
V-GUARD HIGH	214.9	219.1	260	326.9	457.4	420	451.9	538.9	590.5	528	503.8	521



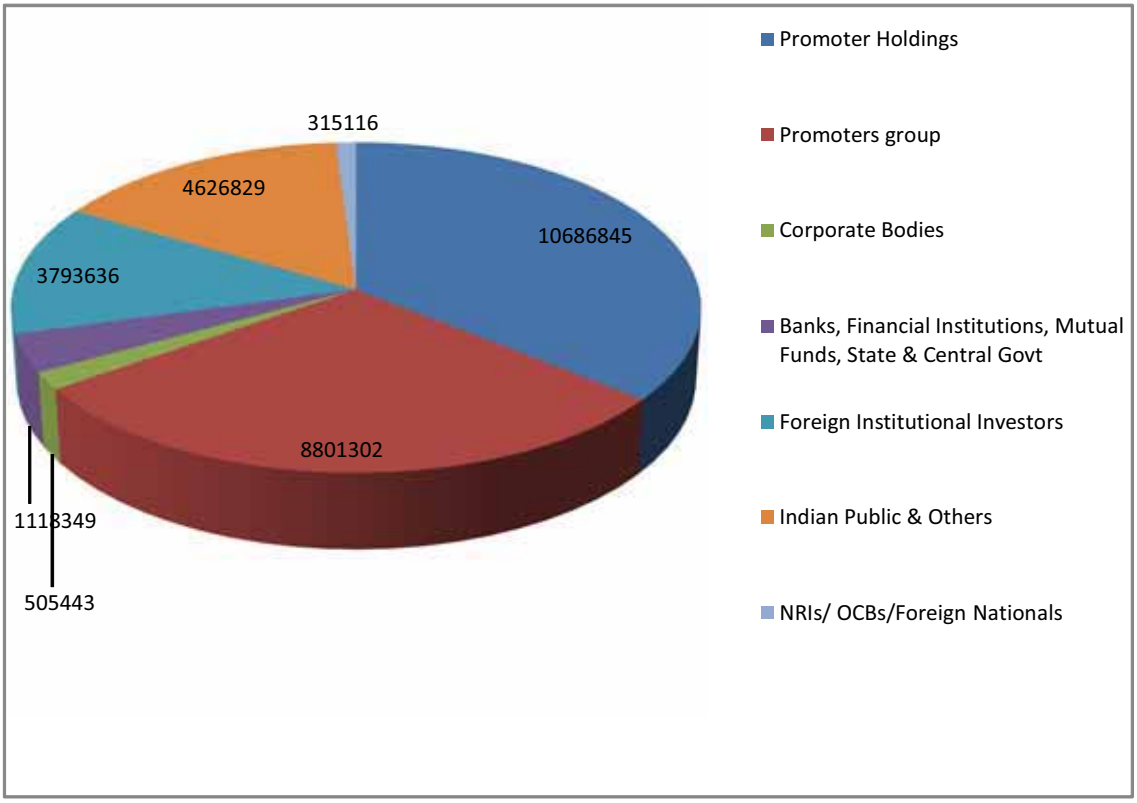
	Apr' 12	May' 12	Jun' 12	Jul' 12	Aug' 12	Sept' 12	Oct' 12	Nov' 12	Dec' 12	Jan' 13	Feb' 13	Mar' 13
NIFTY HIGH	5378.7	5279.6	5286.2	5348.5	5448.6	5735.1	5815.3	5885.2	5965.1	6111.8	6052.9	5971.2
V-GUARD HIGH	199	219	252.9	329	457.5	419	451	538	547.4	525	503	520

(ix) Shareholding Pattern: Distribution of shareholding as on 31st March, 2013

Shares	Shareholders		Shareholding	
	No. of shareholders	% of shareholding	No. of shareholders	% of shareholding
1-500	19,939	94.8663	1,745,430	5.8478
501-1000	505	2.4027	405,723	1.3593
1001-2000	246	1.1704	357,560	1.1980
2001-3000	95	0.4520	242,692	0.8131
3001-4000	42	0.1998	147,123	0.4929
4001-5000	51	0.2426	228,170	0.7645
5001-10000	65	0.3093	458,608	1.5365
10001 and above	75	0.3569	26,262,214	87.9879
Total	**21,018**	**100.00**	**29,847,520**	**100.00**

(x) Category of shareholders as on 31st March, 2013

Category	No of shares	% of the total no. of shares
Promoters Holdings	1,06,86,845	35.80
Promoters Group	88,01,302	29.49
Corporate Bodies	5,05,443	1.69
Banks, Financial Institutions, Mutual Funds, State & Central Govt	11,18,349	3.75
Foreign Institutional Investors	37,93,636	12.71
Indian Public & Others	46,26,829	15.50
NRIs/OCBs/Foreign Nationals	3,15,116	1.06
Total	**2,98,47,520**	**100.00**



(xi) Shares held in Physical and Dematerialised form

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2013, 29,626,817 out of 29,847,520 equity shares of the Company, forming 99.26% of the Company's paid up capital is held in the dematerialized form. The status of shares held in dematerialised and physical forms as on 31st March, 2013 are given below. The Company's shares are liquid and actively traded on the NSE and BSE.

Particulars	No. of Shares	Percentage
Shares held in Dematerialised form	2,96,26,817	99.26
Shares held in Physical form	2,20,703	0.74
Total	**2,98,47,520**	**100.00**

(xii) Registrar & Share Transfer Agent and Share Transfer System

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

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. In case of shares held in physical form, the transferred share certificates duly endorsed are dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Agreement, the share transfer system of the Company is audited every six months by a Practicing Company Secretary and a certificate to that effect is issued by him. The Company holds Share Transfer Committee Meetings as may be required for approving the share transfer, transmission and rematerialisation of equity shares.

(xiii) Means of Communications

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

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

The Company organizes investor conference calls to discuss its financial results every quarter where investor queries are answered by the executive management of the Company.

(xiv) Address for Correspondence

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

(xv) Website

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

(xvi) Whistle Blower Policy

The Company has laid down a Whistle Blower Policy for the employees wherein a mechanism has been established for the employees to report to the management about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Whistle Blower Policy has been circulated amongst the employees. No employee is denied the opportunity to meet the Audit Committee members of the Company.

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

The Company has complied with all the mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate from the Statutory Auditors of the Company to this effect has been included in this report. Besides mandatory requirements, the Company has adopted two non-mandatory requirements of Clause 49 of the Listing Agreement:

- Compensation Committee constituted to consider and recommend the remuneration of the Directors and senior management officials and also implementation and administration of ESOP; and
- Whistle Blower Policy established for the employees.

The Company has opted not to disclose the other non-mandatory disclosures stipulated in the Listing Agreement.

CEO/CFO Certification

Mr. Mithun K Chittilappilly, Managing Director and Mr. A Jacob Kuruvilla, Chief Financial Officer has given CEO/CFO Certificate to the Board. The Board has taken on record the CEO/CFO Certificate as per the format given under Clause 49(v) at its meeting held on 15th May, 2013.

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.

Sd/-
Mithun K Chittilappilly
Managing Director

Kochi
15th May, 2013

AUDITORS' CERTIFICATE

To

The Members of V-Guard Industries Limited

We have examined the compliance of conditions of corporate governance by V-Guard Industries Limited ('the Company'), for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Place : Kochi
Date : 03rd June, 2013

MANAGEMENT DISCUSSION & ANALYSIS

1. Economic Review & Outlook

This has been a challenging year for the economy led by factors both domestic as well as global. The global economic slowdown has adversely affected the demand outlook for export dependent sectors. Simultaneously, depressed business sentiment, high interest rates as well as moderation in consumption demand led to weakness in the domestic drivers of the economy. As a result, both consumer and industrial growth remained weak through the year. However, recently, some key indicators are more encouraging and the decline appears to be bottoming out.

Overall, the Indian economy is expected to grow above 6% in 2013-14 from 5% in 2012-13, as estimated by the Central Statistical Organization. This will be supported by the series of positive policy initiatives announced by the Government including liberalizing Foreign Direct Investment (FDI) in Retail, Aviation and other sectors, easing FII investment norms and rationalizing fuel and fertilizer subsidies. Measures have been taken to ensure faster regulatory clearances and to resolve fuel supply issues faced by the power sector in a time-bound manner. The Land Acquisition Bill has been cleared by the Cabinet and is expected to be tabled in Parliament shortly. This will definitely aid green-field expansion. There are definite signs that headline WPI inflation is declining while non-food manufacturing inflation is closer to the comfort zone. With a more stable rupee and expectations of a normal monsoon, inflation may be expected to decline further in the coming months and create room for monetary policy to support growth. The road map for fiscal consolidation has been well laid out and the Government has shown its determination to contain the fiscal deficit. This will further restore macro-economic balance and attract investments and capital flows.

The country's long term prospects continue to be robust and the economy is expected to revert to its 8%+ growth trajectory. The fundamentals continue to be strong with a relatively young population which is expected to deliver productivity and generate significant savings and investment over the coming years. Such an improved investment climate and business environment, in addition to rapid urbanization is likely to expand demand for consumer durables in the medium to long run.

2. Sector Overview

Last year's economic slowdown coupled with high inflation and interest rates have affected buying sentiment, adversely impacting demand in the domestic consumer durables and household electrical goods sectors. Further, rupee depreciation has increased landed cost of imported components resulting in price hikes across several product categories. However, this slowdown is expected to be transitory in nature and the Indian market continues to deliver faster growth than most global counterparts. In addition, the Associated Chambers of Commerce and Industry (ASSOCHAM) has estimated that India's consumer electronics and durables sector is likely to grow at a 17% CAGR between FY12-15 to ₹ 520 billion.

The consumer electronics sector continues to attract significant investments due to favorable dynamics of massive untapped demand potential, both rural and urban, and the country's steadily growing young working population. Higher disposable incomes and greater accessibility to credit is expanding the consumer base, especially in the middle and upper segments of the population. Further, relaxation of tariffs and a liberalized, more favorable FDI environment is leading to improvement in the Indian market outlook and growth opportunities for those involved in it.

3. Review of Operations

V-Guard continued its stellar growth trajectory, recording a topline growth of 41% in financial year 2013 to ₹ 1,360.21 crores, which was broad-based across segments as well as geographies. Digital Home UPS, Pumps, Stabilizers and House Wiring Cables performed exceptionally well, contributing to 73% to total revenue. Revenues have almost doubled over the last three years, as we have consolidated our strong position in the South while foraying aggressively into non-South markets. Revenues from non-South markets have grown 58% over the last year and now contribute 25% to our total revenues, as compared to 5% in financial year 2008.

