

# VIP INDUSTRIES LIMITED



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**BOARD OF DIRECTORS**

Mr. Dilip G. Piramal (Chairman)	Mr. Amit Jatia
Ms. Radhika Piramal (Executive Vice Chairperson)	Ms. Nisaba Godrej
Mr. Sudip Ghose (Managing Director)	Mr. Tushar Jani
Mr. D. K. Poddar	Mr. Ramesh Damani

**CHIEF FINANCIAL OFFICER**

Ms. Neetu Kashiramka (Appointed w.e.f. 8<sup>th</sup> April, 2020)

**COMPANY SECRETARY**

Mr. Anand Daga

**STATUTORY AUDITORS**

M/s. Price Waterhouse Chartered Accountants LLP

**INTERNAL AUDITORS**

M/s. Suresh Surana & Associates LLP

**BANKERS**

State Bank of India  
Central Bank of India  
Axis Bank Limited  
Kotak Mahindra Bank Limited  
IDBI Bank Limited  
The Hongkong and Shanghai Banking Corporation Ltd.  
YES Bank Limited

**REGISTERED OFFICE**

DGP House, 5th Floor, 88-C,  
Old Prabhadevi Road, Mumbai - 400 025  
Tel: +91 (22) 66539000  
Fax: +91 (22) 66539089  
CIN : L25200MH1968PLC013914  
Website : [www.vipindustries.co.in](http://www.vipindustries.co.in)

**FACTORIES**

78 - A, MIDC Estate, Satpur, Nashik - 422 007, Maharashtra  
Plot No. A/7, MIDC Malegaon, Taluka Sinnar, Nashik - 422 103, Maharashtra.  
Plot No. L-4/ L-5, Nagpur Industrial Estate, Nagpur - 440 036, Maharashtra  
Plot No. 7 to 11, Sector 12, SIDCUL Area, Haridwar - 249 403, Uttarakhand

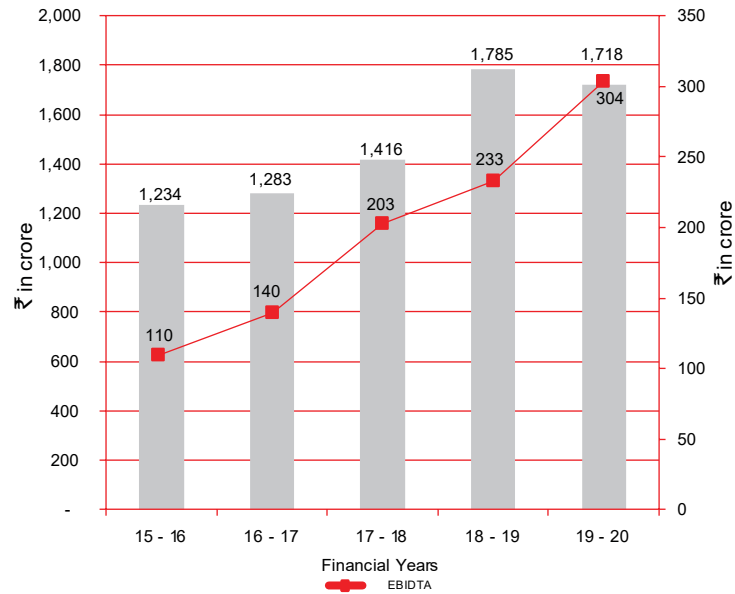
**INVESTORS' SERVICES DEPARTMENT**

DGP House, 5th Floor, 88-C, Old Prabhadevi Road, Mumbai - 400 025, Maharashtra  
Tel : +91-22-6653 9000, Fax : +91-22-6653 9089 Email: [investor-help@vipbags.com](mailto:investor-help@vipbags.com)

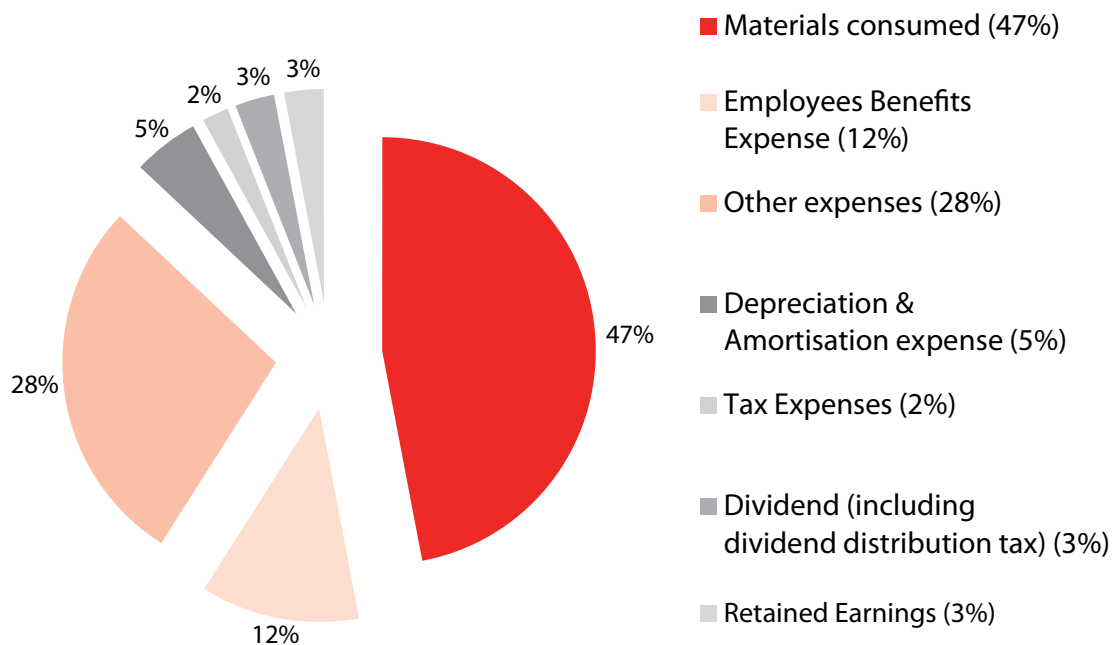
**REGISTRAR & SHARE TRANSFER AGENT**

Link Intime India Private Limited  
C-101, 247 Park, LBS Marg, Vikroli (W), Mumbai - 400 083  
Tel. No.: +91 22-49186270, Fax No.: +91 22-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Consolidated - Revenue from operations vs EBIDTA



## Distribution of Consolidated Earnings FY 2019 - 20



NOTICE is hereby given that the Fifty Third Annual General Meeting (AGM) of the Members of V.I.P. INDUSTRIES LIMITED will be held on Wednesday, 5<sup>th</sup> August, 2020, at 4:00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company on standalone and consolidated basis for the financial year ended 31<sup>st</sup> March, 2020 together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the interim dividend of Rs. 3.20 per equity share (160%) of face value of Rs. 2 each, already paid, as the final dividend for the financial year ended 31<sup>st</sup> March, 2020.
3. To appoint a Director in place of Mr. Dilip G. Piramal (DIN- 00032012), who retires by rotation and being eligible, seeks re-appointment.

**SPECIAL BUSINESS:**

4. **Re-appointment of Mr. Amit Jatia (DIN 00016871) as Non- Executive Independent Director of the Company for a period of 5 (five) years w.e.f. 24<sup>th</sup> July, 2020 to 23<sup>rd</sup> July, 2025.**

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Mr. Amit Jatia (DIN 00016871), who was appointed as an Independent Director at the 48<sup>th</sup> Annual General Meeting of the Company and who holds office up to 23<sup>rd</sup> July, 2020 and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-executive, Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 5 (five) years with effect from 24<sup>th</sup> July, 2020 to 23<sup>rd</sup> July, 2025.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers to any committee of directors with power to further delegate to any other Officer(s) or Authorised Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **Amendment of the Object Clause in the Memorandum of Association of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant rules framed there under (including any statutory modifications or re-enactment thereof, for the time being in force), subject to necessary registrations, approvals, consents, permissions and sanctions, if any from the Competent Authority(ies) and subject to such terms, conditions, amendments or modifications as may be required or suggested by any such Competent Authority(ies), the approval of the Members be and is hereby accorded for effecting the following modifications, alteration and amendments in the existing Memorandum of Association of the Company:

- A. Part A of Clause III of the Object Clause of the existing Memorandum of Association which is currently titled as "**THE MAIN OBJECTS OF THE COMPANY (TO BE PURSUED BY THE COMPANY) ON ITS INCORPORATION**" shall be altered by replacing and substituting the same with the new Clause III (a) with the new heading titled as "**THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION**"

1. To carry on the business of designing, engineering, manufacturing, producing, assembling, fabricating, altering, repairing, buying, selling, marketing, retailing, trading, acquiring, representing manufacturers, storing, packing, transporting, forwarding, distributing, importing, exporting and disposing of:
  - (i) Bags, hand bags, ladies bags, sports bags, travel bags, game bags, casual bags, shopping bags, sleeping bags, suit cases, brief cases, attaché cases, business cases, computer and tool cases trunks, vanity cases, travel accessories, articles of luggage made of plastics, textiles, leather and other materials, Belts, Caps, Helmets, Headwear, Wallets, face mask, surgical mask, face shield, gloves, umbrellas, Fragrances, Perfumes, Apparels, Garments, Sarees, Writing Instruments, Mobile Phones and related services and other personal convenience articles, devices and musical instruments, entertaining apparatus, sound equipments, personal protection kit, lifestyle accessories and render after sale services and service incidental thereto.

- (ii) Watches, clocks, chronometers, horological instruments and other devices for measuring time, components, parts, dials, handstraps, bracelets, cases, crowns, jewels, crystals, micro meters, button cells, shock absorbers, lamps, appliances, and all types of precision tools, spares and components.
  - (iii) Mechanical, electrical, electronic, pneumatic and other types of measuring instruments, including gauges, calipers, equipments, meters, apparatus, tools, spares, machineries, plants, bridges, scientific instruments of all kinds and varieties.
  - (iv) All types of ornaments, jewels, diamonds, gold, silver, platinum, metal alloys, precious and semi-precious stones of all kinds.
  - (v) Sunglasses/ prescription glasses and frames, lens, hearing aids and related accessories and engage in business activities incidental thereto such as Eye checking, optometry, Contact lenses and other accessories and to import, export, deal in merchandise related to the above business in whatsoever manner and further engage in any segment of value addition either forward or backward in the eyewear business including prescription eyewear.
  - (vi) Products used in kitchen including appliances, storage shelves, kitchen utensils, chimneys, hobs, furniture and cabinets and render after sale services and services incidental thereto.
  - (vii) Products powered by solar energy including solar panels, solar powered home lighting systems, solar batteries, solar fans, solar torches, solar lights, solar lantern chargers, solar mobile, solar cookers, solar garden, solar cool caps, solar water heaters, solar signs, solar inverters, solar powered UPS, solar generators and render after sale services and services incidental thereto.
  - (viii) Product, components, sub-assemblies and assemblies catering to a wide variety of industry applications including but not limited to aerospace, solar, power, alternative energy, automotive, engineering, medical devices, oil & gas, electrical for both civilian as well as defense use.
  - (ix) Services related to process & product design, engineering design, CNC programming, CAD & CAM, testing inspection, calibration, non-destructive testing, supply chain, vendor management, quality management system, productive maintenance, plant layout & infrastructure planning, machine maintenance, machine servicing, spares management, aircraft maintenance repair and overhaul, ground handling.
  - (x) Design, manufacture and commissioning of automations solutions as well as machine building for a wide variety of industry applications including but not limited to aerospace, solar, power, alternative energy, automotive, engineering, medical devices, oil & gas, electrical for both civilian as well as defense use.
2. To design, develop and render content through educational workshops, conferences, theatre and entertainment shows through any media including via the internet, design, manufacture, market, sell, retail and deal as distributor, wholesaler and retailer of gadgets, entertainment products, toys, do it yourself kits, activity books, sports products, food and beverages and further engage in any segment of value addition either forward or backward in development, distribution and retail of such content.
  3. To establish, start and promote factories and to set up plants, render consultancy services and engage in research and development activities and to maintain, render assistance and services of all and every kind or any description for designing, engineering, manufacturing, altering, improving, trading, importing and exporting of all types of items stated in Clause 1 and 2 above.
- B. Section (i) and (ii) of Part B of Clause III of the Object Clause of the existing Memorandum of Association which are currently titled as **“THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE”** and **“THE FURTHER OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE”** shall be altered by replacing and substituting the same with the new Clause III (b) with the new heading titled as **“MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (a)”** and existing clauses of Clause III (B) (i) and (ii) are replaced by substituting with new clauses 1 to 97:
1. To acquire by purchase, lease, concession, grant, license or otherwise, such lands, buildings, minerals, waterworks, plant, machinery, stock-in-trade, stores, rights, privileges, easements and other movable and immovable property of any description as may from time to time be deemed necessary for carrying on the business of the Company and to build or erect upon any land of the Company, howsoever, acquired, such workshops, warehouses, offices, residences and other buildings, and to erect such machinery and construct such roads, ways, tramways, railway branches or sidings, bridges, reservoirs, water courses, hydraulic works.

2. To make, erect, assemble, maintain, construct, alter, take on hire, or lease, or otherwise acquire containers, packaging materials, machine, equipment, lifts, trolleys and other apparatus and conveniences which may seem calculated directly or indirectly to promote the business of the company.
3. To promote, form, establish, or aid in the promotion, formation or establishment of or take over any company or companies/ bodies corporate association or associations engaged in any of the activities that the company is engaged in or for the purpose of acquiring or purchasing or taking over the entire undertaking of any other company/body corporate undertakings and to invest in companies/ bodies corporate and to co-ordinate the business of any companies / bodies corporate in which the Company is for the time being interested, and to acquire (whether by original subscription, tender, purchase exchange or otherwise) the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and .other securities issued or guaranteed by a company/ body corporate constituted or carrying on business in any part of the world.
4. To build, make, construct, equip, maintain, improve, alter, enlarge, pull down, remove or replace and to work, manage and control any buildings, offices, factories, shops, warehouses, machinery, engines, roads, water courses, electric works and other works and conveniences which may be necessary, or convenient for the purpose of the Company or may seem calculated, directly or indirectly to advance the Company's interests and to contribute, subsidies, or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.
5. To purchase, acquire and undertake all or any part of the business, property and liabilities including employees on deputation or otherwise of any person or Company carrying on or proposing to carry on any business which this company is authorized to carry on, or possessed or property suitable for the purpose of the Company.
6. To acquire from any person, firm or body corporate or unincorporated, whether in India or elsewhere, technical information, know-how, processes engineering, manufacturing and operating data, plans, layouts, and blueprints useful for the design, erection and operation of plant required for any of the business of the Company and to acquire any grant or license and other rights and benefits in the foregoing matters and things.
7. To accept payment for any property or rights sold, leased, hired out or otherwise disposed off or dealt with by the company, either in cash, by installments or otherwise, or in fully or partly paid up shares of any company or corporation, with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise, or in debentures or mortgage debentures or debenture stocks, mortgage or other securities of any company or corporation or partly in one mode and partly in another and generally on such terms as the company may determine, and to hold, dispose off or otherwise deal with shares, stocks, securities so acquired.
8. To act as agents of any other person's or any other Company in the interest of the Company, with or without remuneration.
9. To erect, construct, enlarge, alter or maintain buildings and structures of every kind necessary or convenient for the Company's business.
10. To acquire and undertake the whole or any part of the property and liabilities of any person, firm or company carrying on business which the Company is authorised to carry on or possessed of property suitable for the purposes of this Company.
11. To acquire, deal with or dispose of any kind of property, moveable or immoveable and rights and to manage, let, give on lease, mortgage, sell, underset, dispose off or otherwise turn to account all or any of the property or rights of the Company whether immoveable or moveable including all and every description of machinery apparatus or appliances, and to hold, use, cultivate, work, manage, improve, carry on and develop the undertaking, land and immoveable and moveable property, and assets of any kind of the Company or any part thereof.
12. To enter into partnership or into any arrangement for sharing profits, amalgamation, union of interests, co-operation, joint venture, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on.
13. To enter into negotiations with foreign companies or other persons and acquire by grant, purchase, lease, license or other terms of copyrights, formulae, process and other rights and benefits and to obtain financial and/or technical collaboration, technical information know-how and expert advice.

