



V-GUARD INDUSTRIES LIMITED

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

Tel: 0484-3005000; Fax: 0484-3005100; Website: www.vguard.in Email: secretarial@vguard.in

Notice Pursuant to Section 192A of the Companies Act, 1956

Dear Member(s),

Notice is hereby given that pursuant to Section 192A of the Companies Act, 1956 ("the Act") and the Companies (passing of the resolution by postal ballot) Rules, 2011 (including any statutory modification or re-enactment thereof for the time being in force) ("the Rules") made thereunder, the Company is seeking the consent of its members by passing resolution through Postal Ballot in respect of the Special Business appended below.

In the event of the resolution as set out below, if assented by the requisite majority of the shareholders by means of Postal Ballot, it shall be deemed to have been passed as a Special Resolution at the General Meeting of the Company. The date of announcement of the result shall be considered to be the date of the General Meeting and the date of passing of the said resolution.

1. Approval of Employee Stock Option Scheme

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:-

RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines"), and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent and approval of the Company be and are hereby accorded respectively to the Employee Stock Option Scheme 2013 (hereinafter referred to as "ESOS 2013") and to the Board of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), to create, offer, grant and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Whole-time Director of the Company, except those who are promoter or belonging to the promoter group, options exercisable into not more than 11,20,000 equity shares of the Company under ESOS 2013, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one equity share of a face value of ₹ 10/- each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 11,20,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, grant and allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the scheme and to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the scheme on the Stock Exchanges as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the SEBI Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any Committee, with power to further delegate to any executives/officers of the Company to do all

such acts, deeds, matters and things and also to execute such documents as may be necessary in this regard.

Notes:

1. Explanatory Statement for proposed Special Resolution pursuant to Section 173(2) read with Section 192A(2) of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is given hereunder;
2. The Notice is being sent to all the members whose names appear in the Register of Members / Record of Depositories as on 5th April, 2013. The Notice will be sent through electronic mode to those members who have registered their e-mail id with the Company and for others it will be sent by post.
3. The Board of directors has appointed Mr. M.D. Selvaraj, Practicing Company Secretary, Coimbatore as the scrutinizer (the "Scrutinizer") for conducting the postal ballot process in a fair and transparent manner.
4. Members are requested to carefully read the instructions printed in the postal ballot form and either vote electronically through www.evotingindia.com, (detailed instruction in this regard is mentioned in this notice) or return the postal ballot form (no other form or photocopy is permitted) duly completed in the attached self-addressed, postage pre-paid envelope so as to reach the Scrutinizer by note later than the close of working hours on 11th May, 2013. Electronic vote or postal ballot forms received after this time/date will be strictly treated as if the reply from the concerned member has not been received. The postage will be borne and paid by the Company.
5. The Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically instead of dispatching Postal Ballot. E-voting is optional. In case a member desires to exercise his vote by using e-voting facility then he has to follow the instructions as given for e-voting in this notice. The member can log-in and cast the vote before the end of the voting period.
6. The Scrutinizer will submit his report to the Chairman of the Company or in his absence to any other designated director of the Company after completion of scrutiny of e-voting and postal ballot forms received.
7. The result of voting by postal ballot will be announced at 12.00 noon on 14th May, 2013 at the registered office of the Company at 33/2905 F, Vennala High School Road, Vennala, Kochi - 682028, Kerala and will be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the equity shares of the Company are listed.

By Order of the Board of Directors

Sd/-

Place : Kochi

Jayasree K

Date : 25th March, 2013

Company Secretary

Explanatory statement pursuant to Section 173(2) and Section 192A(2) of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Item No.1

Your Company has grown at a compounded annual growth rate of more than 25% over the last four years. The stellar performance both in the revenue and profit was achieved mainly due to the leadership qualities of the senior managers and their ability and willingness to shoulder more responsibilities. It is imperative for every organization to retain the existing talents in its growth trajectory and also to attract new talents which is required in the on going journey of growth. Employee Stock Option is considered as one of the best tools of employee compensation, which helps the employee to create wealth in line with the growth of the Company. With an intention to create ownership philosophy among the employees, Your Directors in their meeting held on 25th March, 2013, has decided to implement Employee Stock Option Scheme in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The main features of the employee stock option scheme(s) are as under:

1. Total number of options to be granted:

The aggregate number of options to be granted under the ESOS 2013 shall not be more than 11,20,000 (Eleven lakhs and twenty thousand). Each option when exercised would be converted into one equity share of ₹ 10/- each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

SEBI guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the ceiling of 11,20,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s)

All permanent employees of the Company, including the Directors but excluding the promoters and promoter group of the Company, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock options under the ESOS(s).

3. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest and also the detailed terms and conditions relating to such performance-based vesting and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than four years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options. The requirements of vesting and period of vesting shall be mentioned in the grant letter. The employee(s) cannot exercise his/her right during the vesting period.

5. Exercise Price

The exercise price would be equal to a price not less than face value of the shares and not more than the prevailing Fair Market Value of the shares as on the date of Grant, as determined by the Compensation Committee.

6. Exercise Period and the process of Exercise

The exercise period would commence from the date of vesting and will expire on completion of six years from the date of vesting of options. The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal Process for determining the eligibility of the employees to ESOS

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as role / designation / grade of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate

The number of options that may be granted to any specific employee under the Scheme(s) shall be less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

9. Disclosure and Accounting Policies

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines.

10. Method of option valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines.

The Board accordingly recommends the Resolution for approval by the members of the Company as Special Resolution.

The options to be granted under the Scheme shall not be treated as an offer or an invitation made to public for subscription in the securities of the Company.