Aiming to become a strong pan India player, the Company has setup 28 branches across the country, making significant investments in establishing a strong network of 230 exclusive distributors (120 in non-South v/s 110 in South in FY13) supported by 200 service centres, over 15,000 retailers and 3,000 channel partners. Going forward, the Company intends to increase its revenue from its non-South branches by adding retailers under existing distributors, driving growth.

Aggressive advertising spends and sales promotions have created a strong equity and brand recall for the Company's products across the country. We spent ₹ 58 crores on advertising in financial year 2013, which was 4.27% of the year's revenues.While the Company will continue to invest in a broad range of sales, marketing and promotional initiatives, our objective would also be to address holistically all opportunities that add sustainable value to the overall business. For instance, we are now focusing more on expanding visibility in non-South markets where our penetration and market shares are lower. The focus is to further improve brand visibility and create a stronger pull factor for the Company's products, leading to expanding volumes, pricing power and sustainable long-term growth.

The Company has also made rapid strides on the working capital management front. The cash conversion cycle, measuring our working capital efficiencies, has improved from 104 days in financial year 2011 to 87 days in financial year 2012, and has reduced further to 81 days in financial year 2013. This can be attributed to vendor financing and bill discounting initiatives undertaken by the Company. The Company has also introduced channel financing to its distributors. We will continue to accelerate these initiatives to lower working capital and further improve capital and resource productivity.

- The turnover during the year stood at ₹ 1,360.21 crores, registering a growth of 41%
- Total expenditure for the year stood at ₹ 1,278.04 crores, up 43% over the preceeding year
- EBITDA stood at ₹ 113.56 crores, up 18%
- Profit Before Tax at ₹ 82.18 crores registered a growth of 19%
- Profit After Tax for the year stood at ₹ 62.91 crores, up 24%
- The EPS for the year has improved to ₹ 21.08 per share as compared to ₹ 17.02 per share last year
- The Net Worth of the Company as on 31st March, 2013 stood at ₹ 261.33 crores as compared to ₹ 210.64 crores as on 31st March, 2012
- The Return on Equity during financial year 2012 and 2013 stood at 24%
- The Return on Capital Employed in financial year 2013 was 23%

₹ in crores

Particulars	FY 2013	FY 2012	Growth
Net Revenue	1,360.21	964.63	41%
Total Expenses	1,278.04	895.46	43%
EBITDA	113.56	95.89	18%
PBT	82.18	69.17	19%
Tax Rate	23.44%	26.56%	
PAT	62.91	50.80	24%
PAT Margin	4.63%	5.27%	
Basic EPS	21.08	17.02	24%
Diluted EPS	21.08	17.02	24%
Return on Networth	24%	24%	
Return on Capital Employed	23%	27%	
D/E Ratio	0.63	0.52	

4. Segment-wise Review

a. Voltage Stabilizers

This is V-Guard's flagship product and continues to be one of the largest contributors to revenue and profitability of the Company. V-Guard enjoys dominant market share in this segment, with more than 20% share of the organized market. The voltage stabilizers segment grew 24% to ₹ 238 crores this year, supported by 13.39% increase in volumes. In terms of usage, AC stabilizers accounted for 31.17% of the sales, refrigerators accounted for 35.18% while the fast-growing LCD/LED segment accounted for 20.82%.

Stabilizer sales are directly related to the sale of white goods. Challenging macro economic conditions with tight liquidity and high inflationary conditions have impacted white goods Companies which are facing a marked slowdown in their volumes, thereby also affecting stabilizer sales. Despite this, the segment has witnessed good traction due to the increased penetration of the product in the non-South market, coupled with the introduction of differentiated models like stabilizers for washing machines and treadmills, supported by value engineering initiatives.

CRISIL expects white goods volume to grow at 14% over FY13E-15E which would be expected to expand sale of stabilizers. Going forward, the Company expects the non-South markets to drive future growth in this segment given the strong demand on account of poor quality power supply in many of these untapped regions. The Company has achieved moderate growth in the product category during this summer season.

b. House wiring cables

This is the largest product segment of the Company, contributing to 27% of revenues in financial year 2013.The segment has recorded a growth of 35% in financial year 2013 to ₹ 373 crores. This robust growth has been driven by increased brand penetration in the non-South markets and the strong residential and construction demand in Tier 2 and Tier 3 cities. We have also witnessed a marked improvement in the profitability of the product with both plants at Coimbatore and Kashipur operating at maximum capacity utilization, supported by efficient procurement of raw-material and various cost control measures introduced.

Given the strong demand for the product, V-Guard is presently doubling its capacity at the Kashipur plant in Uttaranchal from 3.3 million coils per annum to 6.6 million coils per annum in two phases, with 1.8 million coils expected to come on stream by July, 2013 and the balance of 1.5 million coils to go live by January, 2014. The capex required to setup this additional capacity would be to the tune of ₹ 18 crores spread between financial year 2013 and 2014. In view of the anticipated volumes from these new capacities, the Company has stepped up its advertisement expenditure on cables from March, 2013, which should lead to higher pricing power and market share gains. The Company aspires to be ranked among the Top 3 players in the segment over the next 2-3 years.

c. LT cables

Most of the sales in this segment are B2B in nature and are directly linked to the growth of allied industries like construction, power etc. Given the weak industrial sentiment prevailing at the moment, demand for LT cables is witnessing a slowdown. The Company clocked a turnover of ₹ 73 crores during the year under review and registered a growth of 26% over the previous year. During the year, the Company has adopted several initiatives which have resulted in improved profitability in this segment. The Company has been focussing on positioning its LT cables portfolio in the premium segment by giving a push to higher margin variants, and targetting marquee names in the public as well as private sector to expand demand for this product. Going forward, the Company intends to increase capacity utilization at its plant to optimal levels, thereby augmenting margins further.

d. Pumps and Motors

This is one of the established segments for V-Guard, contributing to over 18% of the revenue of the year. The Company has delivered a turnover of ₹ 205 crores for the year under review, representing growth of 40%. The sales were bolstered this year on account of a favorable summer season with depleting water tables and strong replacement demand by customers. V-Guard continues to enjoy premium pricing over competition in the Southern markets while discounts to dealers/distributors have been reduced in the non-South regions, as the Company has been able to gain market share from entrenched players.

Continued investments will be made in increasing brand awareness and visibility in the non-South markets. Cost optimization initiatives will be undertaken to reduce cost of product and improve profitability further.

e. Fans

The Company launched fans in 2006 and has more than 30 models with variants of ceiling, pedestal, table, wall, ventilating and exhaust fans. During the year under review, the Company achieved a turnover of ₹ 80 crores from the segment, registering a growth of 26% over the previous year, led by strong growth in ceiling fans models. In financial year 2013, 58% of revenues in this segment came from ceiling fans, 38% from pedestal and table fans and rest from other categories. Majority of the revenues are still accruing from the South regions and more investments are required in order to expand this segment.

The overall fan market is expected to witness sharp expansion going forward on the back of strong growth in the housing sector in the years to come. The focus for the Company will be on creating differentiated product models with attention on aesthetics and design. The Company is now concentrating more in the South and East, and expects to be profitable in this segment over the next two years.

f. Electric Water Heaters

The Company recorded a remarkable growth of 33% from this segment in the year under review to ₹ 110 crores. The strong growth has come from the expansion into the non-South geographies where there is a strong demand for the product, especially in the northern states. Profitability of the product has improved due to better product mix and continuous re-engineering on technology. The Company continues to garner market share over its peers, by making significant investments in advertising and promotion for its products.

Growth in this segment is expected to be maintained from the immersion and instant categories. The focus going forward will be on increasing the number of star-rated models and improving energy efficiency which will in turn help sustaining the growth momentum for the product.

g. Solar Water Heaters

Given the strong thrust on energy efficient and environmentally friendly products, the Company ventured into the manufacturing of solar water heaters. It currently manufactures more than 23 models and capacities ranging from 100 to 5,000 litres. The Company recorded sales of ₹ 33 crores in financial year 2013, a growth of 25% over the previous year. Growth in absolute terms appears muted on account of the price rationalization of the product under the capital subsidy scheme initiated by the the Ministry of New and Renewable Energy (MNRE). Under the 30% capital subsidy scheme, the Company was required to offer subsidy to the end consumers upfront which is reimbursed by the Government, on filing claim along with proof of installation.The Company has one of the best ratings under the MNRE scheme and has received subsidy to the tune of ₹ 154.82 Lakhs during the year financial year 2013.

The Company has identified this segment as one of the key growth drivers going ahead and hence undertook a significant expansion of capacities at Perundurai in Tamil Nadu from 18,000 units per annum to 90,000 units per annum with a capital outlay of ₹ 14.10 crores. The Company believes that this segment has the potential to surpass the electric water heater segment in the next five years given that power tariffs have been rising, in-turn increasing the cost of operating electric water heaters. The payback period for the solar water heater consumer is very low (1-1.5 years) and is expected to further reduce, benefiting from ongoing technological advancements. V-Guard aims to become the leader in the segment over the next few years.

h. Digital UPS

The digital UPS segment has been the fastest growing segment for the Company this year, with sales growing at a rate of 138% this year to ₹ 173 crores. Increased brand penetration for the product, coupled with the frequent power outages in most parts of the country has driven the growth for this segment. The Company ramped up advertisement spends this year, identifying the segment as one of the core drivers of future growth, with the power conditions not expected to significantly improve.

i. **Standalone UPS Systems (Desktop)**

The Company recorded a turnover of ₹ 48 crores in this segment during the year under review, as compared to ₹ 42 crores in the preceding year. With the increased penetration of laptops, tablets, smartphones etc, the demand for PC's has fallen and consequently the demand for the offline UPS segment has been diminishing. However, this is a legacy product for the Company and the capital employed in this segment is extremely low given that supply is completely outsourced.

j. **New Product additions**

The Company launches new products after assessing synergies across various parameters such as feasibility, competition, margins etc. Also, the new products pipeline is balanced against growth prospects and thresholds reached in the existing product portfolio. New products are initially launched in the more established South market and once they attain a certain threshhold are extended to the non-South regions.

Switchgears was added to the Company's product portfolio last year. Switchgears initially launched in the Kerala market was taken to other South Indian markets. The Company recorded sales of ₹ 12 crores in financial year 2013. The Company has leveraged its strong existing brand equity and distribution network in the wiring segment to support the sale of switchgears.

With a view to enter the household appliances segment, the Company launched induction cooktops. The segment has seen good traction and has recorded sales of ₹ 15 crores in financial year 2013. The growth potential is enormous in this segment given the high cost of LPG, supply shortage, low electricity consumption by induction cook tops, flameless cooking etc. The Company has launched several variants, customizing it for the needs of the South Indian household.

Appliances as a category have inherent strength if one can showcase a wide range of products. Hence, in financial year 2014, the Company intends to launch mixer grinders. The Company will leverage the channel synergies from the induction cooktop segment where it has already delivered initial success.