14. To sell, let, exchange or otherwise deal with the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of the Company and if thought fit to distribute the same among the shareholders of this Company.
15. To pay for any properties rights or privileges acquired by the Company, either in shares of the Company or partly in shares and partly in cash or otherwise.
16. To promote any other company having similar objects for the purpose of acquiring all or any of the property and liabilities of this Company.
17. To procure the recognition of the company in any country, state or place outside India and to establish and maintain local registers and branch places of business in any part of the world.
18. To lend money, property on mortgage of immoveable property or on hypothecation or pledge of moveable property or without security to such person and on such terms as may seem expedient and in particular to customers of and persons having dealings with the Company. Provided the Company shall not carry on the business of banking as defined by the Banking Regulation Act, 1949.
19. To enter into any agreement with any Government or authority, municipal, local or otherwise or any person, corporate body, co-operative society or company that may seem conducive to any of the objects of the Company and to obtain from any such Government, authority, person, corporate body, co-operative society or company any rights, privileges, charters, contracts, licenses and concessions which the Company may think fit, desirable to obtain and to carry out, exercise and comply therewith.
20. To insure the whole or any part of the property of the Company, either fully or partially, to protect and indemnify the Company from liability or loss in any respect, either fully or partially, and also to insure and to protect and indemnify any part or portion thereof, either on mutual principle or otherwise.
21. To carry out in any part of the world or all or any part of the Company's objects as principal, agent, insurer and trustee.
22. To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches in the Union of India and in any or all states, territories and dependencies thereof and in any or all foreign countries, and for this purpose to have and maintain and to discontinue such number of offices and agencies therein as may be convenient.
23. To stand guarantors and be surety or answerable for the debts or defaults of any person, firm or company arising on contracts for payment or repayment of money or loans or the fulfillment of any obligations or performance by any such person, firm or company, and to enter into contracts of indemnity or guarantee on such terms and conditions as may seem necessary or expedient for effecting the same.
24. To provide for the welfare of Directors or employees or ex-employees of the Company and the wives and families or the relatives, dependents or connections of such persons, by building or contributing to the building of houses, dwellings or quarters or by grants of money, pensions, gratuities, allowances, bonuses or benefits or any other payments, or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds, profit sharing or other schemes, or trusts and by providing or subscribing or contributing towards places of recreation, institutions, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.
25. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund, whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for any other purpose whatsoever conducive to the interests of the Company.
26. To furnish and provide deposits and guarantee any funds required in relation to any tender or application for any contract, concession, decree, enactment, property or privilege or in relation to the carrying out of any contract, concession, decree or enactment.
27. To appoint trusts to hold securities on behalf of, and to protect the interests of the Company.



28. For all or any of the purposes of the Company to draw, make, accept, endorse, discount, execute, issue, negotiate and sell bills of lading, warrants, debentures and other negotiable instruments with or without security and also to draw and endorse promissory notes and negotiate the same and also take and receive advances by discounting or otherwise, with or without security, upon such terms and conditions as the Company deems fit, and also to advance any sum or sums of moneys upon materials or other goods or any other things of the Company upon such terms and securities as the Company may deem expedient.
29. To issue debentures, debenture-stock, bonds, obligations and securities of all kinds and to frame, constitute and secure the same, as may seem expedient, with full power to make the same transferable by delivery or by instrument of transfer or otherwise and either perpetual or terminable and either redeemable or otherwise, and to charge or secure the same by trust deed or otherwise on the undertaking of the Company or upon any specific property and rights, present and future, of the Company including, if thought fit, uncalled capital or otherwise howsoever.
30. To deal in stationery and equipments required for any of the activities or objects which the Company is authorised to carry on or pursue.
31. To establish a trust or trusts and/or appoint trustees thereof from time to time and vest funds or any property in the trustees who shall hold and deal with such funds or property in such a manner as the Company may decide.
32. To establish and maintain branches and agencies at any place or places in India or other parts of the world for the conduct of the business of the Company.
33. To borrow or raise or secure the payment of money or to receive money on deposit at interest or otherwise for any of the purposes of the Company, and at such time or times as may be thought fit, by promissory notes or by taking credit in or opening current accounts with any person, firm, bank or company, and whether with or without any security, or by such other means deemed expedient and in particular by the issue of the debentures or debenture-stock, perpetual or otherwise, and in security for any such debentures and debenture stock to issue a mortgage, pledge or charge over the whole or any part of the property and assets of the Company, both present and future, including its uncalled capital, by special assignment or otherwise, or to transfer or convey the same absolutely or in trust, and to give the lenders power of sale and other powers as may seem expedient and to purchase, redeem or pay off any such securities, subject to directions of the Reserve Bank of India.
34. To invest and deal with moneys and funds belonging or entrusted to the Company, not immediately required, in land, buildings, bullion, commodities, shares, debentures, articles, goods, negotiable instruments, advances against ships, vessels, vehicles, air crafts or such other crafts or any moveable or immoveable property or rights, government, municipal and other bonds and securities and in such other investment and in such manner as may from time to time be determined and to vary such investments and transactions and to lend money's on such terms, and with or without security, as may seem expedient and in particular to customers and other having dealings with the Company and to guarantee the performance of contracts by any such persons.
35. To take part in the management, supervision or control of the business or operation of any company, having similar objects and for that purpose, to appoint and remunerate any directors, accountants, officers, technicians, consultants, experts or others.
36. To pay out of the Company all expenses which the Company may lawfully pay with respect to the promotion, formation and registration of the Company or the issue of its capital including brokerage and commission for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares, debentures, or other securities of the company.
37. To pay all preliminary expenses of any company promoted by the Company or any company in which the Company is or may contemplate being interested including in such preliminary expenses all or any part of the cost and expenses of owners of any business or property acquired by the Company.
38. To lend and advance monies or give credit to such person or persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performance of any contract or obligation and the payment of monies of or by any such persons or companies and generally to give guarantees and indemnities.
39. Subject to the provision of the Companies Act, 2013, to place, reserve or distribute as bonus shares among the members or otherwise to apply, as the Company may from time to time think fit, any moneys received by way of premium on share or debentures issued at a premium by the Company and any money received in respect of forfeited shares.

40. To sell, improve, manage, develop, exchange, lease, mortgage, dispose off, turn to account or otherwise deal with all or any part of the property and rights of Company for the time being.
41. Subject to the provisions of the Companies Act, 2013 or any other enactments in force, to indemnify and keep indemnified officers, Directors, agents and servants of the Company against proceedings, costs, damages, claims and demands in respect of anything done or ordered to be done by them for and in the interest of Company and for any loss, damage, or misfortune, whatsoever and which shall happen in the execution of duties of their office or made in relation thereto.
42. To acquire and secure membership, seat or privilege either in the name of the Company or its nominee or nominees in and of any association, exchanges, market, club or other institution in India or any part of the world for furtherance of any business, trade or industry.
43. To purchase, take on lease or in exchange, hire or otherwise acquire any immovable or moveable property, any rights or privileges which the Company may think necessary or convenient for the purposes of its business or may enhance the value of any other property of the Company and in particular any land, buildings, easements, machinery, plant and stock-in-trade, and either to retain any property to be acquired for the purposes of the Company's business or to turn the same to account as may seem expedient.
44. To enter into any contract, agreement, arrangement or other dealings in the nature of technical collaborations or otherwise for the efficient conduct of the company or any part thereof.
45. To send abroad skilled and/or un-skilled workers, technical and/or non-technical personnel and employees and agents of the company for the fulfillment of the above objects.
46. To enter into contracts, agreements, joint-ventures, collaborations and agreements with any person, firm, company or body corporate in India or abroad for the carrying out by such other person, firm, company or body corporate, on behalf of the Company any of the objects for which the Company is formed.
47. To let on hire purchase system, lease or to lend or otherwise dispose off any property belonging to the Company.
48. To sell, lease, mortgage or otherwise dispose off the property, assets or undertaking of the Company or any part thereof for such consideration as the shares, stocks, debentures or other securities of any other company having objects altogether or in part similar to those of the Company.
49. To amalgamate, enter into any partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession, or for limiting competition with any person or company carrying on or engaged in or about to carry on or engage in business or transaction, which the Company is authorised to carry on.
50. To pay for any rights or property acquired by the Company and to remunerate any person or company for the services rendered or to be rendered in placing of shares in the Company's capital or any debentures, debenture-stocks, or other securities of the Company or in or about the formation or promotion of the Company or the acquisition of property by the Company or the conduct of its business whether by cash payment or by allotment of shares, debentures, or other securities of the Company, credited as paid up in full or in part or otherwise.
51. To receive money on deposit or loan and borrow or raise money in such manner as the Company shall think fit, and in particular by the issue of debentures, or debenture-stock (Perpetual or otherwise) and to secure the payment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future) including the uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company of any other person or company of any obligation undertaken by the Company or any person or company as the case may be, subject to the provisions of the Companies Act, 2013 and the directives of the Reserve Bank of India.
52. To invest or deal with the surplus funds of the Company in such manner and upon such securities as shall from time to time be thought necessary and to create any reserve fund, sinking fund, insurance fund, depreciation fund or provident fund thereof.
53. To take or otherwise acquire and hold shares, debentures or securities of or in any other company having objects similar to those of this Company.
54. To undertake and execute any trusts the undertaking of which may seem to the Company desirable and either gratuitously or otherwise for the benefit of employees or former employees.

55. To open current, cash-credit, overdraft or other bank account and operate the same and to draw, make, accept, endorse, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments and securities.
56. To remunerate any person or company for services rendered or to be rendered in placing or assisting to place a guarantee the placing of shares in the Company's capital or any debentures, debenture-stock or other securities of the Company or in formation or promotion of the Company or the acquisition of property by the Company, or the conduct of its business.
57. To aid peculiarly or otherwise any association, body or movement having for an object the solution, settlement or surmounting of industrial or labour problems or troubles or the promotion of industry or trade.
58. To establish, support, join or become a member of either directly or through nominees, any company, association, institution or fund for the promotion of exports or for the promotion of any other objects of national, general, industrial, commercial or particular interest or utility and for this purpose to enter into such commitments, undertakings, indemnities, guarantees, assurances, insurances or arrangements for the sharing or distribution of liabilities, assets or interest as may seem appropriate.
59. To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on or proposing to carry on business which the Company is authorised to carry on.
60. To establish or promote or concur in establishing or promoting any company or companies having similar objects for the purpose of acquiring all or any of the property, rights and liabilities of the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise, acquire all or any part of the shares, debentures or other securities of any such other company.
61. To enter into any arrangement with any government or authority supreme, municipal, local or otherwise or any person or company that may seem conducive to the Company's objects or any of them and to obtain from any such Government Authority, person or company any rights, privileges, charters, contracts, licenses and concessions which the Company may think it desirable to obtain and to carry out, exercise and comply therewith.
62. To apply for, promote and obtain any Act, charter, privilege concession, license, authorisation from any Government, State or Municipality, for enabling the Company to carry any of its objects into effect, or for extending any of the powers of the Company or for affecting any modification of the Company's constitution, or for any other purpose which may seem expedient and to oppose any proceeding or applications which may seem calculated, directly or indirectly to prejudice the company's interests.
63. To acquire by concession, grant, purchase, barter, lease, license or otherwise, either absolutely or conditionally and either alone or jointly with others, any moveable or immovable property of any description and any patents, trademarks, concessions, privileges and other rights for the objects and business of the Company and to construct, maintain and alter any buildings or works necessary or convenient for the purpose of the Company and to pay for such lands, buildings, works, property or rights or any other property and rights purchased acquired by or for the Company, by shares, debentures, debenture stock, bonds or other securities of the Company or otherwise, and to manage, develop, sell, let on lease or for hire, or otherwise, dispose off or turn to account, the same at such time or times and in such manner and for such consideration as may be deemed or proper or expedient.
64. To make donations to such persons or institutions in cash or any other assets as may be thought directly or indirectly conducive to any of the Company's objects or otherwise expedient and in particular to remunerate any person or corporation introducing business to this company, and also to subscribe, contribute or otherwise assist or guarantee money for charitable, scientific, religious or benevolent, national, public or other institutions, objects or for any exhibition or any public general or other objects and to establish and support or aid in the establishment and support of associations, institutions, funds and conveniences for the benefit of employees or ex-employees (including Directors) of the Company or its predecessors or the dependents of such persons or other benefit societies and bonuses either by way of annual payments or a lump sum and to make payments towards insurance and to form and contribute to provident and benefit funds of or for such persons.
65. To refer to or agree to refer any claim, demand, dispute or any other question, by or against the Company, or in which the Company is interested or concerned and whether between the Company and the member or members of his or their representatives or between the Company and third parties, to arbitration in India or at any place outside India and to observe and perform and to do all acts, deeds, matters and things to carry out or enforce the awards.

66. To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or super-annuation fund for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, or emoluments to any persons who are or were at any time in the employment or service of the Company, or who are or were at any time Directors or offices of the Company and the wives, widows, families and dependents of any such persons and also to establish and subsidise and subscribe to any institutions, associations, clubs, or funds calculated to be for the benefit of or to advance the interests and well-being of the Company, and make payments to or towards the insurance of any such person as aforesaid.
67. Subject to the provisions of the Companies Act, 2013, to distribute, among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company in the event of winding up.
68. To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging the social and moral responsibilities of the Company to the public or any section of the public as also any activity likely to promote national welfare or social, economic or moral uplift of the public or any section of the public.
69. To train or to pay for training in India or abroad of any of the Company's employees or any other candidates in the interests and for the furtherance of the Company's objects and business.
70. To ensure the whole or any part of the property of the Company either fully or partially to protect and indemnify the Company from any liability and also to insure and to protect and indemnify any part or portion thereof either on mutual principles or otherwise.
71. To carry out in any part of the world all or any of the Company's objects as principals, agents, factors, trustees, contractors, or otherwise, either alone or in conjunction with any other person, firm, association, corporation, body, Municipality, province, state, or government or colony or dependency thereof.
72. To establish branches or appoint agents in or outside India for or in connection with any of the objects of the Company.
73. To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches in the Union of India and in any or all states, territories, possessions, colonies and dependencies thereof and in any or all foreign countries, and for this purpose to have an maintain and to discontinue such member of offices and agencies therein as may be convenient.
74. To procure the Company, or to recognise in any part of the world and to do all or any of the above things in any part of the world either as principals, agents, contractors, trustees or otherwise and either alone or in conjunction with others, and either by or through agents, sub-contractors, or otherwise with power to appoint trustees, personnel or corporate, to hold any property on behalf of the Company, and to allow any property to remain outstanding in such trustee or trustees.
75. To apply to promote, and obtain any Act of Parliament, charter, privilege, concession, license or authorisation of any Government, state or municipality professional order or license of any authority for enabling the Company to carry on or put into effect any of its objects or for extending any of the powers of the Company or for any other purpose which may seem expedient and to oppose any proceeding or applications which may seem calculated directly or indirectly or prejudice the interest of the Company.
76. To apply for, purchase or otherwise acquire any patents, brevets, d'invention, licenses, concessions and the like, conferring and exclusive or non-exclusive or limited right to use, any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, and to use, exercise, develop, grant licenses, in respect of, or otherwise turn to account the property, rights and information so acquired.
77. From time to time to subscribe or contribute to any charitable, benevolent or useful object of a public charter (the support of which will, in the opinion of the Company, tend to increase its repute or popularity among its employees, its customers, or the public).
78. To do all or any of the above things in any part of the world, either as principals, agents, trustees, contractors or otherwise and either alone or in conjunctions with others and either by or through agents, sub-contractors, trustees or otherwise.