None of the Directors of the Company, are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

By Order of the Board of Directors

Place : Kochi

Date : 25th March, 2013

Sd/-
Jayasree K
Company Secretary

PROCEDURE AND INSTRUCTIONS FOR E- VOTING

The procedure and instructions for e-voting are as follows:

- I. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- II. Now click on "Shareholders" tab to cast your votes
- III. Now, select the Electronic Voting Sequence Number – "EVS" along with "V-GUARD INDUSTRIES LIMITED" from the drop down menu and click on "SUBMIT"
- IV. Now, fill up the following details in the appropriate boxes:

User – ID	For the Members holding shares in Demat Form:- a) For NSDL – 8 Character DP ID followed by 8 digits Client ID. b) For CDSL – 16 digits beneficiary ID For the Members holding shares in Physical Form Folio number registered with the Company.
Password	Your unique Password is printed on the Postal Ballot Form / via email forwarded through the electronic notice.
PAN	Enter your 10 digit alpha numeric PAN issued by Income tax Department when prompted by the system while e-voting

- V. After entering these details appropriately, click on "SUBMIT".
- VI. Members holding shares in physical form will then reach directly to the voting screen.
- VII. Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- VIII. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication (s) regarding CDSL e-voting system in future. The Same may be used in case the Members forgets the password and the same needs to be reset
- IX. If you are holdings shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- X. For Members holdings shares in physical form, the password and default number can be used only for e-voting on the resolution contained in this Postal Ballot Notice.
- XI. On the voting page, you will see Resolution Description and against the same the option 'YES / NO' for voting. Enter the number of shares (which represents number of votes) under YES / NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding
- XII. Click on the Resolution File Link if you wish to view the entire Postal Ballot Notice.
- XIII. After selecting the resolution, you have decided to vote on click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- XIV. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- XV. Corporate/Institutional Members (corporate/FIs/FILs/Trust/Mutual Funds/Banks etc.) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail id csmdscbe@gmail.com with copy to helpdesk.evoting@cdslindia.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_EVSN".
- XVI. If you wish to provide feedback on the e-voting system, click on 'Suggestions'. in case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

Enclosure

1. Postal Ballot Form
2. Postage prepaid envelope

INSTRUCTIONS

- a) A member desiring to exercise vote by postal ballot may complete the Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier at the expenses of the registered member will also be accepted.
- b) Please convey your assent/ dissent in this Postal Ballot Form. The assent/ dissent received in any other form shall not be considered valid.
- c) This form should be completed and signed by the member. In case of joint holding, this form should be completed and signed (as per specimen signature registered with the company) by the first named member and in his absence, by the next named member.
- d) The Postal Ballot Form shall not be exercised by a Proxy.
- e) In case of shares are held by companies, trusts, societies, etc. the duly completed Postal ballot form should be accompanied by a certified true copy of Board Resolution/Authority.
- f) Incomplete, unsigned or incorrectly ticked Postal Ballot Form will be rejected.
- g) In terms of provisions of Rule 5(b) of the Companies (Passing of resolution by Postal Ballot) Rules, 2001, Mr. M D Selvaraj, Practising Company Secretary, Coimbatore has been appointed as scrutinizer for conducting the postal ballot. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours on **Saturday, the 11th day of May, 2013**. All Postal Ballot Forms received after this date will be strictly treated as if the reply from such a member has not been received.
- h) Voting rights shall be reckoned on the paid up value of the shares registered in the name of the member as on 5th April, 2013.
- i) Members are requested not to send any other paper along with the postal ballot form in the enclosed self-addressed postage prepaid envelope in as much as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
- j) A member is neither required to cast all his/her votes nor he/she is required to vote in the same manner.
- k) There will be one Postal Ballot Form for every Folio/ Client ID, irrespective of the number of Joint holders.
- l) The Scrutinizer's decision on the validity of a Postal Ballot Form will be final.
- m) The Scrutinizer will submit his report after completion of the scrutiny and the results of the Postal Ballot will be announced on Tuesday, **the 14th day of May 2013 at 12.00 noon** at the Registered Office of the Company.
- n) Members opting for e-voting may follow the procedure as recommended by CDSL, the e-voting agency appointed by the Company as stated in the Notice of Postal Ballot.



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Serial No.:

POSTAL BALLOT FORM

(Please read the instructions printed overleaf carefully before completing this form.)

1. Registered Folio No./ DP ID No. & Client ID No. *

*(Applicable to investors holding shares in dematerialized form)

2. Name(s) and Registered Address of the sole/first named Shareholder / Beneficial owner, including Joint holder(s), if any (in block letters)

3. Number of shares held

I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through postal ballot for the business stated in the Notice of the Company dated 25th March 2013 as per the text resolution with explanatory statement by conveying my/our assent or dissent to the said resolution by placing the tick (✓) mark at the appropriate box below:

Sl. No.	Description	No. of Shares	Nature of Voting	Please tick(✓) in appropriate box below
1.	Special resolution pursuant to Section 81(1A) of the Companies Act 1956 for issue of shares to employees of the Company under the Employees Stock Option Scheme (ESOS) 2013.		I/We assent the resolution (FOR)	
			I/We dissent the resolution (AGAINST)	

Place :

Date :

Signature of share holder
(Refer instruction No.c. over leaf)

Please send the postal ballot form in the envelope enclosed herewith.

ELECTRONIC VOTING PARTICULARS	
EVS (Electronic Voting Sequence Number)	
USER ID	
PASSWORD	
DEFAULT / PANCARD No.	

Note : Please read carefully the instructions printed overleaf before exercising the vote through this and for e-voting, please refer the instructions under "For voting in electronic form (e-voting)" notice attached herewith.