Going forward, the Company will be focused on growing these new categories and entending them to the non-South market.

5. **Outlook**

The demand outlook for the household electrical segment is extremely robust given the strong demand in residential construction activity in semi-urban and rural cities. Low levels of penetration in Tier 2, 3 and 4 cities, easy access to credit, and a rising middle class population with increasing levels of disposable income will fuel the demand for the industry.

V-Guard has made significant investments in establishing a strong distributor and dealer network in the non-South markets. The next few years, will see the Company leverage these investments and increase its average revenue per distributor in the non-South regions which is substantially lower than in the Southern markets. This provides significant scope for expansion of returns on existing investments.

Continued investments in advertising and marketing to enhance brand visibility will continue in order to facilitate pan-India expansion. Advertisement spends will remain in the range of 3.5-4% of revenues, with disproportionate spending to expand non-South markets.

The Company is confident of sustaining its robust financial performance going forward given the strong demand across all its product categories and expansion into the non-South markets.

6. **Strengths, Opportunities and Threats**

Strengths

- Strong brand equity in the South Indian household electricals market, among the Top 3 players across product segments.

- Competitive positioning in its flagship product – stabilizers– is very strong given its unique outsourcing model.
- Strong thrust on quality, efficient after-sales service and effective marketing.
- Robust distribution and dealer network setup across the country.
- Diversified product portfolio with presence across highly scalable categories.
- Asset light production model with healthy balance sheet.

Opportunities

- Direct play on mass consumption story.
- Large growth potential in the non-South market which accounts for only 22% of the business at present.

Threats

- Seasonality in revenues since sales of several product categories dependent on summer months.
- Impacted by weakness in economic cycle and slowdown in demand for consumer durables.
- Slowdown in the real estate market could impact sales of several product segments.
- Volatility in raw material prices could impact margins in case cost escalations cannot be passed on to consumers.
- Increase in competitive intensity with the entry of MNC players.
- Expanding into new markets, where success requires understanding different cultures and consumer behaviour.

7. Risk Mitigation

V-Guard's risk identification and assessment process is dynamic and the strategies that the Company has in place helps manage and mitigate risks that can hamper future performance. The Company has established a three tier risk monitoring structure. The Board of Directors and Audit Committee are responsible for the overall review of these system and assessing the performance of the Risk Management Committee on a quarterly basis. The Risk Management Committee is headed by the Managing Director and comprises of other senior management leaders. The Committee reveiws the risk management practices of the Company and reports of the Product Risk Groups which review and monitor risks to various product categories. On the identification, evaluation and mitigation of strategic, operational and external risk a quarterly presentation is made to the Audit committee and Board of Directors.

8. Audit & Internal Control System

The Company has well-equipped and operative internal control system in place. These stringent and comprehensive controls that we have put in place ensure the optimal and efficient utilization of resources making sure that the assets and interests of the Company are safeguarded, transactions are authorized, recorded and properly reported and reliability and correctness of accounting data is warranted with checks and balances. An extensive program of internal audits and regular reviews by the Audit Committee is carried out to ensure compliance with the best practices.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF V-GUARD INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of V-Guard Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Place : Kochi
Date : May 15, 2013

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: V-Guard Industries Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of accounts.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act). Accordingly, the provisions of clauses 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') are not applicable to the Company and hence not commented upon.

(iii) (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, as well as taking into consideration the management representation that certain items of inventories are of specialized nature for which alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(v) (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, related to the products

manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Central Sales tax	62.28	1998-99	Commercial Tax Office, Tamil Nadu
Tamil Nadu Value Added Tax Act	Value added tax	59.70	2008-09	High Court of Madras
Andhra Pradesh Value Added Tax Act	Value added tax	14.10	2006-07 to 2009-10	Deputy Commissioner (CT), Hyderabad Rural
Central Sales Tax Act	Central Sales tax	8.96	2011-12	Additional Commissioner of Commercial Taxes (Appeal), South Zone, Odisha
Karnataka Value Added Tax	Value added tax	2.37	2011-12	Appellate Tribunal
Jharkhand Value Added Tax	Value added tax	2.30	2009-10	Commercial Taxes Tribunal
Andhra Pradesh Value Added Tax	Value added tax	0.75	2005-06	Additional Deputy Commissioner (Commercial Taxes)
Income Tax Act, 1961	Income tax	4.53	AY 2008-09	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax	17.00	AY2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	128.46	AY 2010-11	Commissioner of Income Tax (Appeals)

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Place : Kochi
Date : May 15, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

₹ in lakhs

	Particulars	Notes	As at 31st March 2013	As at 31st March 2012
A.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' funds**			
	(a) Share capital	3	2,984.75	2,984.75
	(b) Reserves and surplus	4	23,148.31	18,079.00
			26,133.06	21,063.75
2.	**Non-current liabilities**			
	(a) Long-term borrowings	5	3,204.17	1,972.42
	(b) Other long-term liabilities	6	1,057.71	906.38
	(c) Deferred tax liabilities (net)	26.6	790.07	426.30
	(d) Long-term provisions	7	340.81	307.03
			5,392.76	3,612.13
3.	**Current liabilities**			
	(a) Short-term borrowings	8	12,539.14	8,520.79
	(b) Trade payables	9	16,293.48	9,620.16
	(c) Other current liabilities	10	3,008.19	1,951.69
	(d) Short-term provisions	11	2,119.69	2,139.75
			33,960.50	22,232.39
	TOTAL		**65,486.32**	**46,908.27**
B.	**ASSETS**			
1.	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12 (A)	13,131.85	11,588.66
	(ii) Intangible assets	12 (B)	689.18	716.20
	(iii) Capital work-in-progress		736.01	1,025.67
	(iv) Intangible assets under development	12 (C)	139.87	82.38
			14,696.91	13,412.91
	(b) Long-term loans and advances	13	1,178.47	479.31
	(c) Other non current assets	18(B)	11.13	0.40
			15,886.51	13,892.62
2.	**Current assets**			
	(a) Inventories	14	24,857.22	15,742.09
	(b) Trade receivables	15	19,879.86	14,781.90
	(c) Cash and bank balances	16	1,496.67	336.54
	(d) Short-term loans and advances	17	3,361.93	2,151.78
	(e) Other current assets	18(A)	4.13	3.34
			49,599.81	33,015.65
	TOTAL		**65,486.32**	**46,908.27**
	Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : 15th May, 2013

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman

Sd/-
Mithun K. Chittilappilly
Managing Director

Sd/-
Jacob Kuruvilla
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : 15th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Particulars	Notes	As at 31st March 2013	As at 31st March 2012
1.	**Income**			
	Income from operations (gross)		138,371.92	97,778.26
	Less: excise duty		2,350.47	1,315.25
	Revenue from operations (net)	19	136,021.45	96,463.01
2.	**Other income**	20	362.21	235.22
3.	**Total income (1+2)**		**136,383.66**	**96,698.23**
4.	**Expenses**			
	(a) Cost of materials consumed	21.a	41,324.39	28,737.65
	(b) Purchase of traded goods	21.c	68,408.28	42,711.25
	(c) (Increase) in inventories of finished goods, work- in-progress and traded goods	21.d	(8,448.72)	(1,257.97)
	(d) Employee benefits expense	22	7,010.14	5,179.35
	(e) Finance costs	23	1,997.06	1,702.53
	(f) Depreciation and amortisation expense	12 (A) and 12(B)	1,141.12	969.36
	(g) Other expenses	24	16,733.82	11,738.94
	Total expenses		**128,166.09**	**89,781.11**
5.	**Profit before tax (3 - 4)**		**8,217.57**	**6,917.12**
6.	**Tax expenses**			
	(a) Current tax expense [net of reversal of ₹ 235.50 lakhs pertaining to previous year (31st March 2012 - Nil)]		1,562.29	2,023.00
	(b) Deferred tax	26.6	363.77	(185.98)
			1,926.06	1,837.02
7.	**Profit for the year (5 - 6)**		**6,291.51**	**5,080.10**
8.	**Earnings per equity share (basic and diluted):**	26.5	21.08	17.02
	(Nominal value of equity share - ₹ 10) (31st March, 2012 - ₹ 10)			
	Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : 15th May, 2013

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman

Sd/-
Mithun K. Chittilappilly
Managing Director

Sd/-
Jacob Kuruvilla
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : 15th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Particulars	For the year ended 31st March 2013		For the year ended 31st March 2012	
A.	**Cash flow from operating activities**				
	Net profit before tax		8,217.57		6,917.12
	Non-cash adjustment to reconcile profit before tax to net cash flows				
	Depreciation and amortisation	1,141.12		969.36	
	(Profit) / loss on sale / writeoff of fixed assets	(8.83)		54.88	
	Interest expense	1,997.06		1,702.53	
	Interest (income)	(195.91)		(86.11)	
	Bad trade and other receivables, loans and				
	- advances written off	44.35		7.63	
	Liabilities / provisions no longer required written back	(2.76)		(35.27)	
	Provision for doubtful trade and other receivables, loans and advances	137.98		50.45	
	Dividend income	(0.36)		-	
	Net unrealised exchange (gain) / loss	-		2.20	
			3,112.65		2,665.67
	Operating profit before working capital changes		11,330.22		9,582.79
	Movements in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Inventories	(9,115.13)		(1,499.39)	
	Trade receivables	(5,280.30)		(2,532.97)	
	Short-term loans and advances	(525.87)		(1,050.47)	
	Long-term loans and advances	(315.21)		(153.03)	
	Other current assets	(1.02)		(0.41)	
	Adjustments for increase / (decrease) in operating liabilities:				
	Trade payables	6,676.08		4,584.63	
	Other current liabilities	373.13		342.73	
	Other long-term liabilities	151.33		155.47	
	Short-term provisions	281.38		246.40	
	Long-term provisions	33.78		266.52	
			(7,721.83)		359.48
	Cash generated from operations		3,608.39		9,942.27
	Net income tax paid (net of refunds)		(2,556.08)		(1,573.59)
	Net cash flow from operating activities (A)		**1,052.31**		**8,368.68**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Particulars	For the year ended 31st March 2013		For the year ended 31st March 2012	
B.	**Cash flow from investing activities**				
	Purchase of fixed assets, including CWIP and capital advances	(2,589.66)		(2,935.73)	
	Proceeds from sale of fixed assets	26.48		9.30	
	(Increase) / decrease in margin money and other bank deposits	(169.08)		(147.31)	
	Purchase of current investments	(600.00)		-	
	Proceeds from sale/maturity of current investments	600.36		-	
	Interest received				
	- From banks, on loans and advances, etc.	196.14		84.18	
	Net cash flow used in investing activities (B)		**(2,535.76)**		**(2,989.56)**
C.	**Cash flow from financing activities**				
	Proceeds from long-term borrowings	1,930.00		2,136.77	
	Repayment of long-term borrowings	(353.84)		(193.65)	
	Net Increase / (decrease) in short term borrowings	4,018.35		(4,972.70)	
	Interest paid	(1,895.15)		(1,660.06)	
	Dividends paid on equity shares	(1,044.66)		(1,040.44)	
	Tax on equity dividend paid	(169.47)		(169.47)	
	Net cash flow from / (used in) financing activities (C)		**2,485.23**		**(5,899.55)**
	Net Increase / (decrease) in cash and cash equivalents (A+B+C)		**1,001.78**		**(520.43)**
	Cash and cash equivalents at the beginning of the year		189.63		710.06
	Cash and cash equivalents at the end of the year		**1,191.41**		**189.63**
	Components of cash and cash equivalents				
	(a) Cash on hand		5.02		2.77
	(b) Balances with banks				
	(i) In current accounts		1,161.77		159.30
	(ii) In EEFC accounts		2.51		10.01
	(iii) In unpaid dividend account		22.11		17.55
			1,191.41		**189.63**
	Summary of significant accounting policies	2.1			

The accompanying notes are an integral part of the financial statements.
As per our report of even date
For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : 15th May, 2013

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman

Sd/-
Mithun K. Chittilappilly
Managing Director

Sd/-
Jacob Kuruvilla
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : 15th May, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. Corporate information

V-Guard Industries Ltd ('V-Guard' or 'the Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing, trading and selling of a wide range of products including voltage stabilizers, PVC Cables, Pumps and Motors, Electric Water Heaters, Digital UPS, Fans, L.T.Cable, UPS, Solar Water Heaters, Switchgears and Induction Cooktops.