79. To purchase, charter, hire or otherwise acquire, sell, exchange or let either in India or in any country or otherwise deal with, steam or other ships, vessels or trawlers of any description with all equipment and furnishings and to establish, maintain and operate transport services of water and land in India or between India and other countries of the world for the conveyance of passengers, mails and freight and/or for any other purpose, live-stock, corn and other products, all merchandise and food articles of whatsoever nature or kind between such ports and places in any part of the world as may seem expedient, also to acquire or obtain any postal and/or other subsidy, and generally to establish, maintain and operate lines, or regular services of steamships or other vessels propelled by power or otherwise, on such trades, routes and services as may be allotted to the Company by any Government or authority and to construct, purchase, own, maintain, repair, re-fit, replace, restore, sell or dispose off engines, boilers, machinery, component parts, accessories and fittings required for ships, vessels, or trawlers of any description or kind.
80. To acquire, provide on lease or provide on hire basis all types of plants, equipment, machinery, vehicles, and real estates and any other moveable or immoveable properties for industrial, commercial or other use.
81. To land, clear and forward cargoes and goods and carry on business as Mukadams and Landing and Forwarding Contractors, Forwarding Agents, Warehousemen and bonded warehousemen.
82. To engage services of carriage proprietors, taxi cab, omnibus and other public or private conveyance proprietors, omnibus, carriage and motor car dealers and repairers and dealers in motor accessories of all kinds.
83. To engage services of carriers by sea, river, canal, road, railway, air and otherwise.
84. To purchase, take, give on lease or in exchange, obtain assignments or sub-demises of or otherwise acquire lands and/or buildings of any tenure or description and any estate or interest in and any rights connected with any such lands and/or buildings or any parts or portions thereof and any estate or interest in any rights connected with any such lands and/or buildings.
85. To acquire, lease or lend sophisticated office machineries such as computers, tabulators, equipment addressing machines and other office equipment and leasing or lending such equipment for providing service of these machines to various clients.
86. To own ships, barges, dredgers, tugs, piers and landing stages, to act as ship brokers, ship manager, shipping agents, loading brokers, freight contractors, carriers by land and provide services such as water transport, haulage and general contractors, lightmen, railway and forwarding agents, store keepers, ships store merchants, warehousemen, wharfingers, and import ships and marine equipment of all description and to carry on the business of the Company and other ancillary businesses either as principals or as agents or on commission basis or otherwise.
87. To own, purchase, take in exchange, take on hire purchase, charter or hire or otherwise acquire steam and motor ships, vessels, including container vessels, trawlers, barges, drifters and tugs or any other type of vessel propelled or worked or any other type of vessel propelled or worked or capable of being propelled or worked by steam, electrify, oil gas or other motive power or power producing substances.
88. To purchase, hold, take on lease or exchange, hire or otherwise acquire any building or property and to develop and turn to account any land acquired by the Company and in particular construct buildings, shops, godowns, letting building on lease or building agreement and advancing money to and entering into contracts and arrangements of all kinds with builders and tenants India and/or elsewhere.
89. To maintain, repair, fit out, refit, improve, sell, exchange or let out on hire purchase or charter or otherwise deal with and dispose off any of the ships and vessels or any of the engines, tackles, gears, equipment, furniture and stores of the Company.
90. To engage services of advertising agencies for promoting its business and to engage services of forwarding agents, freight contractors, public carriers and owners of motors, lorries, trucks, vessels, boats, steam launches, planes, taxies, barges and to act as warehousemen, Wharfhousemen and otherwise as carriers by land, air and water.
91. To undertake the custody of warehousing of merchandise, goods and materials and to provide cold storage and other special storage facility.
92. To act as exporters and importers, and deal in varieties of commodities.

93. To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of the national economy and for discharging what is considered to be the social and moral responsibilities of the Company to the public or any section of the public as also any activity which is considered likely to promote national welfare or social, economic or moral uplift of the public or any section of the public. Without prejudice to the generality of the foregoing, to undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers or for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarships, loans or any other assistance to deserving students or other scholars or persons, to enable them to pursue their studies or academic pursuits or researches and for establishing, conducting or assisting any institutions, funds or as one of its objects, by giving donations, or otherwise, or in any other manner, and in order to implement any of the above mentioned objects or purposes, transfer without consideration or at fair or concessional values and divest ownership of any property of the Company to or in favour of any public, local body or authority or Central or State Government or any public institution or trust.
  94. To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of, or the uplift of the people, in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing, "programme of rural development" shall also include any programme for promoting the social and economic welfare of, or the uplift of the people in any rural area to promote and assist rural development, and that the words "rural area" shall include such areas as may be regarded as rural areas under the Income-tax Act, 1961, or any other law for the time being in force and in order to implement any of the above mentioned objects or purposes transfer without consideration or at fair or concessional value and divest the ownership of any property of the Company to or in favour of any Public or Local Body or Authority or Central or State Government or any Institution or trust.
  95. To appoint third parties to provide consultative and technical services relating to the business of the company or related business or activity, by way of market survey, preparing feasibility and project reports, and to enter into any arrangements of licensing, chartering, brokerage, technical, business or financial collaboration with any other party or concern, for singular or mutual benefit of in-taking or outflowing of know-how, whether existing or newly developed techniques, including rights or special methods and trade secrets.
  96. To act as commission agents, manufacturer's representatives or agents, selling and purchasing agents, distributors, brokers, trustees, attorneys and subject to the provisions of the Companies Act, 2013, managers, and transfer agents for any other company, firm, corporation or person.
  97. To hire all kinds of office equipment and other equipment, appliances and vehicles of all types and descriptions in relation to the Company's business.
- C. Part C of the Object Clause (Clause III) titled as "**OTHER OBJECTS NOT INCLUDED IN (A) AND (B) ABOVE**" of the Memorandum of Association comprising of existing sub clauses 1 to 13 be deleted.

FURTHER RESOLVED THAT, the approval of the members of the Company be and is hereby accorded for commencing and carrying out new business and activities as included in the Object Clause of the Company as altered above at such time or times as the Board may in its absolute discretion deems fit.

FURTHER RESOLVED THAT any one of the Directors or Company Secretary of the Company be and are hereby authorized individually/severally to do all such acts, deeds, matters and things as may be considered necessary, appropriate, expedient or desirable to give effect to this Resolution."

### 6. Alteration in the Liability Clause of the Memorandum of Association of the Company

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

"RESOLVED FURTHER THAT pursuant to provisions of Section 4, Section 13 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") including any statutory modifications or re-enactment thereof for the time being in force and rules made thereunder, the approval of the members be and is hereby accorded to alter the existing Clause IV of the Memorandum of Association ("MOA") by replacing and substituting the same with the following new clause:

Clause IV. "The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them".

**7. Adoption of new Articles of Association of the Company containing clauses in conformity with the Companies Act, 2013.**

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

“RESOLVED THAT pursuant to the provisions of Sections 5, 14 and other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the approval of the Members be and is hereby granted for the deletion of all the Articles of the existing Articles of Association of the Company and substitute the same with the new set of Articles of Association and the said new set of Articles of Association be and are hereby adopted as the Articles of Association of the Company in substitution for and to exclusion of all existing Articles thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”.

**By Order of the Board of Directors**

**Anand Daga**  
**Company Secretary & Head- Legal**

**Place: Mumbai**

**Dated: 26<sup>th</sup> May, 2020**

**Registered Office:**

**5<sup>th</sup> Floor, DGP House, 88 C, Old  
 Prabhadevi Road, Mumbai-400025**

**CIN: L25200MH1968PLC013914**

**NOTES:**

- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company.  
 Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities.  
 In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrars and Transfer Agents, Link Intime India Private Limited (Link Intime) for assistance in this regard.
- To support the ‘Green Initiative’, Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Link Intime in case the shares are held by them in physical form.

## NOTICE

- Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Link Intime in case the shares are held by them in physical form.
- As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them.

Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Link Intime in case the shares are held in physical form.

- Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
- In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 3<sup>rd</sup> August, 2020 through email on investor-help@vipbags.com. The same will be replied by the Company suitably.
- Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.

During the financial year 2019-20, the Company has transferred to the IEPF, the following unclaimed dividends and corresponding shares thereto:

Particulars	Amount of Dividend	No. of shares
Final Dividend for the Financial Year 2011-12	Rs. 28,30,653/-	62,481

- In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.vipindustries.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>
- Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- At the 49<sup>th</sup> AGM held on 28<sup>th</sup> July, 2016 the Members approved appointment of Price Waterhouse Chartered Accountants LLP, Chartered Accountants, (Firm Registration No. 012754N/N500016) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 54<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. In view of the same at 51<sup>st</sup> AGM of the Company, members of the Company have partially modified the previous resolution passed at the 49<sup>th</sup> AGM for the appointment of Statutory Auditors and approved their appointment till the balance tenure of their appointment i.e. upto 54<sup>th</sup> AGM of the Company without seeking ratification of their appointment. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the 53<sup>rd</sup> AGM.
- Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.



16. Instructions for e-voting and joining the AGM are as follows:

**A. VOTING THROUGH ELECTRONIC MEANS**

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- ii. The remote e-voting period commences on Sunday, 2<sup>nd</sup> August, 2020 at 9:00 a.m. and ends on Tuesday, 4<sup>th</sup> August, 2020 at 5:00 p.m.

During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, the 29<sup>th</sup> July, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

- iii. The Board of Directors has appointed Ms. Ragini Chokshi (Membership No. 2390) of M/s. Ragini Chokshi & Co., Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system.

**Details on Step 1 are mentioned below:**

How to Log-in to NSDL e-voting website?

- 1. Visit the e-voting website of NSDL. Open web browser by typing the following URL:  
<https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
- 2. Once the home page of e-voting system is launched, click on the icon “Login” which is available under “Shareholders” section.
- 3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.
- 4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
A) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
B) For Members who hold shares in demat account with CDSL.	B) For Members who hold shares in demat account with CDSL.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if EVEN is 123456 and folio number is 001*** then user ID is 123456001***

5. Your password details are given below:
  - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox from [evoting@nsdl.com](mailto:evoting@nsdl.com). Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - ii) In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned below in this notice.
6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-voting will open.

**Details on Step 2 are mentioned below:**

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, which is 113124.
4. Now you are ready for e-voting as the Voting page opens
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [mail@csruginichokshi.com](mailto:mail@csruginichokshi.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com> to reset the password.
3. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

In case of any grievances connected with facility for e-voting, please contact

Ms. Pallavi Mhatre, Manager, NSDL, 4<sup>th</sup> Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in), Tel: 91 22 2499 4545/ 1800-222-990

**Process for registration of email id for obtaining Annual Report and user id/password for e-voting:**

Physical Holding	Send a request to the Registrar and Transfer Agents of the Company, Link Intime at <a href="mailto:helpdesk@linkintime.co.in">helpdesk@linkintime.co.in</a> providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) for registering email address.  Following additional details need to be provided in case of updating Bank Account Details:
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

**B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:**

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.  
  
Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
2. The Shareholders can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned herein below in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Shareholders on 'first come first serve' basis. This will not include large Shareholders (i.e. Shareholders holding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis.
3. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ 022-24994360.
4. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [legal-sec@vipbags.com](mailto:legal-sec@vipbags.com) from 29<sup>th</sup> July, 2020 (9:00 a.m. IST) to 31<sup>st</sup> July, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## NOTICE

5. Members are encouraged to join the Meeting through Laptops for better experience.
6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

### **Other Instructions**

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vipindustries.co.in](http://www.vipindustries.co.in) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

**By Order of the Board of Directors**

**Anand Daga**  
**Company Secretary & Head - Legal**

**Place: Mumbai**

**Date: 26<sup>th</sup> May, 2020**

**Registered Office:**

**5<sup>th</sup> Floor, DGP House, 88-C, Old Prabhadevi Road, Mumbai- 400025**

**CIN: L25200MH1968PLC013914**

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

As required by Section 102(1) of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out the material facts relating to the Special Business mentioned under item Nos. 4, 5 and 6 in the accompanying Notice:

**ITEM NO. 4**

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 26<sup>th</sup> May, 2020 had re-appointed Mr. Amit Jatia (DIN 00016871) as Non-Executive Independent Director of the Company for second term of five (5) years on the Board of the Company w.e.f 24<sup>th</sup> July, 2020 to 23<sup>rd</sup> July, 2025, subject to member's approval.

Mr. Amit Jatia has over 26 years of experience in the QSR industry. As Vice-Chairman of Westlife Development Ltd., he has been responsible for providing strategic leadership to the company on all aspects from operations to product development to brand building of McDonald's restaurants in western and southern India.

He is the interface between internal operations and external stakeholders. Mr. Amit Jatia has been vital in providing financial leadership and aligning business and finance strategy to grow the business of Westlife Development Limited. He has been recognised for his achievements with the 'Young Achievers Award', bestowed by the Indo-American Society in 2003, Business World's 'Most Respected Company' award for the Food Sector in 2005, for the third consecutive year, as well as Images 'Retailer of the Year' award in 2004 and 2005. He holds a B.Sc in Business Administration (Finance) from the University of Southern California.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Amit Jatia for the office of Director of the Company. The Company has also received a declaration from Mr. Amit Jatia that he meets the criteria for Independent Director as provided under section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

In the opinion of the Board, Mr. Amit Jatia fulfils the conditions for re-appointment as an Independent Director as specified in the Act and the Listing Regulations, as amended from time to time. Details of Mr. Amit Jatia, is provided in the "Annexure 1" to the Notice pursuant to the provisions of the Listing Regulations and Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Amit Jatia is re-appointed as Non-Executive Independent Director. Copy of the draft letter for appointment of Mr. Amit Jatia as Non-Executive Independent Director setting out the terms and conditions is available for inspection by the members.

The resolution seeks the approval of members for the re-appointment of Mr. Amit Jatia as an Independent Director of the Company, not be liable to retire by rotation and to hold office for a second term of 5 (five) years on the Board of the Company w.e.f. 24<sup>th</sup> July, 2020 to 23<sup>rd</sup> July, 2025.

Save and except, Mr. Amit Jatia and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends passing of Special Resolution set out at Item No. 4 of the Notice for approval by the members.

**ITEM NO. 5 & 6**

The Company is presently engaged in the business of manufacturing, selling, distributing or dealing in all types of luggage and travel accessories. The Company commenced its commercial operations by introducing VIP Suitcase in the year 1971 and has over the years successfully introduced hard luggages and soft luggages along with the travel Accessories in the domestic and international markets. The rapid strides made by the Company in the last decade has been driven by the product and market strategies combined with innovative methods. The Company wants to expand its footprints in various spheres in addition to existing luggage business and the Company is exploring various options / avenues available to the Company that can give significant contribution in overall performance of the Company.

## NOTICE

The Company has adequate resources for undertaking new business activities in addition to its existing luggage business, it is in the interest of the Company and its Shareholders that the activities of the Company be diversified. The alteration of the main objects clause of the MoA as set out in the resolution is to facilitate enlarging the Company's scope of operations, in addition to its existing luggage business. The proposed amendment will enable the Company to carry on its business efficiently and under the existing circumstances conveniently and advantageously combined with the present activities of the Company.

Amendments to Clause III (a) of the Memorandum of Association, the Main Objects Clause of the Company are proposed to be made to enable the Board of Directors to consider from time to time proposals for diversification and expansion of the Company's business which would be profitable for the Company. Clause III as it presently stands, is restricted in its scope. The proposed amendment(s) to Clause III (a) are in line with the Company's competencies and business and to enable future expansion plans.

Further, the provisions of the Companies Act, 2013 require for stating of the Object Clause of Memorandum of Association (MOA) in a manner as prescribed in Table A of Schedule I in the said Act. In terms of Section 4(1)(c) of the Companies Act, 2013, the MOA of a Company shall state the objects for which the Company is proposed to be incorporated and any matter considered necessary in furtherance of the main object thereof only. As such, the requirements of separately indicating the "Main Objects", "Incidental or Ancillary Objects" and "Other Objects" under the erstwhile Companies Act, 1956 have now been repealed.

Therefore, the Memorandum of Association of the Company is also required to be re-aligned as per the provisions of the new Act. Accordingly, the existing Clause III A, Clause III B and Clause III C of the Memorandum of Association of the Company are proposed to be replaced by substituting and inserting Clause III (a) and Clause III (b) with new numbering of the clauses as per the Memorandum of Association as submitted before the meeting.

Accordingly, taking into consideration the above-mentioned facts, the Objects Clause of the MOA of the Company are proposed to be amended as under:

1. Part A of Clause III of the Object Clause of the existing Memorandum of Association which is currently titled as "THE MAIN OBJECTS OF THE COMPANY (TO BE PURSUED BY THE COMPANY) ON ITS INCORPORATION" shall be altered by replacing and substituting the same with the new Clause III (a) with the new heading titled as "THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION".
2. Section (i) and (ii) of Part B of Clause III of the Object Clause of the existing Memorandum of Association which are currently titled as "THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE" and "THE FURTHER OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE" shall be altered by replacing and substituting the same with the new Clause III (b) with the new heading titled as "MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (a) and existing clauses of Clause III (B) (i) and (ii) are replaced by substituting with new clauses 1 to 97.
3. Part C of the Object Clause (Clause III) titled as 'OTHER OBJECTS NOT INCLUDED IN (A) and (B) ABOVE' of the Memorandum of Association comprising of existing clauses 1 to 13 is proposed to be deleted in line with the applicable provisions of the Companies Act, 2013.
4. Further, in order to comply with the provisions of Section(s) 4(1)(d)(i), 13 and other applicable provisions, if any, of the Companies Act, 2013, the Company proposes to alter the Liability Clause of MOA i.e. Clause IV.