V-Guard has its manufacturing facilities located at K.G. Chavady, Coimbatore, Tamil Nadu; at Kashipur, Utharakhand; at Kala Amb, Himachal Pradesh and at SIPCOT Industrial growth center, Perundurai, Tamil Nadu.

The Company's shares are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Capital work-in-progress:

Fixed assets which are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest on borrowings.

c) Depreciation and amortisation

Depreciation has been provided under the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 which approximates the useful lives of the assets estimated by the management except in respect of Moulds, Patterns and Dies, which are depreciated over their useful life

of 5 years, as estimated by the Management. The Company has used the following rates to provide depreciation on its fixed assets.

Asset Category	Rates (SLM)
Factory buildings	3.34%
Non factory buildings	1.63%
Plant and equipments	4.75% to 10.34%
Furniture and fixtures	6.33%
Vehicles	9.50%
Office equipments	4.75%
Computers	16.21%

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

Leasehold land is amortised over the duration of the lease, i.e., 99 years, on a straight line basis. Leasehold improvements and leased assets are depreciated over the lease term or the estimated useful life, whichever is shorter.

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

Asset Category	Useful life (in years)
Software	5 years
Trademark	10 years

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

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development expenses

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale,

(ii) Its intention to complete the asset,

(iii) Its ability to use or sell the asset,

(iv) How the asset will generate future economic benefits,

(v) The availability of adequate resources to complete the development and to use or sell the asset and

(vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

e) Leases

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

f) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Government grants and subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

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

i) Inventories

Raw materials, packing materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods, net of returns and trade discounts. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

k) Foreign currency translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

Treatment of exchange differences

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

l) Retirement and other employee benefits

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

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution plan. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The

Company has no obligation, other than the contribution payable to the provident fund.

Defined benefit plans

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Short-term employee benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, as the Company believes that it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

n) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) Provisions and contingent liabilities

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Provision for warranty

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

r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments/deposits with an original maturity of three months or less.

Notes forming part of the financial statements

Note 3: Share capital

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
(a) Authorised: Equity shares of ₹ 10/-each with voting rights	35,000,000	3,500.00	35,000,000	3,500.00
(b) Issued, subscribed and fully paid-up: Equity shares of ₹ 10/- each with voting rights	29,847,520	2,984.75	29,847,520	2,984.75

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

Particulars	Opening balance	Changes during the year	Closing balance
Equity shares with voting rights			
Year ended 31 March, 2013			
- Number of shares	29,847,520	-	29,847,520
- Amount (₹ in lakhs)	2,984.75	-	2,984.75
Year ended 31 March, 2012			
- Number of shares	29,847,520	-	29,847,520
- Amount (₹ in lakhs)	2,984.75	-	2,984.75

(b) Terms/rights attached to equity shares:

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

During the year ended 31 March 2013, the amount of per share dividend recommended for distribution to equity shareholders is ₹ 3.50 (31 March 2012: ₹ 3.50).

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

(c) Details of shareholders holding more than 5% shares in the Company:

Class of shares / name of shareholder	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
Mr. Kochouseph Chittilappilly	7,366,518	24.68%	7,366,518	24.68%
Ms. Sheela Kochouseph	3,320,327	11.12%	3,965,980	13.29%
Mr. Arun K Chittilappilly	3,969,697	13.30%	3,969,697	13.30%
Mr. Mithun K Chittilappilly	4,830,805	16.18%	4,807,149	16.11%

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

Note 4: Reserves and surplus

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Securities premium account		
Balance as per last financial statements	5,244.46	5,244.46
Add : Additions during the year	-	-
Less : Utilised / transferred during the year	-	-
Closing balance	**5,244.46**	**5,244.46**
(b) General reserve		
Balance as per last financial statements	3,189.01	2,489.01
Add: Transferred from surplus in statement of profit and loss	700.00	700.00
Closing balance	**3,889.01**	**3,189.01**
(c) Surplus in statement of profit and loss		
Balance as per last financial statements	9,645.53	6,479.56
Add: Profit for the year	6,291.51	5,080.10
Less: Appropriations		
Proposed final equity dividend [amount per share ₹ 3.50 (31st March, 2012: ₹ 3.50)]	(1,044.66)	(1,044.66)
Tax on proposed equity dividend	(177.54)	(169.47)
Transfer to general reserve	(700.00)	(700.00)
Net surplus in the statement of profit and loss	**14,014.84**	**9,645.53**
Total	**23,148.31**	**18,079.00**

Note 5: Long-term borrowings

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Non current term loans		
From banks - secured	3,186.54	1,944.99
From others - secured	17.63	27.43
	3,204.17	**1,972.42**
(b) Current term loans		
From banks - secured	756.33	391.71
From others - secured	9.73	30.01
	766.06	**421.72**
	3,970.23	2,394.14
Less: Amount disclosed under the head "other current liabilities" (note 10)	(766.06)	(421.72)
Total	**3,204.17**	**1,972.42**

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

₹ in lakhs

Particulars	Terms of repayment and security	As at 31st March, 2013		As at 31st March, 2012	
		Non-current	Current	Non-current	Current
From banks					
State Bank of India	Term loan of ₹ 800 lakhs is secured by way of (a) charge over the assets acquired/constructed out of bank finance, viz., corporate office building at Vennala; (b) extension of equitable mortgage over 113.293 cents of land at High School Road, Vennala,1306 cents of land at K.G Chavadi, Coimbatore, 12.52 cents of land at Mettupalayam Road, Coimbatore; and (c) extension of charge over Plant and Machinery in Trading Division and Solar Water Heater Division and factory building of Solar Water Heater Division. The loan is further secured by the joint guarantee from the promoters. Repayment term is 23 quarterly installments of ₹ 34 lakhs each and a final installment of ₹ 18 lakhs with the first installment commencing from 30.09.2008 and the last installment falling due during quarter ending 30.06.2014. Interest rate is 13.25% p.a.	13.99	136.00	81.99	136.00
State Bank of Travancore	Term loan of ₹ 1,905 lakhs is secured by way of (a) first charge on the whole of the movable fixed assets including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, pertaining to Solar Water Heater Factory in plot no.KK-12-15 of SIPCOT at Perunthurai, the godown in block no.609/1 at Adaragunchi Village, Hubli and the godown insurvey no:237/2/2 in Parakkadavu village, Puliyanam P.O, Angamaly; (b) Creation of equitable mortgage by depositing title deeds and lease deed of 1 acre 22 gundas of land, 34.66 acres of land and 74.93 ares of land at Hubli, Perunthurai and Angamaly respectively. The loan amount is repayable in 20 equal quarterly installments of ₹ 58.75 Lakhs each and ₹ 16.50 Lakhs each commencing 30.06.2012 and 30.06.2013 respectively for loans taken for facilities at Hubli and Perunthurai and in 20 equal quarterly installments of ₹ 20 Lakhs each commencing 31.12.2014 for loan taken for facility Angamaly. The first installment will be due on 30.06.2012, 30.06.2013 and 31.12.2014 and subsequent installments on or before the same day of each third month thereafter and the interest accrued shall be paid on the respective due dates. Interest rate is 12% p.a. for loan amount of ₹ 1,505 lakhs and 11.75% p.a for loan amount of ₹ 400 lakhs.	1,369.00	301.00	940.00	235.00

Particulars	Terms of repayment and security	As at 31st March, 2013		As at 31st March, 2012	
		Non-current	Current	Non-current	Current
South Indian Bank	Term loan of ₹ 1,100 lakhs is secured by way of (a) hypothecation of Plant & Machinery/Assets acquired out of bank finance as primary security; and (b) equitable mortgage on (i) 710.46 cents of land with godown and office building at Thenkurissi Village, Palakkad; (ii) 102 cents of land in Chinakakanni Village at Guntur Dist., AP as collateral security. The loan amount is to be repaid in 60 monthly installments (59 monthly installments of ₹ 18.50 Lakhs and last installment of ₹ 8.50 lakhs). Interest rate is 12.25% p.a.	878.00	222.00	900.00	-
Axis Bank Ltd.	The term loan of ₹ 6.41 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 60 equated monthly installments of ₹ 0.14 lakhs from 01.08.2011 to 01.06.2016. Interest rate is 11.56% p.a.	3.31	1.22	4.57	1.09
Axis Bank Ltd.	The term loan of ₹ 18.42 lakhs is secured by hypothecation of the vehicle financed. Repayment term is in 60 equated monthly installments of ₹ 0.40 lakhs from 15.04.2012 to 15.03.2017. Interest rate is 10.69% p.a.	12.24	3.30	15.62	2.93
Dhanalaxmi Bank Ltd.	The term loan of ₹ 9.20 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 36 equated monthly installments of ₹ 0.29 lakhs from 01.02.2011 to 01.01.2014. Interest rate is 9.03% p.a.	-	2.81	2.81	3.11
Dhanalaxmi Bank Ltd.	Term loan of ₹ 100 lakhs is secured by way of equitable mortgage of title deeds over 106.424 cents of land in Sy No.51/14, 15 & 53/8 at Edappally South Village, Kanayannur Taluk, Ernakulam District together with godown with an area of 1578.40 sq.mtr constructed therein. The loan is further secured by the joint guarantee from the promoters. Repayment term is 78 monthly installments of ₹ 1.28 lakhs each with the first installment commencing from 11.06.2006 and the last installment falling due during quarter ending 11.12.2012. Interest rate is 13.25% p.a.	-	-	-	11.50

Particulars	Terms of repayment and security	As at 31st March, 2013		As at 31st March, 2012	
		Non-current	Current	Non-current	Current
HDFC Bank Ltd.	The term loan of ₹ 6.25 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 36 monthly installments of ₹ 17,361/- from 15.04.2010 to 15.03.2013. Interest rate is 10% p.a.	-	-	-	2.08
Development Bank of Singapore (DBS)	Term Loan of ₹ 1,000 lakhs is secured by (a) Equitable mortgage of 2.71 acres of land at Khasara no. 86, Village Basai, Kashipur, Uttarakhand and (b) exclusive charge on the Plant & Machinery and also other fixed assets acquired out of bank finance. Repayable in 20 equal quarterly installments commencing at the end of 12 months from date of first draw-down (i.e 28.03.14). Interest rate is 10.70% p.a.	910.00	90.00	-	-
	Total (A)	**3,186.54**	**756.33**	**1,944.99**	**391.71**
From others					
BMW India Financial Services Private Limited	The term loan of ₹ 36.94 lakhs is secured by hypothecation of the vehicle financed. Repayment term is 60 equated monthly installments of ₹ 0.78 lakhs from 01.05.2011 to 01.04.2016. Interest rate is 9.60% p.a.	17.63	7.31	25.01	6.60
Cisco Systems Capital India Private Limited	The term loan of ₹ 26 lakhs is secured by the assets, viz., high end network equipment, purchased from CISCO. Repayment term is 12 installments of ₹ 2.48 lakhs payable quarterly in advance from 10.09.2010 to 10.06.2013. Interest rate is 10% p.a. compounded monthly.	-	2.42	2.42	23.41
	Total (B)	**17.63**	**9.73**	**27.43**	**30.01**
	Total (A + B)	**3,204.17**	**766.06**	**1,972.42**	**421.72**

Note 6: Other long-term liabilities

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Trade / Security Deposits received	1,057.71	906.38
Total	**1,057.71**	**906.38**

Note 7: Long-term provisions

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Provision - others		
(i) Provision for warranty (Refer Note 26.8)	340.81	307.03
Total	**340.81**	**307.03**

Note 8: Short-term borrowings

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Loans from banks		
(i) Secured (refer note 1 below)		
Cash credit accounts	2,153.83	2,020.79
Working capital demand loan	5,500.00	5,000.00
(ii) Unsecured		
Working capital demand loan	2,500.00	1,500.00
Commercial paper (refer note 2 below)	2,385.31	-
Total	**12,539.14**	**8,520.79**

Notes:

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

₹ in lakhs

Particulars	Nature of security	As at 31st March, 2013	As at 31st March, 2012
Dhanalakshmi Bank Ltd.	Secured by hypothecation by way of pari passu first charge on all current assets of the Company, both present and future, including stock of goods, book debts and all other movable assets including document of title to goods, and third pari passu charge on all fixed assets of the Company, including immovable properties.	694.43	566.00
HDFC Bank Ltd.		1,000.00	1,129.38
Federal Bank Ltd.		1,293.85	975.99
Standard Chartered Bank		108.27	328.94
State Bank of India		2,544.54	2,520.48
Citibank		2,012.74	1,500.00
	Total	**7,653.83**	**7,020.79**

Note 2: Commercial Papers are issued at discount and payable at face value on maturity details as mentioned hereunder:	Issue Date	Maturity Date
HDFC Bank Ltd. (Face Value: ₹ 2,500 lakhs issued @ 9.75% per annum)	22nd November, 2012	20th May, 2013

Note 9: Trade payables

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Acceptances	9,489.52	4,362.15
(b) Other than Acceptances:		
- Dues to Micro and Small Enterprises (Refer Note 25.2)	1,658.91	1,001.75
- Others	5,145.05	4,256.26
Total	**16,293.48**	**9,620.16**

Note 10: Other current liabilities

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Current maturities of long-term borrowings (Refer Note (i) below)	766.06	421.72
(b) Interest accrued but not due on borrowings	190.65	47.48
(c) Interest accrued and due on borrowings	-	41.26
(d) Unpaid dividends (unpresented dividend warrants)	22.11	17.55
(e) Other payables:		
(i) Statutory remittances (Contributions to PF and ESIC, withholding taxes, excise duty, VAT, etc.)	1,505.23	1,184.54
(ii) Contractually reimbursable expenses	31.31	0.09
(iii) Advances from customers	98.95	87.90
(iv) Capital creditors	312.95	75.83
(v) Others	80.93	75.32
Total	**3,008.19**	**1,951.69**

Note (i): Current maturities of long-term debt (Refer Note 5(i) Long-term borrowings for details):

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Term loans		
From Banks - Secured	756.33	391.71
From Others - Secured	9.73	30.01
Total	**766.06**	**421.72**

Note 11: Short-term provisions

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for employee benefits		
(i) Provision for leave benefits	241.54	167.18
(b) Other provisions		
(i) Provision for tax (Net of Advance Tax)	-	309.52
(ii) Provision for warranty (Refer Note 26.8)	655.95	448.92
(iii) Proposed equity dividend	1,044.66	1,044.66
(iv) Provision for tax on proposed dividend	177.54	169.47
Total	**2,119.69**	**2,139.75**

Note 12 (A) : Tangible fixed assets

₹ in lakhs

	TANGIBLE ASSETS								
	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Cost or valuation									
At April 1, 2011	1,442.45	426.38	4,698.94	5,618.70	301.72	195.25	222.84	570.23	13,476.51
Additions	382.36	37.58	592.74	233.44	49.64	74.32	36.36	184.46	1,590.90
Disposals	-	-	(48.51)	(72.03)	(63.79)	(12.17)	(13.01)	(64.91)	(274.42)
Other adjustments:									
- Borrowing costs (refer note i below)	-	-	13.16	-	-	-	-	-	13.16
At March 31, 2012	**1,824.81**	**463.96**	**5,256.33**	**5,780.11**	**287.57**	**257.40**	**246.19**	**689.78**	**14,806.15**
Additions	8.83	-	1,284.91	796.40	84.48	76.29	147.77	74.10	2,472.78
Disposals	(2.21)	-	-	(20.73)	(0.15)	(17.76)	(4.94)	(0.17)	(45.96)
Other adjustments:									
- Borrowing costs (refer note i below)	-	-	23.75	-	-	-	-	-	23.75
At March 31, 2013	**1,831.43**	**463.96**	**6,564.99**	**6,555.78**	**371.90**	**315.93**	**389.02**	**763.71**	**17,256.72**
Depreciation									
At April 1, 2011	-	6.10	332.70	1,806.38	134.53	50.34	54.82	231.53	2,616.40
Charge for the year	-	4.60	105.42	545.98	38.97	22.97	15.46	95.90	829.30
Disposals	-	-	(18.09)	(67.24)	(62.43)	(3.94)	(11.57)	(64.94)	(228.21)
At March 31, 2012	**-**	**10.70**	**420.03**	**2,285.12**	**111.07**	**69.37**	**58.71**	**262.49**	**3,217.49**
Charge for the year	-	4.69	125.34	580.00	59.90	28.59	24.21	112.96	935.69
Disposals	-	-	-	(19.97)	(0.02)	(6.88)	(1.41)	(0.03)	(28.31)
At March 31, 2013	**-**	**15.39**	**545.37**	**2,845.15**	**170.95**	**91.08**	**81.51**	**375.42**	**4,124.87**
Net Block									
At March 31, 2012	**1,824.81**	**453.26**	**4,836.30**	**3,494.99**	**176.50**	**188.03**	**187.48**	**427.29**	**11,588.66**
At March 31, 2013	**1,831.43**	**448.57**	**6,019.62**	**3,710.63**	**200.95**	**224.85**	**307.51**	**388.29**	**13,131.85**

Notes:

i. The borrowing cost capitalised during the year ended 31st March 2013 of ₹ 23.75 lakhs pertains to cost incurred and capitalised in Capital Work in Progress (CWIP) in the previous year and transferred to fixed assets from CWIP.

Note 12 (B) : Intangible assets

₹ in lakhs

	Computer Software	Trademark	Total
Gross block			
At April 1, 2011	81.11	1,062.07	1,143.18
Purchase	356.90	-	356.90
Disposals	(53.69)	-	(53.69)
At March 31, 2012	**384.32**	**1,062.07**	**1,446.39**
Purchase	178.39	-	178.39
At March 31, 2013	**562.71**	**1,062.07**	**1,624.78**
Amortisation			
At April 1, 2011	31.64	594.21	625.85
Charge for the year	32.09	107.97	140.06
Disposals	(35.72)	-	(35.72)
At March 31, 2012	28.01	702.18	730.19
Charge for the year	97.44	107.97	205.41
At March 31, 2013	**125.45**	**810.15**	**935.60**
Net block			
At March 31, 2012	356.31	359.89	716.20
At March 31, 2013	**437.26**	**251.92**	**689.18**

Note 12 (C) : Intangible assets under development

Intangible assets under development as at March 31, 2013 and as at March 31, 2012 relates to a computer software being developed for the Company.

Note 13: Long-term loans and advances

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Capital advances		
Unsecured, considered good	450.80	66.85
Doubtful	20.00	20.00
	470.80	86.85
Less: Provision for doubtful advances	(20.00)	(20.00)
	450.80	66.85
(b) Security deposits		
Unsecured, considered good	389.21	334.83
(c) Loans and advances to employees		
Unsecured, considered good	57.01	66.53
Doubtful	2.59	2.59
	59.60	69.12
Less: Provision for doubtful loans and advances	(2.59)	(2.59)
	57.01	66.53
(d) Balances with statutory/government authorities		
Unsecured, considered good	273.68	-
(e) Loans and advances to related parties (Refer note 26.4)		
Unsecured, considered good	1.25	3.05
(f) Prepaid Expenses - Unsecured, considered good	6.52	8.05
Total	**1,178.47**	**479.31**

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

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Raw Materials [includes in transit ₹ 136.63 lakhs, (31st March, 2012: ₹ 796.66 lakhs)] (refer note 21.b)	2,457.82	2,400.17
(b) Work-in-Progress (refer note 21.e)	1,515.71	1,454.23
(c) Finished Goods (other than those acquired for trading) (refer note 21.e)	5,376.96	3,700.51
(d) Stock-in-Trade [includes in transit ₹ 475.41 lakhs (31st March 2012: Nil)]	14,279.50	7,568.71
(e) Stores and Spares [includes in transit ₹ 35.75 lakhs (31st March 2012 : Nil)]	997.24	462.22
(f) Packing Materials [includes in transit ₹ 1.37 lakhs (31st March 2012 : Nil)]	229.99	156.25
Total	**24,857.22**	**15,742.09**

Note 15:Trade receivables

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	12.85	12.83
Unsecured, considered good	95.42	117.12
Doubtful	276.65	138.67
	384.92	268.62
Less: Provision for doubtful trade receivables	(276.65)	(138.67)
	108.27	129.95
Other trade receivables		
Secured, considered good	1,095.10	937.86
Unsecured, considered good	18,676.49	13,714.09
	19,771.59	14,651.95
Total	**19,879.86**	**14,781.90**

Note 16: Cash and bank balances

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Cash and cash equivalents		
Balances with banks		
(i) On current accounts	1,161.77	159.30
(ii) On EEFC accounts	2.51	10.01
(iii) On unpaid dividend accounts	22.11	17.55
Cash on hand	5.02	2.77
Total (A)	**1,191.41**	**189.63**
Other bank balances		
- Deposits with maturity for more than 12 months	11.13	0.40
- Margin money deposit with original maturity for more than 3 months but less than 12 months	305.26	146.91
Total (B)	**316.39**	**147.31**
(A + B)	**1,507.80**	**336.94**
Less: Amount disclosed under non-current assets (refer note 18B)	(11.13)	(0.40)
	1,496.67	**336.54**

Margin money deposits with carrying amount of ₹ 305.26 lakhs (31st March 2012 - ₹ 146.91 lakhs) are subject to first charge against the Letter of Credit obtained.