The MOA of the Company, proposed to be altered/ amended as stated above, is being uploaded on the Company's website for perusal by the members of the Company. A copy of the existing and proposed MOA would be available for inspection by the members on the website of the Company.

The proposed alteration/amendment to MOA requires the approval of the Shareholders by means of Special Resolution(s) pursuant to the provisions of the Companies Act, 2013 and relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and accordingly, the approval of the members of the Company is being sought through voting through electronic means.

The Board of Directors in its Meeting held on 26<sup>th</sup> May, 2020 has accorded its approval for alteration/amendment to MOA as aforesaid.

None of the Directors of the Company or their relatives or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the Special Resolution(s) as set out in this Notice.

The Board of Directors of your Company therefore commends the Special Resolution(s) as set out at Item No. 5 & 6 of this Notice.

**ITEM NO. 7**

Upon enactment of the Companies Act, 2013, various provisions of the Companies Act, 1956 have been repealed and in view of the same the Articles of Association of the Company need to be re-aligned as per the provisions of the new Act.

The Board of Directors at its meeting held on 26<sup>th</sup> May, 2020 decided to incorporate/ substitute/ alter certain provisions as per the Companies Act, 2013. As this would result in a number of changes in the existing Articles of Association of the Company, it was desirable to adopt a new set of Articles of Association from [Articles No. 1 to 120] in place of and in exclusion to the existing Articles of Association [Articles No.1 to 211] of the Company. The new Articles of Association to be substituted in place of the existing Articles of Association.

In terms of Section 14 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

The proposed new draft Articles of Association is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors, Key Managerial Personnel of Company and their relatives are in any way, deemed to be concerned or interested financially or otherwise in the Special resolution as set out at Item No. 7 of the Notice.

The Board recommends the resolution as set out at Item No. 7 of the Notice for approval by the shareholders.

## NOTICE

### DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

<b>Name of the Director</b>	<b>Mr. Dilip G. Piramal</b>	<b>Mr. Amit Jatia</b>
<b>Date of Birth</b>	02/11/1949	11/02/1967
<b>Date of First Appointment</b>	04/06/1979	24/07/2015
<b>Expertise in specific functional areas</b>	Corporate Management	General Management
<b>Qualifications</b>	Bachelor of Commerce	B.Sc in Business Administration (Finance) from the University of Southern California, USA
<b>Key terms and conditions of appointment / reappointment</b>	As per the terms of appointment	As per letter of appointment
<b>The number of Meetings of the Board attended during the FY 2019-20</b>	4 out of 4	3 out of 4
<b>Number of Equity Shares held in the Company</b>	3,50,616 Equity Shares	NIL
<b>Directorship held in other companies</b>	a) Alkyl Amines Chemicals Ltd. b) KEC International Ltd. c) DGP Securities Ltd. d) Kiddy Plast Ltd. e) Alcon Finance and Investments Limited f) DGP Capital Management Ltd. g) Gazelle Travels Pvt. Ltd. h) DGP Enterprises Pvt. Ltd. i) Association for Development of Luggage and Accessories j) Association for Development of Handbags and Small Bags Industry	a) Saubhagya Impex Pvt. Ltd b) Anand Veena Twisters Pvt. Ltd c) Subh Ashish Exim Pvt. Ltd d) Horizon Impex Pvt. Ltd e) Achal Exim Pvt. Ltd f) Akshay Ayush Impex Pvt. Ltd g) Acacia Impex Pvt. Ltd h) Vandeeep Trade Links Pvt. Ltd i) Hardcastle Petrofer Pvt. Ltd j) Inox Leisure Limited k) Westlife Development Ltd l) Ronald Mcdonalds House Charities Foundation India
<b>Remuneration sought to be paid</b>	Sitting Fees and Commission, if any.	Sitting Fees and Commission, if any.
<b>Remuneration last drawn</b>	0.43 Crores	0.05 Crores
<b>Membership / Chairmanship of Committees of other public companies</b>	-	<b>a) INOX Leisure Limited</b> <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> <b>b) Westlife Development Limited</b> <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> <li>• Stakeholders Relationship Committee – Member</li> </ul>
<b>Relationships with other Directors / Managers / KMP's</b>	Father of Ms. Radhika Piramal (Executive Vice Chairperson of the Company)	None

By Order of the Board of Directors

Place: Mumbai  
Dated: 26<sup>th</sup> May, 2020

**Registered Office:**  
5<sup>th</sup> Floor, DGP House, 88-C,  
Old Prabhadevi Road, Mumbai- 400025  
CIN: L25200MH1968PLC013914

**Anand Daga**  
Company Secretary & Head- Legal



Your Directors are pleased to present the 53<sup>rd</sup> Annual Report together with Audited Financial Statements and Auditor's Report for the financial year ended 31<sup>st</sup> March, 2020.

**FINANCIAL RESULTS**

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Year Ended 31.03.2020	Year Ended 31.03.2019	Year Ended 31.03.2020	Year Ended 31.03.2019
Revenue from Operations	1,713.97	1,784.44	1,718.32	1,784.66
Profit before depreciation, Interest and Tax	266.32	210.83	303.78	233.04
Finance cost	21.63	1.49	23.00	1.49
Depreciation and Amortisation expenses	75.07	12.74	83.87	16.61
Profit before tax and Exceptional/Extraordinary Items	169.62	196.60	196.91	214.94
Exceptional/Extraordinary Items- Expense	48.50	-	48.50	-
Profit Before Tax	121.12	196.60	148.41	214.94
Tax expenses	32.39	67.79	36.68	69.67
Profit for the year	88.73	128.81	111.73	145.27

**OVERALL PERFORMANCE AND OUTLOOK****Standalone**

During the financial year ended 31<sup>st</sup> March, 2020, revenue from Operations was ₹ 1,713.97 crores as against ₹ 1,784.44 crores during the previous year, registering a decline in growth of 3.95%. Profit before exceptional items and tax was at ₹ 169.62 crores as against ₹ 196.60 crores in the previous year. Profit after Tax for the year under review was at ₹ 88.73 crores against ₹ 128.81 crores in the previous year.

**Consolidated**

During the financial year ended 31<sup>st</sup> March, 2020, revenue from Operations was ₹ 1,718.32 crores as against ₹ 1,784.66 crores during the previous year, registering a decline in growth of 3.72%. Profit before exceptional items and tax was at ₹ 196.91 crores as against ₹ 214.94 crores in the previous year. Profit after Tax for the year under review was at ₹ 111.73 crores against ₹ 145.27 crores in the previous year.

A detailed analysis of the operations of your Company during the year under review is included in the Management Discussion and Analysis, forming part of this Annual Report.

**EXPORTS AND INTERNATIONAL OPERATIONS**

During the year, International business has grown with good growth in APAC, Middle East and SAARC Countries. The Company has started focusing on international business and is expecting to show results in international business in next few years. However, due to the sudden outbreak of Covid-19 in middle of March, there has been a significant impact on Q4 sales and its negative impact on sales is expected to continue in 2020-21.

**ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92(3) of the Companies Act, 2013 (Act) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in the prescribed Form MGT-9 is annexed herewith as **Annexure "A"** and copy of the Annual Return is available on the Company's website at <http://www.vipindustries.co.in/financial-information.php>.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively have been duly followed by the Company.

**NUMBER OF MEETINGS OF THE BOARD**

During the financial year ended 31<sup>st</sup> March, 2020, 4 (four) Board meetings were held with a minimum of one meeting in each quarter and the gap between two consecutive Board meetings was less than one hundred and twenty days. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, based on their knowledge and belief and the information and explanations obtained, your Directors confirm that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) such accounting policies selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31<sup>st</sup> March, 2020 and of the profit and loss of your Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) annual accounts for the financial year ended 31<sup>st</sup> March, 2020, have been prepared on a going concern basis;
- (e) internal financial controls have been laid down and followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### DECLARATION OF INDEPENDENT DIRECTORS

Pursuant to section 134(3)(d) of the Act, your Company confirm having received necessary declarations from all the Independent Directors under section 149(7) of the Companies Act, 2013 declaring that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a Director (executive/non-executive) and also the criteria for determining the remuneration of the Directors, KMP and other employees. Nomination and Remuneration Policy of the Company has been displayed on the Company's website at the link – <http://www.vipindustries.co.in/policies.php>

### AUDITORS

#### Statutory Auditors

In the Annual General Meeting (AGM) held on 28<sup>th</sup> July, 2016, M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants, (Firm Registration No. 012754N/N500016) have been appointed Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion of 49<sup>th</sup> AGM till the conclusion of 54<sup>th</sup> AGM of the Company (subject to ratification by the members at every AGM). Pursuant to the amendment of first proviso to Section 139(1) of Companies Act 2013, the requirement for ratification of appointment of Statutory Auditors by members at every AGM has been removed. In view of the same at 51<sup>st</sup> AGM of the Company, members of the Company have partially modified the previous resolution passed at the 49<sup>th</sup> AGM for the appointment of Statutory Auditors and approved their appointment till the balance tenure of their appointment i.e. upto 54<sup>th</sup> AGM of the Company without seeking ratification of their appointment.

The Notes on financial statements referred to in the Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactments(s) thereof for the time being in force).

#### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors of your Company have re-appointed M/s. Ragini Chokshi & Co., Company Secretaries in Practice to undertake the Secretarial Audit of your Company for the financial year 2020-21. The Secretarial Audit Report for the financial year 2019-20 forms part of this Annual Report and is annexed as **Annexure "B"** to the Board's report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans or guarantees made by the Company under Section 186 of the Companies Act, 2013 (the Act) during the year under review. Details of investments made under the provisions of Section 186 of the Act as on 31<sup>st</sup> March, 2020 are set out in Note 7 and 8 to the Standalone Financial Statement of the Company.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Company has established a Policy for determining related party transactions. The Audit Committee oversees the related party transactions. Related Party Transaction Policy of the Company has been displayed on the Company's website at the link – <http://www.vipindustries.co.in/policies.php>.

All contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of such transactions are provided in Form AOC-2 which is annexed herewith as **Annexure "C"** to this report. Related Party disclosures as per IndAS have been provided in Note No. 45 of Standalone Financial Statements.

### STATE OF COMPANY'S AFFAIRS

Discussion on state of Company's affairs has been covered as part of the Management Discussion and Analysis. Management Discussion and Analysis for the year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), is presented in a separate section forming part of this Annual Report.

### COST RECORDS

The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013.

### RESERVES & DIVIDEND

During the year under review as well as during the previous year, the Company has not transferred any amount to the General Reserves. As on 31<sup>st</sup> March, 2020, Reserves and Surplus of the Company were at ₹ 518.76 crores. An amount of ₹ 272.94 crores is proposed to be retained as surplus in the statement of Profit & Loss.

Your Company had paid in February, 2020, an interim dividend of ₹ 3.20 (Rupee Three only) per equity share of ₹ 2 each for the financial year 2019-20. Your Directors do not recommended any final dividend for the year 2019-20.

The Board has approved and adopted the Dividend Distribution Policy and the same is annexed herewith as **Annexure "D"** to this report.

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurred after 31<sup>st</sup> March, 2020 which may affect the financial position of the Company or may require disclosure.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure "E"** as attached to this report.

### RISK MANAGEMENT POLICY

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. The risk governance structure of the Company is a formal organisation structure with defined roles and responsibilities for risk management.

The processes and practices of risk management of the Company encompass risk identification, classification and evaluation. The Company identifies all strategic, operational and financial risks that the Company faces, by assessing and analysing the latest trends in risk information available internally and externally and using the same to plan for risk management activities.

As a part of the Company's strategic planning process, the Directors have reviewed the risk management policy and processes and also the risks faced by the Company and the corresponding risk mitigation plans deployed. The Company is on track in respect of its risk mitigation activities. The Risk Management Committee oversees the risk management process.

### CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) expenditure incurred by your Company during the financial year 2019-20 was ₹ 3.31 Crores which was slightly more than the statutory requirement of 2% of the average profit for the last three financial years.

CSR Committee of the Company comprises of Mr. D. K. Poddar (Chairman of CSR Committee), Mr. Dilip G. Piramal, and Ms. Radhika Piramal.

The Annual Report on CSR activities that includes details about CSR Policy developed and implemented by the Company and CSR initiatives taken during the financial year 2019-20 is in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and is annexed herewith as **Annexure "F"** to this Report. The CSR policy is placed on the Company's website at <http://www.vipindustries.co.in/policies.php>.

### BOARD EVALUATION

Pursuant to provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of the performance of the Board, its Committees and of individual Directors. Performance evaluation has been carried out as per the Nomination & Remuneration Policy of the Company.

### DIRECTORS

#### Appointment / Re-appointment

Mr. Amit Jatia was appointed as an Independent Director at the 48<sup>th</sup> Annual General Meeting (AGM) held on 24<sup>th</sup> July, 2015 for a period of five years w.e.f. 24<sup>th</sup> July, 2015. Based on the recommendation of the Nomination and Remuneration Committee, his re-appointment for a second term of five years is proposed at the ensuing AGM for the approval of the Members by way of special resolution.

#### Retiring by rotation

Mr. Dilip G. Piramal (DIN-00032012), Chairman of your Company retires by rotation and being eligible offers himself for re-appointment.

#### Independent Director

During the Financial Year 2019-20, the Company has appointed Ms. Nisaba Godrej, Mr. Ramesh Damani and Mr. Tushar Jani as Independent Directors of the Company. In the opinion of the Board, the said Independent Directors are persons of high repute, integrity and have rich and varied experience in the field of business and corporate management.

All the Independent Directors are registered in the data bank maintained by the Indian Institute of Corporate Affairs (Institute) and are exempted from the requirement of passing online proficiency self-assessment test conducted by the Institute.

#### Resignation / Cessation

- Mr. Ashish Saha resigned from the post of Director (works) with effect from 30<sup>th</sup> June, 2019.
- Mr. G. L. Mirchandani ceased to be Non-Executive, Independent Director of the Company with effect from 9<sup>th</sup> July, 2019, due to completion of the tenure for which he was appointed by the members at the 47<sup>th</sup> Annual General Meeting of the Company.
- Mr. Rajeev Gupta ceased to be Non-Executive, Independent Director of the company with effect from 9<sup>th</sup> July, 2019, due to completion of the tenure for which he was appointed by the members at the 47<sup>th</sup> Annual General Meeting of the Company.

Your Directors place on record deep appreciations for the valuable services rendered by the aforesaid Directors during their respective tenure with the Company.

### KEY MANAGERIAL PERSONNEL

Mr. Jogendra Sethi resigned from the position of Chief Financial Officer w.e.f. 9<sup>th</sup> January, 2020 and Ms. Neetu Kashiramka has joined as Chief Financial Officer of the Company w.e.f. 8<sup>th</sup> April, 2020.

### NAME OF THE COMPANIES WHICH HAVE BECOME/CEASED TO BE SUBSIDIARIES, JOINT VENTURE OR ASSOCIATE COMPANIES DURING THE YEAR

Blow Plast Retail Limited (BPRL), VIP Industries Bangladesh Private Limited, VIP Industries BD Manufacturing Private Limited, VIP Luggage BD Private Limited and VIP Accessories BD Private Limited continued to be the wholly owned subsidiary companies of the Company. BPRL is a non-material, non listed subsidiary of the Company pursuant to LODR.

Accordingly, as on 31<sup>st</sup> March, 2020, the Company has 1 Indian and 4 overseas wholly owned Subsidiaries.

During the year under review, no companies have become/ceased to be joint venture or associate companies of the Company.

A statement containing the salient features of financial statements of subsidiaries as per 129(3) of the Act, is also included in this Annual Report in form AOC-1, presented in separate section forming part of the financial statement. The financial statements of the subsidiary companies are available for inspection on the Company's website - <http://www.vipindustries.co.in/policies.php>.

The Policy for determining "Material" subsidiaries has been displayed on the Company's website - <http://www.vipindustries.co.in/policies.php>

### **PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits. Your Company does not have any unclaimed deposit as at 31<sup>st</sup> March, 2020.

### **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and your Company's operations in future.

### **INTERNAL FINANCIAL CONTROLS**

Your Company has put in place adequate internal financial controls with reference to the financial statements. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. During the year, such controls were tested and no reportable material weaknesses in design or operation were observed.

### **REPORT ON CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT**

The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms an integral part of this Report. The requisite certificate from Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Business Responsibility Report as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report.

### **FAMILIARISATION PROGRAMME**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with your Company's procedures and practices. Periodic presentations are made at the Board Meetings and the Board Committee Meetings, on business and performance updates of your Company, global business environment, business strategy and risks involved. The details of programmes for familiarisation for Independent Directors are posted on the website of the Company and can be accessed at <http://www.vipindustries.co.in/corporate-governance.php>.

Every new Independent Director of the Board is required to attend an orientation program to familiarize the new inductees with the strategy, operations and functions of your Company. The Executive Directors / Senior Management personnel make presentations to the inductees about your Company's strategy, operations, products, markets, finance, human resources, technology, quality, facilities and risk management.

### **VIGIL MECHANISM**

Your Company has established a Vigil Mechanism Policy for your Directors, employees and stakeholders to safeguard against victimization of persons who use vigil mechanism and report genuine concerns. The Audit Committee oversees the vigil mechanism complaints. The Vigil Mechanism Policy of the Company has been displayed on the Company's website at the link – <http://www.vipindustries.co.in/policies.php>.

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('the Act') and Rules made thereunder, your Company has complied with provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment Act. While maintaining the highest governance norms, the Company has also appointed external independent persons, who have done work in this area and have requisite experience in handling such matters. During the year, no sexual harassment complaint was received by the Company. In order to build awareness in this area, the Company has been conducting programmes on a continuous basis.

### **EMPLOYEE STOCK APPRECIATION RIGHT (ESAR)**

Pursuant to the approval of the Members at the Annual General Meeting held on 17<sup>th</sup> July, 2018, the Company adopted V.I.P Employee Stock Appreciation Rights Plan 2018 ("ESRAP 2018"/ "Plan"). In accordance with ESARP 2018, the employee of the Company and its subsidiaries are entitled to receive Employee Stock Appreciation Right (ESAR), which entitle them to receive appreciation in the value of the shares of the Company at a future date and in a pre-determined manner, where such appreciation is settled by way of allotment of shares of the Company. The Company confirms that the ESARP 2018 complies with the provisions of SEBI (Shares Based Employee Benefit) Regulation, 2014.

## BOARDS' REPORT

Detail of the ESAR granted under ESARP 2018, as also the disclosures in compliance with SEBI (Shares Based Employee Benefits) Regulations, 2014 are uploaded on the website of the Company at <http://www.vipindustries.co.in/corporate-governance.php>.

During the year under review, 7 employees were awarded 194,000 ESARs at the rate of ₹ 400/- per ESAR.

### SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2020 stood at ₹ 28.26 crores. During the year under review, the Company has not issued shares with differential voting rights not has granted any stock options or sweat equity.

As on 31<sup>st</sup> March, 2020, none of the Directors of the Company holds instruments convertible into equity shares of the Company.

### AUDIT COMMITTEE

The Audit Committee comprises of Mr. D. K. Poddar (Chairman of Audit Committee), Mr. Dilip G. Piramal and Mr. Amit Jatia. All the recommendations made by the Audit Committee were deliberated and accepted by the Board. For details of the meetings of the Committee, please refer to the Corporate Governance Report, which forms part of this Report.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 (the Act) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Annual Report.

Having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to the members of your Company. The said information is available for inspection on the Company's website - <http://www.vipindustries.co.in> and any member desirous of obtaining such information may write to the Secretarial Department of your Company and the same will be furnished on request.

### REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of your Company is furnished hereunder:

1. Your Directors' Remuneration (including commission and variable pay) to the median remuneration of the employees of your Company for the year 2019-20 was as under:

Director's Name	Ratio of remuneration of each Director to the median employees' remuneration
Mr. Dilip G. Piramal	10X
Ms. Radhika Piramal	72X
Mr. Sudip Ghose	83X
Mr. Ashish K. Saha*	47X

\*Resigned from directorship w.e.f. 30<sup>th</sup> June, 2019

2. The Percentage increase in remuneration of all Executive Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary were as under:

Name	Designation	Increase / Decrease (%)
Ms. Radhika Piramal	Executive Vice Chairperson	(66%)
Mr. Sudip Ghose	Managing Director	12%
Mr. Ashish K. Saha*	Director – Works	56%
Mr. Jogendra Sethi#	Chief Financial Officer	17%
Mr. Anand Daga	Company Secretary & Head - Legal	17%

\*Resigned from directorship w.e.f. 30<sup>th</sup> June, 2019

# Resigned from the position of Chief Financial Officer of the Company w.e.f. 9<sup>th</sup> January, 2020

3. The percentage increase in the median remuneration of employees for the financial year 2019-20 is around -1.44%. The percentage increase in the median remuneration is calculated for comparable employees and does not include employees who were not eligible.

Note: The percentage increase in the median remuneration is negative mainly because of low incentive earned by the employees during the period 2019 – 20 compare to the period 2018 – 19. If the same is look from the fixed CTC basis then there is an increment of 13.76% in the median remuneration.

4. The number of permanent employees on the rolls of the Company 2095 (excluding the employees of the Subsidiary companies).
5. The Percentage increase in salaries of the managerial personnel at 50<sup>th</sup> percentile is 4.31%. The Percentage increase in salaries of the non-managerial personnel at 50<sup>th</sup> percentile is -2.19%. The increase/decrease in remuneration is not solely based on the Company's performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides the Company performance. There are no exceptional circumstances for increase in the managerial remuneration.

Note: The percentage increase in the salaries of managerial personnel at 50<sup>th</sup> percentile is shown at 4.31% and in non managerial personnel it is shown – 2.19% this is mainly because of low incentive earned by the employees during the period 2019 – 20 compare to the period 2018 – 19. If the same is look from the fixed CTC basis then there is an increment of 9.38% in Managerial Personnel at 50<sup>th</sup> Percentile and 19.88% at Non Managerial personnel.

6. The remuneration paid to the Directors is as per the Remuneration Policy of the Company.

During the year under review, no Managing Director / Whole-time Director of the Company are in receipt of any remuneration or commission from any of its subsidiaries.

#### **INDUSTRIAL RELATIONS**

Industrial relations remained cordial throughout the year under review.

#### **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the dedicated services of the employees of your Company at all levels.

By Order of the Board of Directors

Place: Mumbai  
Dated: 26<sup>th</sup> May, 2020

**Dilip G. Piramal**  
Chairman  
(DIN No. 00032012)

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31<sup>st</sup> March, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

CIN	L25200MH1968PLC013914
Registration Date	27.01.1968
Name of the Company	V.I.P. Industries Limited
Category/Sub-category of the Company	Public Company/ Limited by Shares
Address of the Registered office & contact Details	DGP House, 5 <sup>th</sup> Floor, 88-C, Old Prabhadevi Road, Mumbai- 400 025. Tel: 022 6653 9000 Fax: 022 6653 9089; Email: <a href="mailto:investor-help@vipbags.com">investor-help@vipbags.com</a>
Whether listed company	Yes - (BSE Limited and The National Stock Exchange of India Limited)
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-101, 247 Park, LBS Marg, Vikroli(W), Mumbai-400 083 Tel: 91-22-4918 6000 Fax: 91-22-4918 6060 Email: <a href="mailto:helpline@linkintime.co.in">helpline@linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Hard Luggage's	22205	32%
2	Soft Luggage's	15121	68%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Blow Plast Retail Limited Add- 88-C, DGP House, Old Prabhadevi Road, Mumbai-400 025	U74999MH2007PLC169105	Subsidiary	100	2(87)
2	VIP Industries Bangladesh Private Limited Add- Plot No. 74-83, Mongla EPZ Bagerhat-9351, Bangladesh	-	Subsidiary	100	2(87)
3	VIP Industries BD Manufacturing Private Limited Plot # 99-102,EPZ Mongla, Bagerhat-9351, Bangladesh	-	Subsidiary	100	2(87)
4	VIP Luggage BD Private Limited Plot # 43-45,EPZ Mongla, Bagerhat-9351, Bangladesh.	-	Subsidiary	100	2(87)
5	VIP Accessories BD Private Limited MS SFB # 03,Ground floor and 1 <sup>st</sup> floor (East wing) EPZ Mongla,Bagerhat - 9351, Bangladesh.	-	Subsidiary	100	2(87)



## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	7,28,866	-	7,28,866	0.52	7,28,866	-	7,28,866	0.52	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	7,45,93,284	-	7,45,93,284	52.78	7,45,93,284	-	7,45,93,284	52.78	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
Individuals (Non-Resident Individuals / Foreign Individuals)	2,22,487	-	2,22,487	0.16	2,22,487	-	2,22,487	0.16	-
Total shareholding of Promoter (A)	7,55,44,637	-	7,55,44,637	53.46	7,55,44,637	-	7,55,44,637	53.46	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	99,39,577	-	99,39,577	7.04	1,46,93,191	-	1,46,93,191	10.40	3.36
b) Banks / FI	1,83,097	250	1,83,347	0.13	1,14,897	250	1,15,147	0.08	(0.05)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	500	500	-	13,88,779	500	13,89,279	0.99	0.99
g) FIs	-	25,000	25,000	0.01	-	25,000	25,000	0.01	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor (Corporate)	1,22,75,945	-	1,22,75,945	8.69	67,03,930	-	67,03,930	4.74	(3.95)
Others									
- AIF	28,01,392	-	28,01,392	1.98	30,30,244	-	30,30,244	2.14	0.16
<b>Sub-total (B)(1):-</b>	<b>2,52,00,011</b>	<b>25,750</b>	<b>2,52,25,761</b>	<b>17.85</b>	<b>2,59,31,041</b>	<b>25,750</b>	<b>2,59,56,791</b>	<b>18.37</b>	<b>0.52</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	56,77,977	5,250	56,83,227	4.02	50,85,948	3,750	50,89,698	3.60	(0.42)
ii) Overseas	-	35,000	35,000	0.02	-	35,000	35,000	0.02	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	17,51,2792	26,66,354	2,01,79,146	14.28	1,80,26,951	22,78,004	2,03,04,955	14.37	0.09
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,06,24,713	-	1,06,24,713	7.52	1,05,19,954	-	1,05,19,954	7.44	(0.08)
c) Others (specify)									
Non Resident Indians (Repat)	8,60,043	5,50,750	14,10,793	1.00	7,45,774	5,25,750	12,71,524	0.90	(0.10)
Non Resident Indians (Non Repat)	4,16,858	1,000	4,17,858	0.29	5,37,905	500	5,38,405	0.38	0.09
NBFCs registered with RBI	41,105	-	41,105	0.03	4,480	0	4,480	0.00	(0.03)
Trust Employee	-	-	-	-	540	0	540	0.00	-
Market Maker	9,755	-	9,755	0.01	625	0	625	0.00	(0.01)
Foreign Nationals	500	-	500	-	1,223	0	1,223	0.00	-
Clearing Members	3,41,115	-	3,41,115	0.24	2,12,740	0	2,12,740	0.15	(0.09)
Trusts	3,680	-	3,680	-	7,404	0	7,404	0.01	0.01
Hindu Undivided Family	4,85,244	500	4,85,744	0.34	4,57,667	500	4,58,167	0.32	(0.02)
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-

## BOARDS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
IEPF	13,14,281	-	13,14,281	0.93	13,71,172	-	13,71,172	0.97	0.04
<b>Sub-total (B)(2):-</b>	<b>3,72,88,063</b>	<b>32,58,854</b>	<b>4,05,46,917</b>	<b>28.69</b>	<b>3,69,72,383</b>	<b>28,43,504</b>	<b>3,98,15,887</b>	<b>28.17</b>	<b>(0.52)</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6,24,88,074	32,84,604	6,57,72,678	46.54	6,29,03,424	28,69,254	6,57,72,678	46.54	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>13,80,32,711</b>	<b>32,84,604</b>	<b>14,13,17,315</b>	<b>100</b>	<b>13,84,48,061</b>	<b>28,69,254</b>	<b>14,13,17,315</b>	<b>100</b>	-

### B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	DGP Securities Ltd.	3,68,93,755	26.11	-	3,68,93,755	26.11	-	-
2	Vibhuti Investments Company Ltd	2,25,32,585	15.94	-	2,25,32,585	15.94	-	-
3	Kiddy Plast Ltd.	48,82,724	3.46	-	48,82,724	3.46	-	-
4	Kemp and Company Ltd.	33,18,080	2.35	-	33,18,080	2.35	-	-
5	Alcon Finance & Investments Ltd.	27,91,375	1.97	-	27,91,375	1.97	-	-
6	DGP Enterprises Pvt. Ltd.	24,40,100	1.73	-	24,40,100	1.73	-	-
7	DGP Capital Management Ltd.	17,34,665	1.23	-	17,34,665	1.23	-	-
8	Dilip G. Piramal	3,50,616	0.24	-	3,50,616	0.24	-	-
9	Shalini Dilip Piramal	2,33,500	0.17	-	2,33,500	0.17	-	-
10	Radhika D. Piramal	2,22,487	0.16	-	2,22,487	0.16	-	-
11	Aparna Piramal Raje	1,44,750	0.10	-	1,44,750	0.10	-	-
	<b>Total</b>	<b>7,55,44,637</b>	<b>53.46</b>	-	<b>7,55,44,637</b>	<b>53.46</b>	-	-

### C) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in promoter shareholding during the year under review.

### D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	Rakesh Jhunjhunwala	5,215,000	3.69	-	-	5,215,000	3.69
	At the end of the year					5,215,000	3.69
2	Reliance Capital Trustee Co Ltd-A/C Nippon India Small Cap Fund	3,759,218	2.66			3,759,218	2.66
	Sale			10 May 2019	(143,109)	3,616,109	2.56
	Sale			17 May 2019	(60,000)	3,556,109	2.52
	Purchase			26 Jul 2019	20,000	3,576,109	2.53
	Sale			02 Aug 2019	(327,039)	3,249,070	2.30
	Sale			27 Mar 2020	(44,618)	3,204,452	2.27
	Sale			31 Mar 2020	(83,111)	3,121,341	2.21
	At the end of the year					3,121,341	2.21
3	Rakesh Jhunjhunwala	1,833,650	1.30			1,833,650	1.30
	Purchase			09 Aug 2019	396,745	2,230,395	1.58
	Purchase			23 Aug 2019	5,005	2,235,400	1.58
	Purchase			13 Sep 2019	50,000	2,285,400	1.62
	Sale			18 Oct 2019	(200,000)	2,085,400	1.48
	Sale			27 Dec 2019	(85,000)	2,000,400	1.42
	Purchase			31 Jan 2020	85,000	2,085,400	1.48
	Purchase			20 Mar 2020	200,000	2,285,400	1.62
	At the end of the year					2,285,400	1.62