Note 17: Short-term loans and advances

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Security deposits		
Unsecured, considered good	19.79	56.00
(b) Loans and advances to employees		
Unsecured, considered good	71.09	9.82
(c) Loans and advances to related parties		
Unsecured, considered good (Refer note 26.4)	1.80	1.80
(d) Prepaid expenses		
Unsecured, considered good	271.53	92.26
(e) Balances with government authorities		
Unsecured, considered good	249.93	409.03
(f) Advance to suppliers		
Unsecured, considered good	1,993.05	1,561.50
(g) Advance Income Tax (net of provisions)	684.27	-
(h) Others		
Unsecured, considered good	70.47	21.37
Total	**3,361.93**	**2,151.78**

Note 18: Other assets

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
(A) Current assets - Unsecured, considered good		
(i) Insurance claims receivable	1.87	0.85
(ii) Interest receivable/accrued	2.26	2.49
	4.13	3.34
(B) Non current assets		
Non - current bank balances (refer note 16)	11.13	0.40
	11.13	0.40
Total	**15.26**	**3.74**

Note 19: Revenue from operations

₹ in lakhs

Sl. No.	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(a)	Sale of products (Refer Note (i) below)	137,207.01	97,071.56
(b)	Other operating revenues (Refer Note (ii) below)	1,164.91	706.70
		138,371.92	97,778.26
	Less:		
(c)	Excise duty #	2,350.47	1,315.25
	Total	**136,021.45**	**96,463.01**

Excise duty on sales amounting to ₹ 2,350.47 lakhs (31st March, 2012: ₹ 1,315.25 lakhs) has been reduced from sales in the statement of profit and loss and excise duty on increase/(decrease) in stock amouting to ₹ (5.26) lakhs (31st March 2012: ₹ 30.6 lakhs) has been considered as (income) in note 24 of financial statements.

₹ in lakhs

Note	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(i)	Sale of products comprises:		
	Manufactured goods		
	PVC insulated cables	37,617.20	27,773.94
	LT power & control cables	8,107.36	6,280.29
	Solar water heater	3,058.54	2,567.61
	Single phase pumps	2,145.94	1,539.25
	Others	3,478.88	2,031.00
	Total - sale of manufactured goods	**54,407.92**	**40,192.09**
	Traded goods		
	Stabilizer	23,767.05	19,216.18
	Pump	18,440.56	13,187.27
	Digital UPS	17,272.75	7,266.62
	Water Heater	8,450.23	6,935.46
	Electric Fan	7,057.47	5,665.78
	Others	7,811.03	4,608.16
	Total - sale of traded goods	**82,799.09**	**56,879.47**
	Total - sale of products	**137,207.01**	**97,071.56**
(ii)	Other operating revenues comprises:		
	Service charges	36.56	24.87
	Sale of scrap	973.53	681.83
	Government subsidy (refer note below)	154.82	-
	Total	**1,164.91**	**706.70**

Note The Company recognized as income a government subsidy of ₹ 154.82 lakhs (31st March 2012, ₹ Nil) for sale and installation of Solar Water Heating systems at various premises across India under Jawaharlal Nehru National Solar Mission (JNNSM).

Note 20: Other income

₹ in lakhs

Sl. No.	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(a)	Interest income (Refer Note (i) below)	195.91	86.11
(b)	Other non-operating Income (net of expenses directly attributable to such income) (Refer Note (ii) below)	166.30	149.11
	Total	**362.21**	**235.22**

₹ in lakhs

Note	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(i)	Interest Income comprises:		
	From banks on deposits	28.85	10.00
	On loans and advances	10.05	3.20
	On overdue trade receivables	157.01	61.58
	On income tax refund	-	11.17
	Others	-	0.16
	Total	**195.91**	**86.11**
(ii)	Other non-operating income comprises:		
	Mould hire charges	39.54	30.92
	Liabilities / provisions no longer required written back	2.76	35.27
	Miscellaneous income	124.00	82.92
	Total	**166.30**	**149.11**

Note 21.a: Cost of materials consumed

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Inventory at the beginning of the year	2,400.17	1,493.31
Add: Purchases	41,382.04	29,644.51
	43,782.21	31,137.82
Less: Inventory at the end of the year	2,457.82	2,400.17
Cost of material consumed	**41,324.39**	**28,737.65**
Details of materials consumed		
(i) Copper	27,880.86	19,435.88
(ii) PVC	3,383.70	2,815.27
(iii) Aluminium	2,961.36	2,084.34
(iv) Other items	7,098.47	4,402.16
Total	**41,324.39**	**28,737.65**

Note 21.b: Details of inventory - raw materials

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Copper	950.18	1,085.31
Aluminium	365.18	138.58
PVC	127.48	379.59
Other items	1,014.98	796.69
Total	**2,457.82**	**2,400.17**

Note 21.c: Details of purchase of traded goods

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Stabilizer	15,697.64	13,294.67
Pump	15,138.56	10,163.16
Digital UPS	17,654.92	5,513.22
Electric Fan	6,269.46	5,985.93
Water Heater	6,247.32	3,659.79
Others	7,400.38	4,094.48
Total	**68,408.28**	**42,711.25**

Note 21.d (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Inventories at the end of the year:		
Finished goods	5,376.96	3,700.51
Work-in-progress	1,515.71	1,454.23
Stock-in-trade	14,279.50	7,568.71
Total (A)	**21,172.17**	**12,723.45**
Inventories at the beginning of the year:		
Finished goods	3,700.51	4,120.10
Work-in-progress	1,454.23	1,684.55
Stock-in-trade	7,568.71	5,660.83
Total (B)	**12,723.45**	**11,465.48**
(Increase)/decrease in inventories		
Finished goods	(1,676.45)	419.59
Work-in-progress	(61.48)	230.32
Stock-in-trade	(6,710.79)	(1,907.88)
Net (increase) / decrease (B - A)	**(8,448.72)**	**(1,257.97)**

Note 21.e: Details of inventory - finished goods, work - in - progress and traded goods

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Finished goods		
PVC Insulated Cables	2,871.04	1,998.14
LT Power & Control Cables	1,211.60	914.80
Single Phase Pumps	415.72	282.85
Solar Water Heater	373.85	133.04
Other items	504.75	371.68
	5,376.96	**3,700.51**
Work-in-progress		
PVC Insulated Cables	916.44	753.63
LT Power & Control Cables	216.70	272.48
Single Phase Pumps	213.96	137.91
Other items	168.61	290.21
	1,515.71	**1,454.23**
Traded goods		
Stabilizer	3,325.39	3,003.82
Pump	2,312.54	1,798.53
Digital UPS	4,636.57	786.49
Electric fan	1,477.51	1,047.92
Water heater	1,039.23	615.90
Others	1,488.27	316.05
	14,279.51	**7,568.71**

Note 22: Employee benefits expense

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(a) Salaries and wages (refer note 26.7)	6,436.41	4,587.78
(b) Contributions to provident and other funds	243.28	197.43
(c) Gratuity expense (refer note 26.1)	104.03	163.35
(d) Staff welfare expenses	226.42	230.79
Total	**7,010.14**	**5,179.35**

Note 23: Finance Costs

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(a) Interest expense on:		
(i) Borrowings	1,901.82	1,585.97
(ii) Others		
- Interest on delayed / deferred payment of income tax	-	30.09
- Interest on deposits from distributors	95.24	86.47
Total	**1,997.06**	**1,702.53**

Note 24: Other expenses

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Consumption of stores and spare parts	980.83	584.69
Consumption of packing materials	1,006.77	874.91
Power and fuel	801.73	475.68
Rent	508.13	386.41
Repairs and maintenance - buildings	59.23	29.25
Repairs and maintenance - machinery	173.05	110.64
Repairs and maintenance - others	355.50	232.78
Insurance	83.63	94.51
Rates and taxes	368.37	268.60
Communication	175.96	160.22
Travelling and conveyance costs	1,141.94	853.65
Printing and stationery	60.08	60.60
Freight and forwarding charges	1,332.95	822.78
Sales commission	26.37	30.98
Cash discount	890.64	507.79
Advertisement and business promotion expenses	6,166.79	4,083.00
Donations and contributions	76.77	66.30
Legal and professional	138.97	102.43
Payments to statutory auditors (refer note (i) below)	20.97	24.87
Bad trade and other receivables, loans and advances written off	44.35	7.63
Net loss on foreign currency transactions and translation	11.07	34.05
Loss on fixed assets sold / scrapped / written off, net	-	54.88
Provision for doubtful trade and other receivables, loans and advances, net	137.98	50.45
(Increase)/decrease of excise duty on inventory	(5.26)	30.60
Warranty expenses	1,187.42	901.67
Miscellaneous expenses	989.58	889.57
Total	**16,733.82**	**11,738.94**

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(i) Payments to Statutory Auditors comprises:		
Statutory Audit Fees	13.00	12.00
Tax Audit Fees	1.25	2.00
Limited Review Fees	3.00	7.00
Fees for Other Services	0.75	-
Reimbursement of Expenses	0.75	1.27
Service Tax	2.22	2.60
Total	**20.97**	**24.87**

Note 25: Additional information to the financial statements

₹ in lakhs

Note	Particulars	As at 31st March, 2013	As at 31st March, 2012
25.1	**Contingent liabilities and commitments (to the extent not provided for)**		
	(i) Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt	8.82	9.05
	(b) Guarantees (see note (a) below)	1,050.00	250.00
	(c) Sales tax and income tax matters under dispute	310.08	173.21
	(d) Letters of credit opened with bank	2,126.56	497.42
	(e) Others	6.82	10.75
		3,502.28	**940.43**
	(ii) Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:	1,288.57	182.62
		1,288.57	**182.62**
	(a) The Company has arranged channel finance facility for its customers from various banks. As per the terms of the facility, should the customers default in making payment, after exhausting the modes of recovery the bankers have recourse on the Company to the extent of 25% of the sanctioned limit as on the balance sheet date which amounts to ₹ 1,050 lakhs as at 31st March 2013 (31st March, 2012 - ₹ 250.00 lakhs). The management is of the view that such a situation arising is remote. The total trade receivables who have availed this facility as at 31st March 2013 were ₹ 2,022 lakhs (31st March 2012 - ₹ 381.21 lakhs).		
25.2	**Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006** As at March 31, 2013, Trade payables include ₹ 1,658.91 lakhs (March 31, 2012 - ₹ 1001.75 lakhs), towards principal amount payable to suppliers as defined under Micro, Small, Medium Enterprises Development Act, 2006 (MSMED Act). Interest due on the above as at March 31, 2013 is ₹ 0.17 lakhs. The amount of interest paid by the Company in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day was ₹ Nil for the year ended March 31, 2013. The amount of interest due and payable for the period of delay for payments made to suppliers during the year ended March 31, 2013 amounts to ₹ 10.36 lakhs. The amount of interest accrued and remaining unpaid as at March 31, 2013 amounts to ₹ Nil. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 is ₹ Nil for year ended March 31, 2013. Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.		
25.3	**Disclosure as per clause 32 of the listing agreements with the stock exchanges** The Company has not given any loans and advances in the nature of loans to subsidiaries, associates or others, and there are no investments in the shares of the Company by such parties.		

25.4 **Details on unhedged foreign currency exposures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

As at 31st March, 2013		As at 31st March, 2012	
Receivable	**Receivable in foreign currency**	**Receivable**	**Receivable in foreign currency**
(₹ in lakhs)	**$ in lakhs**	**(₹ in lakhs)**	**$ in lakhs**
50.37	0.90	212.76	4.19
	€ in Lakhs		
51.49	0.70		
Payable	**Payable in foreign currency**	**Payable**	**Payable in foreign currency**
(₹ in lakhs)	**$ in lakhs**	**(₹ in lakhs)**	**$ in lakhs**
275.41	5.07	11.53	0.22

₹ in lakhs

	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
25.5	**Value of imports calculated on CIF basis**		
	Stock in trade	7,857.33	4,560.54
	Raw materials	588.17	407.10
	Stores, spares and packing materials	260.54	131.54
	Purchase of fixed assets	51.37	4.71
	Total	**8,757.41**	**5,103.89**
25.6	**Expenditure in foreign currency (on accrual basis)**		
	Travelling expenses	42.63	5.71
25.7	**Details of consumption of imported and indigenous items**	**(₹ in lakhs)**	**%**
	Imported		
	Raw materials	499.23	1%
		(393.55)	(1%)
	Stores, spares and packing materials	227.93	11%
		(109.98)	(8%)
	Total	**727.16**	**2%**
		(503.53)	**(2%)**
	Indigenous		
	Raw materials	40,825.16	99%
		(28,344.10)	(99%)
	Stores, spares and packing materials	1,759.67	89%
		(1,349.62)	(92%)
	Total	**42,584.83**	**98%**
		(29,693.72)	**(98%)**
	Note: Figures / percentages in brackets relates to the previous year		
25.8	**Earnings in foreign exchange (on accrual basis)**		
	Export of goods calculated on FOB basis	11.30	9.68

25.9	**Net dividend remitted in foreign exchange**		
	Year of remittance (ending on)	March 31, 2013	March 31, 2012
	Period to which it relates	April 01, 2011 to March 31, 2012	April 01, 2010 to March 31, 2011
	Number of non-resident shareholders	512	572
	Number of equity shares held on which dividend was due	263,898	296,550
	Amount remitted in foreign currency*	Nil	Nil
	* The Company has deposited the dividends payable to non-resident shareholders into their Rupee account with various banks in India and hence the amounts remitted in foreign currency during the years to non-resident shareholders on account of dividend is shown as nil.		

Note 26: Disclosures under accounting standards

Note	Particulars
26.1	**Employee Benefit Plans**
	Defined Contribution Plan - Provident Fund
	The Company makes Provident Fund contributions to a defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 237.11 lakhs (Year ended 31 March, 2012: ₹ 193.44 lakhs) towards Provident Fund contributions in the statement of profit and loss. The contribution payable to this plan by the Company is at the rate specified in the rules of the scheme.
	Defined Benefit Plan - Gratuity
	The following table sets out the funded status of the gratuity scheme and the amount recognised in the financial statements:

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Components of employer expense:		
Current service cost	52.65	25.98
Interest cost	28.25	12.34
Expected return on plan assets	(36.28)	(18.96)
Past service cost	-	-
Actuarial losses/(gains)	59.41	143.99
Total expense recognised in the Statement of Profit and Loss	**104.03**	**163.35**
Actual contribution and benefit payments for year:		
Actual benefit payments	16.23	20.72
Actual contributions	218.78	160.98
Net asset / (liability) recognised in the Balance Sheet:		
Present value of defined benefit obligation	476.16	336.55
Fair value of plan assets	606.64	352.27
Funded status [Surplus / (Deficit)]	130.48	15.72
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	**130.48**	**15.72**

Note 26 Disclosures under Accounting Standards (contd.)

₹ in lakhs

	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Change in defined benefit obligations (DBO) during the year:		
	Present value of DBO at beginning of the year	336.55	164.62
	Current service cost	52.65	25.98
	Interest cost	28.25	12.34
	Actuarial (gains) / losses	74.94	154.33
	Past service cost	-	-
	Benefits paid	(16.23)	(20.72)
	Present value of DBO at the end of the year	**476.16**	**336.55**
	Change in fair value of assets during the year:		
	Plan assets at beginning of the year	352.27	182.70
	Expected return on plan assets	36.28	18.96
	Actual company contributions	218.78	160.98
	Actuarial gain / (loss)	15.54	10.35
	Benefits paid	(16.23)	(20.72)
	Plan assets at the end of the year	**606.64**	**352.27**
	Composition of the plan assets is as follows:		
	Insurer Managed Assets	606.64	352.27

₹ in lakhs

	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Actuarial assumptions:		
	Discount Rate	8.10%	8.60%
	Expected Return on Plan Assets	8.00%	8.00%
	Salary Escalation	7.00%	6.00%
	Attrition	Marketing - 15% & Non-Marketing - 7%	Marketing - 15% & Non-Marketing - 7%
	Mortality Table	Indian Assured Lives Mortality (2006-8) modified Ultimate	LIC (1994-96) Ultimate
	Performance percentage considered	NA	NA
	Estimate of amount of contribution in the immediate next year	150.00	200.00
	The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.		
	The estimate of future salary increases considered, takes into account the inflation, seniority, promotion,		

Note 26 Disclosures under Accounting Standards (contd.)

increments and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience Adjustments:

₹ in lakhs

Gratuity	2012-13	2011-12	2010-11	2009-10	2008-09
Present value of DBO	476.16	336.55	164.62	142.74	121.41
Fair value of plan assets	606.64	352.27	182.70	179.04	171.42
Funded status [Surplus / (Deficit)]	130.48	15.72	18.08	36.30	50.01
Experience gain / (loss) adjustments on plan liabilities	(25.11)	(122.08)	Not Available	Not Available	Not Available
Experience gain / (loss) adjustments on plan assets	15.53	10.35	Not Available	Not Available	Not Available

26.2 Details of capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

₹ in lakhs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Professional fees	22.79	-
Finance costs	-	36.91
	22.79	**36.91**

26.3 Segment Information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily (a) Electronic Products, (b) Electrical / Electro Mechanical Products and (c) Others. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

Note 26 Disclosures under Accounting Standards (contd.)

A. Primary business segment

₹ in lakhs

Particulars	For the year ended 31st March, 2013				Total
	Business Segments			Eliminations	
	Electronics	Electrical / Electro Mechanical	Others		
Revenues	45,935.02	86,838.62	3,247.81	-	136,021.45
	(30,666.48)	(62,758.47)	(3,038.06)	(-)	(96,463.01)
Inter-segment revenue	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Total	45,935.02	86,838.62	3,247.81	-	136,021.45
	(30,666.48)	(62,758.47)	(3,038.06)	(-)	(96,463.01)
Segment results	5,353.81	4,936.94	135.34	-	10,426.09
	(4,841.32)	(3,808.72)	(178.36)	(-)	(8,828.40)
Unallocable expenses (net)					2,208.52
					(1,911.28)
Profit Before Taxes					8,217.57
					(6,917.12)
Tax expense					1,926.06
					(1,837.02)
Net profit for the year					**6,291.51**
					(5,080.10)

Note: Figures in bracket relates to the previous year

₹ in lakhs

Particulars	For the year ended 31st March, 2013			Total
	Business Segments			
	Electronics	Electrical / Electro Mechanical	Others	
Segment assets	15,722.69	35,344.26	3,799.16	54,866.11
	(8,987.55)	(26,732.39)	(2,329.83)	(38,049.77)
Unallocable assets				10,620.21
				(8,858.50)
Total assets				**65,486.32**
				(46,908.27)
Segment liabilities	2,859.19	5,083.05	489.86	8,432.10
	(2,181.07)	(2,818.83)	(231.91)	(5,231.82)
Unallocable liabilities				30,921.16
				(20,612.70)
Total liabilities				**39,353.26**
				(25,844.52)

Note 26 Disclosures under Accounting Standards (contd.)

₹ in lakhs

Particulars	For the year ended 31st March, 2013			Total
	Business Segments			
	Electronics	Electrical / Electro Mechanical	Others	
Other information				
Capital Expenditure (allocable)	11.08	775.04	423.70	1,209.82
	(-)	(379.38)	(768.22)	(1,147.59)
Capital Expenditure (unallocable)				1,232.92
				(1,776.54)
Total Capital Expenditure				2,442.74
				(2,924.13)
Depreciation and Amortisation (allocable)	0.17	564.93	41.97	607.07
	(-)	(505.76)	(51.77)	(557.53)
Depreciation and Amortisation (unallocable)				534.05
				(411.83)
Total Depreciation and Amortisation				1,141.12
				(969.36)
Other Significant Non-cash Expenses (allocable)	-	-	-	-
	(-)	(-)	(-)	(-)
Other Significant Non-cash Expenses (unallocable)				-
				(-)
Total Other Significant Non-cash Expenses				-
				(-)

Note: Figures in bracket relates to the previous year

B. Geographical segment

	India	Others	Total
Segment revenue	136,010.15	11.30	136,021.45
	(96,453.33)	(9.68)	(96,463.01)
Segment assets	54,863.57	2.54	54,866.11
	(38,049.77)	-	(38,049.77)
Capital expenditure incurred	2,442.74	-	2,442.74
	(2,924.13)	-	(2,924.13)

Note: Figures in bracket relates to the previous year

Note 26 Disclosures under Accounting Standards (contd.)