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
4	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Pure Value Fund	1,770,900	1.25			1,770,900	1.25
	Purchase			26 Jul 2019	70,000	1,840,900	1.30
	Purchase			09 Aug 2019	200,000	2,040,900	1.44
	Purchase			25 Oct 2019	54,500	2,095,400	1.48
	Purchase			01 Nov 2019	19,000	2,114,400	1.50
	Purchase			29 Nov 2019	115,128	2,229,528	1.58
	Purchase			24 Jan 2020	10,595	2,240,123	1.59
	Sale			31 Jan 2020	(4,281)	2,235,842	1.58
	Sale			07 Feb 2020	(95,719)	2,140,123	1.51
	At the end of the year					2,140,123	1.51
5	Tata Aia Life Insurance Co Ltd-Whole Life Mid Cap Equity Fund-ULIF 009 04/01/07 WLE 110	2,045,217	1.45			2,045,217	1.45
	Purchase			05 Apr 2019	9,500	2,054,717	1.45
	Purchase			12 Apr 2019	11,500	2,066,217	1.46
	Purchase			10 May 2019	50,000	2,116,217	1.50
	Sale			24 May 2019	(90)	2,116,127	1.50
	Purchase			19 Jul 2019	21,633	2,137,760	1.51
	Purchase			27 Sep 2019	20,000	2,157,760	1.53
	Sale			18 Oct 2019	(43,000)	2,114,760	1.50
	Sale			01 Nov 2019	(11,389)	2,103,371	1.49
	Sale			03 Jan 2020	(83,663)	2,019,708	1.43
	Purchase			13 Mar 2020	26,557	2,046,265	1.45
	Purchase			27 Mar 2020	2,032	2,048,297	1.45
	At the end of the year					2,048,297	1.45
6	Franklin India Smaller Companies Fund	1,910,158	1.35			1,910,158	1.35
	Sale			05 Apr 2019	(100,000)	1,810,158	1.28
	Purchase			26 Jul 2019	30,541	1,840,699	1.30
	Purchase			02 Aug 2019	35,664	1,876,363	1.33
	Sale			16 Aug 2019	(5,239)	1,871,124	1.32
	Sale			30 Aug 2019	(10,966)	1,860,158	1.32
	Purchase			13 Mar 2020	50,000	1,910,158	1.35
	Purchase			20 Mar 2020	36,444	1,946,602	1.38
	Purchase			27 Mar 2020	100,000	2,046,602	1.45
	At the end of the year					2,046,602	1.45
7	Canara Robeco Mutual Fund A/C Canara Robeco Equity Tax Saver Fund	936,815	0.66			936,815	0.66
	Purchase			05 Apr 2019	12,000	948,815	0.67
	Purchase			19 Apr 2019	4,300	953,115	0.67
	Purchase			03 May 2019	4,300	957,415	0.68
	Purchase			17 May 2019	38,650	996,065	0.70
	Purchase			24 May 2019	45,570	1,041,635	0.74
	Purchase			23 Aug 2019	15,000	1,056,635	0.75
	Purchase			06 Sep 2019	10,000	1,066,635	0.75
	Purchase			20 Sep 2019	35,466	1,102,101	0.78
	Sale			27 Sep 2019	(141,000)	961,101	0.68
	Purchase			01 Nov 2019	241,693	1,202,794	0.85
	Purchase			08 Nov 2019	128,290	1,331,084	0.94
	Purchase			22 Nov 2019	42,439	1,373,523	0.97
	Purchase			06 Dec 2019	11,471	1,384,994	0.98
	Purchase			20 Dec 2019	25,000	1,409,994	1.00
	Purchase			31 Dec 2019	17,164	1,427,158	1.01
	Purchase			03 Jan 2020	15,769	1,442,927	1.02
	Sale			10 Jan 2020	(18,300)	1,424,627	1.01
	Purchase			31 Jan 2020	25,000	1,449,627	1.03
	Purchase			07 Feb 2020	115,737	1,565,364	1.11
	Purchase			28 Feb 2020	129,000	1,694,364	1.20

## BOARDS' REPORT

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Sale			06 Mar 2020	(32,745)	1,661,619	1.18
	Sale			20 Mar 2020	(57,641)	1,603,978	1.14
	Sale			27 Mar 2020	(54,120)	1,549,858	1.10
	At the end of the year					1,549,858	1.10
8	Ramgopal Textiles Ltd	1,570,000	1.11			1,570,000	1.11
	Sale			26 Apr 2019	(10,000)	1,560,000	1.10
	Sale			03 May 2019	(10,000)	1,550,000	1.10
	Sale			31 May 2019	(33,070)	1,516,930	1.07
	Sale			16 Aug 2019	(1,355)	1,515,575	1.07
	Sale			23 Aug 2019	(8,645)	1,506,930	1.07
	Sale			01 Nov 2019	(10,000)	1,496,930	1.06
	Sale			08 Nov 2019	(4,268)	1,492,662	1.06
	Sale			22 Nov 2019	(10,000)	1,482,662	1.05
	At the end of the year					1,482,662	1.05
9	Motilal Oswal Long Term Equity Fund	-	-			-	-
	Purchase			13 Sep 2019	2,525	2,525	0.00
	Sale			20 Sep 2019	(1)	2,524	0.00
	Sale			27 Sep 2019	(15)	2,509	0.00
	Purchase			30 Sep 2019	20	2,529	0.00
	Sale			04 Oct 2019	(2)	2,527	0.00
	Purchase			11 Oct 2019	48	2,575	0.00
	Purchase			18 Oct 2019	43	2,618	0.00
	Purchase			25 Oct 2019	101	2,719	0.00
	Purchase			01 Nov 2019	3	2,722	0.00
	Purchase			08 Nov 2019	113	2,835	0.00
	Purchase			15 Nov 2019	138,056	140,891	0.10
	Purchase			22 Nov 2019	79,067	219,958	0.16
	Purchase			29 Nov 2019	40	219,998	0.16
	Purchase			06 Dec 2019	433,996	653,994	0.46
	Purchase			13 Dec 2019	28,524	682,518	0.48
	Purchase			20 Dec 2019	90	682,608	0.48
	Purchase			31 Dec 2019	27,804	710,412	0.50
	Purchase			03 Jan 2020	6,686	717,098	0.51
	Purchase			10 Jan 2020	273,669	990,767	0.70
	Purchase			17 Jan 2020	8,175	998,942	0.71
	Purchase			24 Jan 2020	515	999,457	0.71
	Purchase			31 Jan 2020	1,076	1,000,533	0.71
	Purchase			07 Feb 2020	131	1,000,664	0.71
	Purchase			14 Feb 2020	18	1,000,682	0.71
	Purchase			28 Feb 2020	24,989	1,025,671	0.73
	Purchase			06 Mar 2020	39,894	1,065,565	0.75
	Purchase			13 Mar 2020	88	1,065,653	0.75
	Purchase			20 Mar 2020	89,558	1,155,211	0.82
	Purchase			27 Mar 2020	200,143	1,355,354	0.96
	Purchase			31 Mar 2020	11	1,355,365	0.96
	At the end of the year					1,355,365	0.96
10	Premier Investment Fund Limited	1,475,000	1.04			1,475,000	1.04
	Sale			29 Jun 2019	(25,000)	1,450,000	1.03
	Sale			05 Jul 2019	(75,000)	1,375,000	0.97
	Sale			12 Jul 2019	(37,558)	1,337,442	0.95
	Purchase			02 Aug 2019	112,385	1,449,827	1.03
	Purchase			09 Aug 2019	15,173	1,465,000	1.04
	Purchase			24 Jan 2020	750	1,465,750	1.04
	Sale			13 Mar 2020	(17,653)	1,448,097	1.02
	Sale			20 Mar 2020	(81,451)	1,366,646	0.97
	Sale			27 Mar 2020	(116,646)	1,250,000	0.88
	At the end of the year					1,250,000	0.88

- Notes :
1. Paid up Share Capital of the Company (Face Value ₹ 2.00) at the end of the year is 14,13,17,315 Shares.
  2. The details of holding has been clubbed based on PAN.
  3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

## E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mr. Dilip G. Piramal	3,50,616	0.25	3,50,616	0.25
2	Ms. Radhika Piramal	2,22,487	0.16	2,22,487	0.16
3	Mr. Sudip Ghose <sup>1</sup>	-	-	-	-
4	Mr. Ashish Kumar Saha <sup>3</sup>	1	-	-	-
5	Mr. D K Poddar	-	-	-	-
6	Mr. Amit Jatia	-	-	-	-
7	Mr. G L Mirchandani <sup>4</sup>	-	-	-	-
8	Mr. Rajeev Gupta <sup>4</sup>	-	-	-	-
9	Mr. Tushar Jani <sup>2</sup>	-	-	-	-
10	Mr. Ramesh Damani <sup>2</sup>	-	-	1,16,480	0.08
11	Ms. Nisaba Godrej <sup>1</sup>	-	-	-	-
12	Mr. Anand Daga	-	-	-	-
13	Mr. Jogendra Sethi <sup>5</sup>	1	1	-	-

1. Mr. Sudip Ghose was appointed as Managing Director and Ms. Nisaba Godrej was appointed as Non-executive, Independent Director w.e.f. 1<sup>st</sup> April, 2019.
2. Mr. Tushar Jani and Mr. Ramesh Damani were appointed as Non-executive, Independent Director w.e.f. 7<sup>th</sup> May, 2019.
3. Mr. Ashish Saha resigned from Directorship w.e.f 30<sup>th</sup> June, 2019.
4. Mr. G. L. Mirchandani and Mr. Rajeev Gupta were ceased to be Non-Executive, Independent Directors w.e.f. 09<sup>th</sup> July, 2019.
5. Mr. Jogendra Sethi resigned from the position of Chief Financial Officer w.e.f. 9<sup>th</sup> January, 2020.

V) **INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	79.88	6.27	-	86.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	79.88	6.27	-	86.15
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	13.73	-	13.73
* Reduction	(67.69)	-	-	(67.69)
<b>Net Change</b>	(67.69)	13.73	-	(53.96)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	12.19	20.00	-	32.19
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	12.19	20.00	-	32.19

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director/Whole-time Directors:

(₹ in crore)

Sr. No.	Particulars of Remuneration	Name of Managing Director/Whole-time Director			Total Amount
		Ms. Radhika Piramal	Mr. Ashish K. Saha	Mr. Sudip Ghose	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income	2.28	1.65	2.86	6.79
	(b) Value of perquisites u/s 17(2) Income	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify (Company Contribution to PF)	0.28	0.01	0.09	0.38
	<b>Total (A)</b>	<b>2.56</b>	<b>1.66</b>	<b>2.95</b>	<b>7.17</b>
	Ceiling as per the Act (@10% of profits calculated under section 198 of the Companies Act, 2013)				16.4

### B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount (₹ in crore)
		Mr. D. K. Poddar	Mr. G. L. Mirchandani	Mr. Rajeev Gupta	Mr. Amit Jatia	Mr. Ramesh Damani	Mr. Tushar Jani	Ms. Nisaba Godrej*	
1.	<b>Independent Directors</b>								
	Fee for attending Board, Committee and Independent Directors' meetings	0.05	0.01	-	0.05	0.04	0.02	-	0.17
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	0.05	0.01	-	0.05	0.04	0.02	-	0.17
2	<b>Other Non-Executive Directors/ Promoters</b>								
	Fee for attending Board and Committee meetings	0.06	-	-	-	-	-	-	0.06
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	0.37	-	-	-	-	-	-	0.37
	Total (2)	0.43	-	-	-	-	-	-	0.43
	<b>Total Managerial Remuneration</b>	<b>0.48</b>	<b>0.01</b>	<b>-</b>	<b>0.05</b>	<b>0.04</b>	<b>0.02</b>	<b>-</b>	<b>0.60</b>
	Ceiling as per the Act (@1% of profits calculated under section 198 of the Companies Act, 2013)								1.64

\* Ms. Nisaba Godrej has voluntarily waived-off receipt of sitting fees for any meetings attended by her.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/WHOLE-TIME DIRECTOR**

Sr. No.	Particulars of Remuneration	Mr. Jogendra Sethi, Chief Financial Officer*	Mr. Anand Daga, Company Secretary	Total Amount (₹ In Crore)
1	Gross salary	1.83	0.61	2.44
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.01	-	0.01
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify (Company Contribution to PF)	0.06	0.03	0.09
	<b>Total</b>	<b>1.90</b>	<b>0.64</b>	<b>2.54</b>

\* Mr. Jogendra Sethi resigned from the position of Chief Financial Officer w.e.f. 9<sup>th</sup> January, 2020.

**VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**Form NO MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE PERIOD 01/04/2019 to 31/03/2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To

The Members

V. I. P. INDUSTRIES LIMITED  
DGP House, 5<sup>th</sup> Floor,  
88 C, Old Prabhadevi Road  
Mumbai – 400025 Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **V.I.P. INDUSTRIES LIMITED (CIN: L25200MH1968PLC013914)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **(Not applicable as the Company has not issued any debt securities during the period under review)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **(Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **(Not applicable as the Company has not delisted its equity shares from any stock exchange during the period under review)**



- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **(Not applicable as the Company has not bought back any of its securities during the period under review)**
- vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Factories Act, 1948;
2. MIDC, Nashik, SIDCUL, Haridwar and other local municipal laws
3. Legal Metrology Act, 2009
4. Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971
5. Negotiable Instruments Act, 1881;
6. Workmen's Compensation Act, 1923
7. Payment of Wages Act, 1936
8. Payment of Gratuity Act, 1972
9. Payment of Bonus Act, 1965
10. Industrial Dispute Act, 1947
11. Employees Provident Funds and Miscellaneous Provisions Act, 1974
12. Minimum Wages Act, 1948
13. Employees State Insurance Act, 1948
14. Environment (Protection) Act, 1986
15. Water (Prevention and Control of Pollution) Act, 1974
16. Air (Prevention and Control of Pollution) Act, 1981
17. Hazardous and other wastes (Management and Trans boundary Movement) Rules, 2016

Based on the Compliance Certificates obtained by the Company from the various functional heads and Factory Managers, we relied on the Compliances of the above mentioned statutes.

We have also examined compliance with applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India.
- b) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015 and the Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the company had no specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except following :

1. Ms. Radhika Piramal was appointed as Executive Vice Chairperson of the Company for a period of 5 (five) years w.e.f. 7<sup>th</sup> April, 2019 to 6<sup>th</sup> April, 2024 through postal ballot.
2. Ms. Nisaba Godrej is appointed as Non-Executive Independent Director of the company through postal ballot with effect from 1<sup>st</sup> April, 2019.
3. Mr. Sudip Ghose is appointed as Managing Director of the company through postal ballot with effect from 1<sup>st</sup> April, 2019.
4. Mr. Tushar Kumudrai Jani is appointed as Additional Director of the company on 7<sup>th</sup> May, 2019 and as a Non-Executive Independent Director of the company with effect from 30<sup>th</sup> July, 2019.
5. Mr. Ramesh Damani is appointed as Additional Director of the company on 7<sup>th</sup> May, 2019 and as a Non-Executive Independent Director of the company with effect from 30<sup>th</sup> July, 2019.
6. Mr. Ashish K. Saha resigned from the post of Director (works) with effect from 30<sup>th</sup> June, 2019.
7. Mr. G. L. Mirchandani ceased to be Non-Executive, Independent Director of the company with effect from 9<sup>th</sup> July, 2019, due to completion of the tenure for which he was appointed by the members of the Company at the 47<sup>th</sup> Annual General Meeting of the Company.
8. Mr. Rajeev Gupta ceased to be Non-Executive, Independent Director of the company with effect from 9<sup>th</sup> July, 2019, due to completion of the tenure for which he was appointed by the members of the Company at the 47<sup>th</sup> Annual General Meeting of the Company.
9. Mr. Jogendra Sethi resigned from the post of Chief Financial Officer (CFO) with effect from 9<sup>th</sup> January, 2020.

We further report that during the audit period the company has following specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Declaration of Final Dividend of ₹ 2 (Rupees Two only) per share was approved in the Board Meeting held on 7<sup>th</sup> May, 2019.
2. Declaration of Interim Dividend of ₹ 3.20 (Rupees Three and Twenty Paise only) per share was approved in the Board Meeting held on 12<sup>th</sup> February, 2020.

For **Ragini Chokshi & Co.**

**Ragini Chokshi**  
(Partner)

C.P.NO. 1436

FCS NO. 2390

UDIN: F002390B000213018

Date: 7<sup>th</sup> May, 2020

Place: Mumbai

## FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

## 1. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts/arrangements/transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such contracts or arrangements or transactions (f) date(s) of approval by the Board (g) Amount paid as advances, if any (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil
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## 2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts/arrangements/transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Date(s) of approval by the Board, if any (f) Amount paid as advances, if any	Nil
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By Order of the Board of Directors

**Dilip G. Piramal**  
Chairman  
(DIN No 00032012)

Place: Mumbai  
Dated: 26<sup>th</sup> May, 2020

## DIVIDEND DISTRIBUTION POLICY

### 1. Objective

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

### 2. Philosophy

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

### 3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

V.I.P. Industries Limited being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 4. Definitions

4.1 Unless repugnant to the context:

4.1.1 "**Act**" shall mean the Companies Act, 2013 including the Rules made there under, as amended from time to time.

4.1.2 "**Applicable Laws**" shall mean the Companies Act, 2013 and Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

4.1.3 "**Company**" shall mean V.I.P. Industries Limited.

4.1.4 "**Chairman**" shall mean the Chairman of the Board of Directors of the Company.

4.1.5 "**Compliance Officer**" shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.1.6 "**Board**" or "**Board of Directors**" shall mean Board of Directors of the Company.

4.1.7 "**Dividend**" shall mean Dividend as defined under Companies Act, 2013.

4.1.8 "**MD**" shall mean Managing Director of the Company.

4.1.9 "**Policy or this Policy**" shall mean the Dividend Distribution Policy.

4.1.10 "**SEBI Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued there under, including any statutory modification(s) or re- enactment(s) thereof for the time being in force.

4.1.11 "**Subsidiary**" shall mean Subsidiary of the Company as defined under the Companies Act, 2013.

### 4.2 Interpretation

In this Policy, unless the contrary intention appears:

4.2.1 the clause headings are for ease of reference only and shall not be relevant to interpretation;

4.2.2 a reference to a clause number includes a reference to its sub- clauses;

- 4.2.3 words in singular number include the plural and vice versa;
- 4.2.4 Words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made there under or Securities and Exchange Board of India Act, 1992 or regulations made there under or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

## **5. Parameters for declaration of Dividend**

- 5.1 In line with the philosophy stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

### **5.1.1 Financial Parameters / Internal Factors:**

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- 5.1.1.1 Consolidated net operating profit after tax;
- 5.1.1.2 Working capital requirements;
- 5.1.1.3 Capital expenditure requirements;
- 5.1.1.4 Resources required to fund acquisitions and / or new businesses
- 5.1.1.5 Cash flow required to meet contingencies;
- 5.1.1.6 Outstanding borrowings;
- 5.1.1.7 Past Dividend Trends

### **5.1.2 External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- 5.1.2.1 Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- 5.1.2.2 Dividend pay-out ratios of companies in the same industry.

## **5.2 Circumstances under which the shareholders may or may not expect Dividend:**

- 5.2.1 The shareholders of the Company may not expect Dividend under the following circumstances:

- 5.2.1.1 Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- 5.2.1.2 Significantly higher working capital requirements adversely impacting free cash flow;
- 5.2.1.3 Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- 5.2.1.4 Whenever it proposes to utilise surplus cash for buy- back of securities; or
- 5.2.1.5 In the event of inadequacy of profits or whenever the Company has incurred losses.

## **5.3 Utilization of retained earnings:**

- 5.3.1 The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

## **5.4 Parameters adopted with regard to various classes of shares:**

- 5.4.1 Presently, the Authorised Share Capital of the Company is divided into equity share of ₹ 2/- each and preference shares of ₹ 1,000/- each. At present, the issued and paid-up share capital of the Company comprises only equity shares.
- 5.4.2 The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

5.4.3 As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

### **6. Procedure**

6.1 The Chief Financial Officer in consultation with the MD of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.

6.2 The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.

6.3 Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.

6.4 The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

### **7. Disclosure:**

7.1 The Company shall make appropriate disclosures as required under the SEBI Regulations.

### **8. General**

8.1 This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

8.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

8.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## ANNEXURE – E

**Disclosures of particulars with respect to Conservation of energy, Technology absorption and Foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.**

**(A) CONSERVATION OF ENERGY:**

- a) Energy conservation measures taken:
- Replaced old cooling towers with old technology with latest technology and efficient cooling towers for PC Extrusion lines
  - Replaced old utility equipment with efficient ULM utility equipment.
  - Replaced the old machine controller program with new PLC program on double station vacuum forming machine.

**(B) TECHNOLOGY ABSORPTION:**

- a) Research and Development (R&D):
- i) Specific areas in which R&D carried out by your Company:
- Indigenization of Solid color PC film
  - Indigenization of textured PC film of variety of designs.
  - Reuse of used LLDPE stretch wrap film in our products to avoid Environment pollution.
  - Development of Multi-color printing Logo using new technologies - Embroidery, Resin and Film transfer technology.
  - Development of USB charging feature in product.
  - Development of Embossed floral designs on Extrusion Rollers.
  - Installation of new generation high speed vertical CNC machine (HSM) in Tool Room for new product development.
  - New offering in dual integrated textured PC products (Embossed textured on sheet integrated with textured PC film)
  - Development of two-tone textured PP product
  - Development of lightweight hardware
  - Development of different finishes on metal hardware
  - Development of box type integrated internals for ease of assembly.
  - Installation of dual station shell trimming and profile cutting CNC machine in VFD for PC & PP products.
- ii) Benefits derived as a result of above R&D:
- Reduced development time resulted in quick response time to market
  - Development of record number of new HL products in FY19-20
  - Reduction in assembly lead time and cost involved
- iii) Future plan of action:
- Research on polymeric materials, blends and finishes.
- iv) Expenditure on R&D: (Amount Rs in Crores)
- Recurring ₹ 1.32 Crore
- R & D expenditure as a percentage of total turnover is 0.08%

b) Technology Absorption, Adaption and Innovation:

i) Efforts taken for technology absorption, adaption and innovation: Technology absorption from:

- Implementation of TPM as a part of excellence in operation and sustenance measures

ii) Benefits derived as a result of the above efforts:

- Enhancement of value to customer.
- Effective utilization of polymers.
- Reduction in variety of components resulting in cost saving.

iii) Information regarding technology imported during last 3 years:

Sr. No.	Details of the technology imported	Year of Import	Whether the technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
1.	X-rite color spectrometer	2017	Yes	-
2.	HSM CNC Machine in Tool Room	2019	Yes	-

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total foreign exchange used in terms of actual outflow during the year – ₹ 511.75 Crores.

Total foreign exchange earned in terms of actual inflow during the year – ₹ 57.69 Crores.



## ANNUAL REPORT ON CSR ACTIVITIES

V.I.P. Industries Ltd. (V.I.P) practices its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

V.I.P recognizes that its business activities have wide impact on the society in which it operates and therefore an effective practice is required, giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. V.I.P endeavors to make CSR a key business process for sustainable development. V.I.P undertakes various activities relating to:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- (viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- (x) rural development projects;
- (xi) slum area development and
- (xii) disaster management, including relief, rehabilitation and reconstruction activities.

The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website at <http://www.vipindustries.co.in/policies.php>

1. The CSR Committee consists of the following Members:

- Mr. D. K. Poddar
- Mr. Dilip G. Piramal
- Ms. Radhika Piramal

2. Average net profit of the Company for last three financial years :

Year	Net Profit as per Section 198 of the Companies Act, 2013 (₹ in Crores)
2016-17	115.67
2017-18	180.43
2018-19	196.02
Average net profits of last three years	164.04
2% of the average net profits of last three years	3.28

3. Prescribed CSR Expenditure: The Company spent ₹ 3.31 Crores as against prescribed 2% of the average net profit of last three years of ₹ 3.28 Crores.
4. Details of CSR spent during the financial year: ₹ 3.31 Crores
  - (a) Total amount to be spent for the financial year: ₹ 3.28 Crores
  - (b) Amount unspent, if any: Nil
  - (c) Reason for not spending: N.A.
  - (d) Manner in which the amount spent during the financial year is detailed below:

(₹ In Crore)

Manner in which the amount spent during the financial year is detailed below.							
Sr No	CSR projects or activities identified	Sector in which the project is Covered	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise (₹)	Amount spent on the projects or programs (₹) Sub-heads 1) District Expenditure on projects or programs. 2) Overheads	Cumulative Expenditure upto reporting period (₹)	Amount Spent: Direct or through implementing agency
1.	Education of girl child	Promotion of education	Jharkhand, Pakur	0.70	0.70	0.70	Implementing agency
2.	Education of adolescents girls and boys	Promotion of education	Jharkhand, Deogarh	0.30	0.30	0.30	Implementing agency
3.	Running of school in tribal villages	Promotion of education	Maharashtra, Nanded, Chandrapur, Amravati, Igatpuri	0.50	0.50	0.50	Implementing agency
4.	School Transformation Program	Promotion of education	Maharashtra, Pune, Mumbai	0.20	0.20	0.20	Implementing agency
5.	Promoting and preventive health care	Promoting health care including preventing health care	Maharashtra, Pune, Mumbai	0.20	0.20	0.20	Implementing agency
6.	Providing basic education and literacy, water and sanitation, disease prevention & treatment and child health	Promoting education, Promoting health care	Maharashtra, Jalgaon, Nandurbar, Dhule, Nashik, Ahemadnagar, Akola, Amravati, Yavatmal, Wardha, Aurangabad, Jalna, Bid, Usmanabad and Hingoli	0.85	0.85	0.85	Implementing agency
7.	Promoting basic education, sports and preventive health care	Promoting education, Promoting health care, sports	Maharashtra, Nashik	0.01	0.01	0.01	Implementing agency
8.	Proving education and promoting Indian Culture	Promoting education, art and culture	Mumbai, Maharashtra	0.05	0.05	0.05	Implementing agency
9.	Providing health education service to pregnant women, new mothers, and their families	Promoting and preventive health care of women and children	Rajasthan, Haryana, Delhi, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Chattisgarh, Madhya Pradesh, Odisha, West Bengal, Assam, Himachal Pradesh	0.50	0.50	0.50	Implementing agency
<b>Total</b>				<b>3.31</b>	<b>3.31</b>	<b>3.31</b>	

We hereby confirm that the CSR policy as approved by the Board has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with the CSR objectives.

**Dilip G. Piramal**  
Chairman  
[Din: 00032012]

**D. K. Poddar**  
Chairman, CSR Committee  
[Din: 00001250]

## ANNEXURE TO THE DIRECTORS' REPORT

### COMPANY'S PHILOSOPHY

The Company is committed to adopt the best Corporate Governance practices and endeavors continuously to implement the code of Corporate Governance in its true spirit. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholders' value without compromising in complying with any laws and regulations. The Company believes that Corporate Governance is all about maintaining a valuable relationship and trust with the Stakeholders. The Company has a defined policy framework for ethical conduct and business.

The Board of Directors acknowledges that it has a fiduciary relationship and a corresponding duty towards the stakeholders to ensure that their rights are protected. Through the Governance mechanism in the Company, the Board along with its Committees endeavors to strike a right balance with its various stakeholders.

### BOARD OF DIRECTORS

#### Board Procedure:

The Board meets at least once in a quarter, inter-alia, to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Company circulates well in advance agenda of the Board Meeting alongwith detailed notes to the Directors.

#### Information given to the Board:

The dates for the Board meetings for the ensuing year are decided well in advance and communicated to the Directors. Additional meetings of the Board are held when deemed necessary. Board members are given agenda papers with necessary documents and information in advance of each meeting for the Board and Committee(s). The Board periodically reviews compliance reports with respect to laws and regulations applicable to the Company. The recommendations of the Committees are placed before the Board for necessary approvals. The information enumerated in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is regularly placed before Board.

#### Composition of the Board:

As on 31<sup>st</sup> March, 2020, Board of Directors of the Company comprises of eight members.

Of the eight Directors, two are Executive Directors; six are Non-Executive Directors out of which five are Independent Directors. The details are given in Table A herein below.

#### Board meetings held and Directors' attendance record

During the financial year 2019-20, the Board met four times. The meetings were held on:

7<sup>th</sup> May, 2019; 30<sup>th</sup> July, 2019; 7<sup>th</sup> November, 2019 and 12<sup>th</sup> February, 2020.

The maximum gap between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 ('Act') and Regulation 17(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013 ('Listing Regulations').

Table A: The details of the Directors on the Board of the Company as on 31<sup>st</sup> March, 2020 are given below:

Name & Designation / Category of the Director	No. of shares held as on 31 <sup>st</sup> March, 2020	Attendance Particulars		Whether attended last AGM held on 30 <sup>th</sup> July, 2019	No. of outside Directorships *	No. of outside Committee positions held @	
		Board Meetings held during the tenure of directorship	Attended			Chairperson	Member
Mr. Dilip G. Piramal <sup>1</sup> Chairman, Non –Executive Non-Independent	3,50,616	4	4	Yes	10	-	-
Ms. Radhika Piramal <sup>2</sup> Executive Vice Chairperson	2,22,487	4	4	Yes	4	-	-

## REPORT ON CORPORATE GOVERNANCE

Name & Designation / Category of the Director	No. of shares held as on 31 <sup>st</sup> March, 2020	Attendance Particulars		Whether attended last AGM held on 30 <sup>th</sup> July, 2019	No. of outside Directorships *	No. of outside Committee positions held @	
		Board Meetings held during the tenure of directorship	Attended			Chairperson	Member
Mr. Sudip Ghose <sup>3</sup> Managing Director	Nil	4	4	Yes	1	-	-
Mr. D K Poddar Non –Executive, Independent Director	Nil	4	3	Yes	9	-	1
Mr. Amit Jatia Non –Executive, Non-Independent Director	Nil	4	3	Yes	12	-	3
Ms. Nisaba Godrej <sup>3</sup> Non –Executive, Non-Independent Director	Nil	4	3	No	4	-	-
Mr. Tushar Jani <sup>4</sup> Non –Executive, Non-Independent Director	Nil	4	2	No	18	1	1
Mr. Ramesh Damani <sup>4</sup> Non –Executive, Non-Independent Director	1,16,480	4	4	Yes	3	1	2
Mr. Ashish Saha <sup>5</sup> Director –Works	Nil	1	1	N/A	-	-	-
Mr. G L Mirchandani <sup>6</sup> Non –Executive, Independent Director	Nil	1	1	N/A	-	-	-
Mr. Rajeev Gupta <sup>6</sup> Non –Executive, Independent Director	Nil	1	-	N/A	-	-	-

### NOTE:

\*No. of Outside Directorship includes Directorship in Public Companies, Private Companies and Section 8 Companies but excludes Foreign Companies.

@ Only chairmanship/membership of Audit Committee and Stakeholders' Relationship Committee of Listed and Public Limited Company has been considered.

<sup>1</sup>Mr. Dilip G. Piramal was appointed as Chairman, Non-executive, Non-Independent w.e.f. 25<sup>th</sup> March, 2019. <sup>2</sup>Ms. Radhika Piramal was appointed as Executive Vice Chairperson w.e.f. 7<sup>th</sup> April, 2019. <sup>3</sup>Sudip Ghose was appointed as Managing Director and Ms. Nisaba Godrej was appointed as Non-executive, Independent Director w.e.f. 1<sup>st</sup> April, 2019. <sup>4</sup>Mr. Tushar Jani and Mr. Ramesh Damani were appointed as Non-executive, Independent Director w.e.f. 7<sup>th</sup> May, 2019. <sup>5</sup>Mr. Ashish Saha resigned from Directorship w.e.f. 30<sup>th</sup> June, 2019. <sup>6</sup>Mr. G L Mirchandani and Mr. Rajeev Gupta were ceased to be Non –Executive, Independent Directors w.e.f. 9<sup>th</sup> July, 2019.

As on 31<sup>st</sup> March, 2020, none of the Directors are related to each other except Ms. Radhika Piramal, who is related to Mr. Dilip G. Piramal, Chairman, being his daughter.

None of the Non-executive Independent Director except Mr. Ramesh Damani holds any shares and/or convertible instruments issued by the Company for the time being.

The Board periodically reviews the compliance reports on various laws applicable to the Company.

## Details of Directorship in listed entity(s)

Name of the Director	Directorship in listed entity(s)	Category of Directorship
Mr. Dilip G. Piramal	1) V.I.P Industries Limited 2) Alkyl Amines Chemicals Limited 3) KEC International Limited	Non Executive - Chairman Non Executive - Independent Director Non Executive - Independent Director
Ms. Radhika Piramal	1) V.I.P Industries Limited 2) Chalet Hotels Limited	Executive Vice Chairperson Non Executive - Independent Director
Mr. Sudip Ghose	V.I.P. Industries Limited	Managing Director
Mr. D K Poddar	1) Bajaj Finance Limited 2) V.I.P. Industries Limited 3) Poddar Housing and Development Ltd.	Non Executive - Independent Director Non Executive - Independent Director Executive Director-Chairperson
Mr. Amit Jatia	1) Westlife Development Ltd 2) Inox Leisure Limited 3) V.I.P. Industries Limited	Executive Director Non Executive - Independent Director Non Executive - Independent Director
Ms. Nisaba Godrej	1) Godrej Consumer Products Ltd 2) Godrej Agrovet Limited 3) V.I.P Industries Limited	Executive Chairperson Non-Executive - Non Independent Director Non Executive - Independent Director
Mr. Tushar Jani	1) Navneet Education Ltd. 2) V.I.P Industries Limited	Non Executive - Independent Director Non Executive - Independent Director
Mr. Ramesh Damani	1) Avenue Supermarts Limited 2) Aptech Limited 3) V.I.P Industries Limited	Non Executive - Independent Director Non Executive - Independent Director Non Executive - Independent Director

### Independent Directors:

The Independent Directors of the Company meet the requirements laid down under the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have declared that they do not fall under any disqualifications specified under the Act. All Independent Directors of the Company have been appointed as per the provisions of the Act. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website: <http://www.vipindustries.co.in/corporate-governance.php>.