26.4	**Related Party Transactions**	
(a)	**Details of Related Parties:**	
	Description of Relationship	**Names of Related Parties**
	Key Management Personnel (KMP)	Mr. Kochouseph Chittilappilly - Chairman (w.e.f 1st November, 2012 and Vice Chairman upto 31st October 2012) Mr. P.G.R. Prasad - Chairman (till 31st October, 2012) Mr. Cherian Punnoose - Vice Chairman (w.e.f 1st November, 2012) Mr. Mithun K. Chittilappilly - Managing Director (w.e.f 1st April, 2012) and Son of Mr. Kochouseph Chittilappilly Dr. George Sleeba - Joint Managing Director
	Relatives of KMP	Ms. Sheela Kochouseph - Wife of Mr. Kochouseph Chittilappilly Mr. Arun K. Chittilappilly - Son of Mr. Kochouseph Chittilappilly Mr. C. T. John - Brother of Mr. Kochouseph Chittilappilly
	Company in which KMP / Relatives of KMP can exercise significant influence	M/s. Wonderla Holidays Limited (31st March 2012: Wonderla Holidays Private Limited) M/s. V-Star Creations Private Limited M/s. Veegaland Developers Private Limited M/s. K Chittilapilly Foundation M/s. Thomas Chittilapilly Trust

Note: Related parties have been identified by the Management.

Note 26 Disclosures under Accounting Standards (contd.)

(b) **Details of related party transactions during the year ended 31st March, 2013 and balances outstanding on that date:**

(₹ in lakhs)

Name of the Related Party	Nature of Transaction	2012-13	Balance Outstanding on 31.03.2013	2011-12	Balance Outstanding on 31.03.2012
Mr. Kochouseph Chittilappilly	Rent Paid	18.15	-	1.50	-
	Dividend Paid	257.83	-	257.83	-
	Remuneration	46.48	-	59.24	-
	Commission	63.50	63.50	71.64	71.64
	Advance rent	-	3.05	-	4.85
	Guarantees and Collateral Securities given by the related party	-	149.99	-	229.49
Mr. Mithun K Chittilappilly	Dividend Paid	168.25	-	167.74	-
	Remuneration	35.66	-	18.03	-
	Commission	42.33	42.33	35.82	35.82
Mr. Arun K Chittilappilly	Dividend Paid	138.94	-	138.94	-
Mrs. Sheela Kochouseph	Dividend Paid	124.81	-	138.81	-
	Guarantees and Collateral Securities given by the related party	-	149.99	-	229.49
Mr. P.G.R Prasad	Commission	3.53	-	5.50	2.75
Mr. Cherian Punnoose	Commission	2.08	2.08	-	-
Dr. George Sleeba	Remuneration	34.31	-	29.72	-
	Commission	25.00	25.00	25.00	25.00
Mr. C T John	Dividend Paid	0.05	-	0.05	-
Thomas Chittilapilly Trust	Donation	37.50	-	25.00	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

26.5	Earnings Per Share	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	The following reflects the profit and share data used in the basic and diluted EPS computations:		
	Net Profit for the year (₹ in lakhs)	6,291.51	5,080.10
	Weighted average number of equity shares	29,847,520	29,847,520
	Basic & diluted earnings per share	**21.08**	**17.02**

Note 26 Disclosures under Accounting Standards (contd.)

₹ in lakhs

26.6	**Deferred tax (liability) / asset**	**For the year ended 31st March, 2013**	For the year ended 31st March, 2012
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	(966.19)	(773.34)
	Tax effect of items constituting deferred tax liability	(966.19)	(773.34)
	Tax effect of items constituting deferred tax assets		
	Provision for doubtful debts / advances	94.03	45.61
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	82.09	56.16
	Others (provision for warranty)	-	245.27
	Tax effect of items constituting deferred tax assets	176.12	347.04
	Net deferred tax (liability) / asset	**(790.07)**	**(426.30)**

₹ in lakhs

	Particulars	**For the year ended 31st March, 2013**	For the year ended 31st March, 2012
26.7	**Details of research and development expenditure (refer note below)**		
	Materials	63.06	44.50
	Employee benefits expense	208.30	105.18
	Professional fees	-	14.46
	Consumables	-	2.71
	Travelling expenses	17.49	0.02
	Capital assets	102.86	-
	Others	-	9.57
	Total	**391.71**	**176.44**
Note:	The Company has received recognition from Department of Scientific and Industrial Research (DSIR) vide letter dt 4th March 2013 for the inhouse R&D units.		

Note 26 Disclosures under Accounting Standards (contd.)

26.8 Details of provisions

The Company has made provision for warranties based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

₹ in lakhs

Particulars	As at 1st April, 2012	Additions	Utilisation / Reversal	As at 31st March, 2013
(a) Provision for Warranty	755.95	692.45	451.64	996.76
	(347.71)	(632.57)	(224.33)	(755.95)

Note:-Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

₹ in lakhs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Warranty	655.95	448.92

27 **Previous year figures**

Prior year financial statements were audited by a firm other than S.R. Batliboi & Associates LLP. Prior year figures have been regrouped / reclassified, wherever necessary, to confirm to current year's classification.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : 15th May, 2013

For and on behalf of the board of directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman

Sd/-
Mithun K. Chittilappilly
Managing Director

Sd/-
Jacob Kuruvilla
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : 15th May, 2013

National Electronic Clearing Service (NECS Mandate Form)

(For shares held in physical form)

1. First Shareholder's Name :

2. Shareholder's Folio No. :

3. Particulars of bank account :

   a) Bank Name :

   b) Branch Name :

   c) Account No. :

   d) Account Type : SB ☐ Current ☐ Cash Credit ☐

   (tick whichever is applicable)

   e) Ledger Folio No. of the bank A/c (as appearing on the cheque book) :

   f) 9 Digit code no. of the bank & branch appearing on the MICR cheque issued by the bank :

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

Date: **Signature of First Shareholder**

Note:

1. Please attach the photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code numbers.

2. Members who have not opted for NECS facility earlier are requested to fill up the enclosed mandate form and forward the same to Link Intime India Private Limited, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Souripalayam Road, Coimbatore-641028 latest by 10th July, 2013.

3. Members who have already availed the NECS facility may intimate Link Intime India Private Limited in the aforesaid address of any change in the bank account details already furnished latest by 10th July, 2013.

4. **Members who have opted for the soft copy of the Annual Report as per the 'Green Initiative' may kindly take a print out of the NECS mandate and dispatch the same to the aforesaid address latest by 10th July, 2013**

V-GUARD INDUSTRIES LIMITED

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

PROXY FORM

Seventeenth Annual General Meeting – 23rd July, 2013

Regd.Folio No./DP Client ID | | | | | | | | | | | | | | | |

I/We……of ……in the district of ……..being a member(s) of the above named Company hereby appoint ……. of…….. in the district of ……. or failing him ……..…… of ……. in the district of …… as my/our proxy to vote for me/us on my /our behalf at the Seventeenth Annual General Meeting of the Company to be held on Tuesday, the 23rd day of July, 2013 at 10.00 a.m at Hotel "The Renai Cochin", Palarivattom P.O., Kochi – 682025 and at any adjournment thereof.

Signed this…… day of…….2013

Affix Revenue Stamp

Signature:

Note:

1) The proxy in order to be effective must be returned so as to reach the Company at the above address not less than 48 hours before the time for holding the aforesaid meeting and should be duly stamped, completed and signed.

2) Members who have opted for the soft copy of the Annual Report as per the 'Green Initiative' may kindly take a print out of the Proxy Form and dispatch the same to the aforesaid address.

V-GUARD INDUSTRIES LIMITED

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

ATTENDANCE SLIP

Seventeenth Annual General Meeting – 23rd July, 2013

For Demat Shareholders

Name & Address of the Shareholder	DP Client ID	No. of Shares held

For Physical Shareholders

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

I hereby record my presence at the Seventeenth Annual General Meeting of the Company at 10.00 a.m. at Hotel "The Renai Cochin", Palarivattom P.O., Kochi - 682025 on Tuesday, the 23rd July, 2013.

If Shareholder, please sign here	If Proxy, please sign here

Note:

1) Members are requested to fill up the attendance slip and hand it over at the venue.

2) Members who have opted for physical copy of Annual Report are requested to bring their copy of Annual Report to the meeting.

3) Members who have opted for the soft copy of the Annual Report as per the 'Green Initiative' may kindly take a print out of the Attendance Slip and hand it over at the venue

NOTES

NOTES

National Honour for our Chairman, Kochouseph Chittilappilly

Our Chairman, Kochouseph Chittilappilly was honoured with a special recognition award for **Social Commitment and CSR Initiatives** by His Excellency Dr. A P J Abdul Kalam, Former President of India, during the inaugural function of NIPM National Conference (NCON 2012) held on 6 – 8 September 2012 .

Dr Kalam, on 7th Sept 2012 wrote in the Facebook page as follow:

" Yesterday , I inaugurated the 31st NIPM National Conference at Kochi where a number of HR managers, industrialists, academicians and students were present. **There I met a special person who was given a special recognition amidst the gathering. His name is Shri Kochouseph Chittilappilly (in pic) and he is a well-known industrialist in the field of electrical equipment, construction and services in the nation and the state. He has been amongst the highest taxpayers in the state and is also very active in the social service domain.**

In 2011, in a touching gesture of giving, Mr. Chittilappilly donated his own kidney to an unknown ailing poor truck driver. This set in motion a unique movement called, "The Kidney Chain", wherein a relative of one patient would donate to another patient, whose relative will in turn donate onwards and so on. **Moreover, over 500 employees of his own company pledged to donate their organs after death.**

What a great spirit of giving is exhibited by this self-made industrialist. Yesterday, when I saw the radiant smiling face of Mr. Chittilappilly, one thought immediately came to my mind – Giving makes you happy.

A true hero for the What Can I Give Mission"

http://m.facebook.com/OfficialKalam?id=232191300190000&_rdr#!/photo.php?fbid=365182310224231&id=232191300190000&set=a.238884822853981.57799.232191300190000&refid=17

V-Guard product range

Voltage Stabilizer

Wires

Single &
3 Phase Pumps

Digital UPS & Inverters

Water Heaters

Fans

Power & Control Cables

Solar Water Heaters

UPS

Switchgears

Induction Cooktop

Mixer Grinder

CRYSTAL cfl_mum@crystalforms.com

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