Board is of the opinion that the Independent Directors fulfill the conditions specified under these Regulations and are independent of the management.

### Training of Independent Directors:

Whenever new Independent Director is inducted on the Board, he/she is introduced to the Company's Policies and procedures through appropriate orientation session, Company's organization structure, business, constitution, board procedures, major risks and management strategy. The appointment letters of Independent Directors as placed on the Company's website at <http://www.vipindustries.co.in/corporate-governance.php> terms & conditions of appointment of Independent Directors are also issued to each Independent Director upon his/her appointment once approved by Members.

### Separate Meeting of the Independent Directors:

A separate meeting of Independent Directors was held on 12<sup>th</sup> February, 2020, without the attendance of Executive Directors and members of Management. All the Independent Directors except Mr. D. K. Poddar and Mr. Nisaba Godrej, who had asked for Leave of absence, were present at the meeting wherein, inter-alia, the following items were discussed in detail:

- the performance of the Board as a whole.
- the performance of Non-Independent Directors.
- the performance of the Chairman of the Company taking into account the views of Executive Directors and Non- executive Directors.
- the quality, quantity and timeliness of flow of information between the Company management and the Board for the Board to effectively and reasonably perform its duties.

### **Familiarization Program for Independent Directors:**

The Board of Directors of the Company adopted the Familiarization Program (“the Program”) for Independent Directors of the Company. Some of the key features of the Program are as under:

#### **1. Purpose**

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

#### **2. Familiarization Process**

The Company through its Executive Directors/Senior Managerial Personnel conducts programs/presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company:

- a) such programs/presentations provides an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them understand the Company’s strategy, business model, industry dynamics, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities, risk appetite and such other areas as may arise from time to time;
- b) the programs/presentations also familiarizes the Independent Directors with their roles, rights and responsibilities;
- c) the Company conducts an introductory familiarization program/presentation, when a new Independent Director is inducted on the Board of the Company;
- d) the Company may circulate news and articles to the industry on a regular basis and may provide specific regulatory updates from time to time; and
- e) the Company may conduct an introductory familiarization program/presentation, when a new Independent Director is inducted on the Board of the Company.

#### **3. Review of the Program**

The Board may review this Program and make suitable amendments/revisions as and when required.

#### **4. Disclosure of the Familiarization Program**

The Familiarization Program for Independent Directors is uploaded on the website of the Company. For public information and easy accessibility of investors the web link <http://www.vipindustries.co.in/corporate-governance.php> is provided herein.

### **Key Board qualifications, expertise and attributes**

The Company’s Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensure that the Company’s Board is in compliance with the highest standards of corporate governance.

The list of core skills/expertise/competencies identified by the Board in the context of the business of the Company and which are available with the Board are as under:

- General Management and Business Operations
- Leadership
- Senior Management Expertise
- Public Policy/Governmental Regulations
- Accounting/Finance/Legal
- Risk Management
- Human Resources Management
- Strategy/M&A/Restructuring
- Corporate Governance
- Business Development/Sales/Marketing
- International Business

In the table below, the above mentioned skills / expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Director	Area of expertise										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Dilip G. Piramal Chairman	√	√	√	√	√	√	√	√	√	√	√
Radhika Piramal Executive Vice Chairperson	√	√	√	√	√	√	√	√	√	√	√
Sudip Ghose Managing Director	√	√	√	√	√	√	√	√	√	√	√
D K Poddar Non-Executive Independent Director	√	√	√	√	√	√	√	√	√	√	√
Amit Jatia Non-Executive Independent Director	√	√	√	√	√	√	√	√	√	√	√
Nisaba Godrej Non-Executive Independent Director	√	√	√	√	√	√	√	√	√	√	√
Ramesh Damani Non-Executive Independent Director	√	√	√	√	√	√	√	√	√	√	√
Tushar Jani Non-Executive Independent Director	√	√	√	√	√	√	√	√	√	√	√

### AUDIT COMMITTEE

#### Composition and Attendance at Meetings:

The Audit Committee comprises of three members all of whom are financially literate as prescribed under the Listing Regulations. Other than Mr. Dilip G. Piramal, Non-executive Director, all other Committee Members are Independent Directors.

Mr. D. K. Poddar, Independent Director is the Chairman of the Committee. The Executive Vice Chairperson, Chief Financial Officer, Statutory Auditors and Internal Auditors of the Company are the permanent invitees at the meetings of the Committee. The quorum for the Audit Committee meetings is two members, with atleast two Independent Directors to be present at the meeting. The Company Secretary acts as the Secretary to the Committee. M/s. Suresh Surana & Associates LLP were the Internal Auditors of the Company for the financial year 2019-20 and are re-appointed for the financial year 2020-21. The Internal Auditors report to the Audit Committee with regard to the audit program, observations and recommendations in respect of different areas of operations of the Company.

The Audit Committee generally meets once in a quarter, inter-alia, to review the quarterly performance and the financial results. The Audit Committee met four times during the year i.e. 7<sup>th</sup> May, 2019; 30<sup>th</sup> July, 2019; 7<sup>th</sup> November, 2019 and 12<sup>th</sup> February, 2020. The maximum gap between two meetings was not more than 120 days.

The details of the composition, position and attendance at the Audit Committee meetings during the year are as under:

Name of the Director	Position	No. of Meetings held during the tenure of directorship	No. of Meetings attended
Mr. D. K. Poddar	Chairman	4	4
Mr. Dilip G. Piramal	Member	4	4
Mr. Amit Jatia <sup>#</sup>	Member	3	3
Mr. G. L. Mirchandani <sup>*</sup>	Member	1	1
Mr. Rajeev Gupta <sup>*</sup>	Member	1	-

<sup>#</sup>Mr. Amit Jatia was inducted as Member w.e.f. 10<sup>th</sup> July, 2019. <sup>\*</sup>Mr. G.L. Mirchandani and Mr. Rajeev Gupta were ceased to be Directors w.e.f. 9<sup>th</sup> July, 2019.

Mr. D. K. Poddar, Chairman of the Committee, authorized by the Committee was present at the 52<sup>nd</sup> Annual General Meeting of the Company held on 30<sup>th</sup> July, 2019 to answer the shareholders' queries.

The minutes of the Audit Committee Meetings forms part of the documents that are regularly placed before the meetings of the Board of Directors. In addition, the Chairman of the Audit Committee informs the Board members about the significant discussions that took place at the Audit Committee meetings.

During the year under review no person or persons has been denied access to the Chairman of Audit Committee.

### Terms of Reference:

The Audit Committee of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. Apart from all the matters provided in Regulation 18(3) read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, the Committee reviews reports of the Internal Auditors, meets Statutory Auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the Auditors and reviews accounting policies followed by the Company. The Committee reviews with the management, quarterly/half yearly and annual financial statements before its submission to the Board. The minutes of the Audit Committee meetings are placed and noted at the subsequent meeting of the Board of Directors of the Company.

### NOMINATION AND REMUNERATION COMMITTEE

#### Composition and Attendance at Meetings:

The Committee's constitution and terms of reference are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee (NRC) met 2 (two) times during financial year 2019-20 i.e. on 7<sup>th</sup> May, 2019 and 30<sup>th</sup> July, 2019.

The details of the composition, position and attendance at the NRC meetings during the year are as under:

Name of the Director	Position	No. of Meetings held during the tenure of Director	No. of Meetings attended
Mr. D. K. Poddar	Chairman	2	2
Mr. Dilip G. Piramal	Member	2	2
Mr. Amit Jatia	Member	2	1
Mr. G. L. Mirchandani *	Member	1	1

\*Mr. G. L. Mirchandani ceased to be a Director w.e.f. 9<sup>th</sup> July, 2019

Mr. D. K. Poddar, Chairman of the Committee was present at the Annual General Meeting of the Shareholders to address the queries of the Members.

Other than Mr. Dilip G. Piramal, Non-executive Director, all other Committee Members are Independent Directors.

### Terms of Reference:

The Nomination and Remuneration Committee of the Company reviews, assesses and recommends the performance of managerial personnel on a periodical basis and also reviews their remuneration decides on all issues related to the proposals of the Company's Employees' Stock package and recommends suitable revision to the Board. The Committee also looks into and decides on all issues related to the proposals of the Company's Employees' Stock Option Scheme and other matters connected thereto.

### Performance Evaluation of Non-Executive and Independent Directors:

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Independent Directors are Non-executive of the Company and eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board helps in taking complex business decisions.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance,



the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration, Corporate Social Responsibility, Risk Management and Stakeholders Relationship Committees. A structured questionnaire was prepared after taking into consideration the guidance note issued by SEBI on Board evaluation and based on inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of each Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### REMUNERATION POLICY

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The remuneration policy is in consonance with the existing practice in the Industry.

#### 1. Non-Executive Directors' Remuneration:

The Non-Executive Independent Directors are paid remuneration by way of sitting fees. The Company pays sitting fees of ₹ 25,000/- (till 30<sup>th</sup> June, 2019) and ₹ 50,000 (w.e.f 1<sup>st</sup> July, 2019) for attending each meeting of the Audit Committee, ₹ 20,000/- for attending each meeting of the Nomination and Remuneration Committee, ₹ 20,000/- for attending Independent Directors Meeting and ₹ 100,000/- for attending each Board Meeting. The payment of remuneration by way of sitting fees is based on certain criteria such as attendance at the Board/Committee meetings, time devoted, industry trends etc.

Details of remuneration paid to the Non-Executive Independent Directors for the year ended 31<sup>st</sup> March, 2020 are as follows:

Name	Sitting Fees (₹ in Crore)	Commission (₹ in Crore)	Total (₹ in Crore)	Share holding
Mr. D. K. Poddar	0.05	-	0.05	-
Mr. Amit Jatia	0.05	-	0.05	-
Ms. Nisaba Godrej#	Nil	-	Nil	-
Mr. Ramesh Damani	0.04	-	0.04	1,16,480
Mr. Tushar Jani	0.02	-	0.02	-
Mr. Rajeev Gupta	-	-	-	-
Mr. G. L. Mirchandani	0.01	-	0.01	-

# Ms. Nisaba Godrej has voluntarily waived-off receipt of sitting fees for any meetings attended by her.

There was no pecuniary relationship or transactions of the Non-executive Director's vis-à-vis the listed entity which needs to be disclosed in the Annual Report.

#### 2. Chairman (Non-executive, Non Independent)

Mr. Dilip G. Piramal was appointed as the Chairman (Non-executive, Non Independent) w.e.f. 25<sup>th</sup> March, 2019. The shareholders vide its resolution passed through postal ballot on 25<sup>th</sup> March, 2019 has approved the payment of commission to Non-executive Directors not exceeding 3 (three) percent of the net profits of the Company in any fiscal year (computed in the manner provided in Section 197 and 198 of the Companies Act, 2013) plus GST at the applicable rate.

Mr. Dilip G. Piramal, Chairman, voluntarily chose not to receive any commission for his services rendered to the Company for the Financial Year 2019-20.

Details of payment made to Mr. Dilip G. Piramal for financial year ended 31<sup>st</sup> March, 2020 are as follows:

(₹ in Crore)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option	Total
Mr. Dilip G. Piramal	0.06	0.37	-	-	0.43

### 3. Executive Directors' Remuneration

#### A. Ms. Radhika Piramal

Ms. Radhika Piramal was appointed as the Executive Vice Chairperson of the Company for a period of 5 years i.e. upto 6<sup>th</sup> April, 2024. The contract for such appointment between the Company and the Executive Vice Chairperson may be terminated by either party by giving the other party 6 months notice or the Company paying notice pay equal to the amount due to the Executive Vice Chairperson on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

The Company had paid remuneration by way of salary, perquisites, allowances and commission to the Executive Vice Chairperson. Salary is paid within the limits approved by the Members.

Details of remuneration paid to Ms. Radhika Piramal for the financial year ended on 31<sup>st</sup> March, 2020 are as follows:

(₹ in Crore)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option	Total
Ms. Radhika Piramal	-	2.56	-	-	2.56

#### B. Managing Director

Mr. Sudip Ghose was appointed as Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2019. The contract for such appointment between the Company and the Managing Director may be terminated by either party by giving the other party 6 months notice or the Company paying notice pay equal to the amount due to the Managing Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

Details of remuneration paid to Mr. Sudip Ghose for the financial year ended on 31<sup>st</sup> March, 2020 are as follows:

(₹ in Crore)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option	Total
Mr. Sudip Ghose	-	2.95	-	-	2.95

#### C. Director- Works

Mr. Ashish K. Saha was re-appointed as a Director in the whole-time employment of the Company designated as Director - Works for a period of three years with effect from 1<sup>st</sup> February, 2018 to 31<sup>st</sup> January, 2021 (both days inclusive).

Due to personal reasons, Mr. Ashish Saha had resigned from the Directorship of the Company w.e.f. 30<sup>th</sup> June, 2019.

The Company had paid remuneration by way of salary, perquisites and allowances to the Director-Works. Salary is paid within the limits approved by the members.

Details of remuneration paid to Mr. Ashish Saha during his tenure in the financial year 2019-2020 are as follows:

(₹ in Crore)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option	Total
Mr. Ashish Saha	-	1.66	-	-	1.66

#### Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the Company as on 31<sup>st</sup> March, 2020 had the following Key Managerial Personnel viz., Ms. Radhika Piramal, Executive Vice Chairperson, Mr. Sudip Ghose, Managing Director and Mr. Anand Daga as Company Secretary.

Details of remuneration of Key Managerial Personnel for the Financial Year 2019-20 are as follows:

(₹ in Crore)

Name	Gross Remuneration	Stock Option	Total
Ms. Radhika Piramal	Details given in Point 3 (A, B and C) above		
Mr. Sudip Ghose			
Mr. Ashish Saha			
Mr. Jogendra Sethi#	1.90	-	1.90
Mr. Anand Daga	0.64	-	0.64

#Resigned from the position of Chief Financial Officer w.e.f. 9<sup>th</sup> January, 2020 and Ms. Neetu Kashiramka has joined as Chief Financial Officer of the Company w.e.f. 8<sup>th</sup> April, 2020.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### Composition:

As at 31<sup>st</sup> March, 2020, the Stakeholders' Relationship Committee comprises of following three members:

Name of the Member	Category	Meeting held during the tenure of the Director	No. of meetings Attended
Mr. Amit Jatia*	Chairman	16	13
Mr. Dilip G. Piramal	Member	22	22
Mr. Sudip Ghose*	Member	16	15
Mr. Ashish K. Saha@	Member	6	3
Mr. G. L. Mirchandani#	Chairman	6	6

\* Mr. Amit Jatia and Mr. Sudip Ghose were inducted as Chairman and member of the committee respectively w.e.f. 10<sup>th</sup> July, 2019. @ Mr. Ashish Saha ceased to be a member of the committee w.e.f. 30<sup>th</sup> June, 2019 # Mr. G. L. Mirchandani ceased to be a member of the committee w.e.f. 9<sup>th</sup> July, 2019.

Mr. Anand Daga, Company Secretary & Head- Legal is acting as the Compliance Officer of the Committee.

The Stakeholder Relationship Committee (Committee) primarily considers and resolves grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of declared dividends, etc. The Committee also reviews measures taken for effective exercise of their voting rights, adherence to service standards in respect of services rendered by the Registrar and Share Transfer Agent and also suggests improvements to investor relations initiatives undertaken at the Company.

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company and the Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

The Company has 91,796 shareholders as on 31<sup>st</sup> March, 2020. During the year under review, the Company processed 57 share transfers in the physical form comprising of 39,920 equity shares. The Company had received 21 investor's complaints during the year, all of which have been attended satisfactorily within time. The outstanding investor's complaints as on 31<sup>st</sup> March, 2020 are Nil.

The Stakeholders' Relationship Committee meets regularly and approves all matters related to shares vis-à-vis transfers, transmissions, dematerialization and re-materialization of shares etc. In case of shares held in physical form, all transfers are completed within the stipulated time from the date of receipt of complete documents. The relevant certificate obtained from M/s. Ragini Chokshi & Associates on half yearly basis, as stipulated by Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are submitted to the Stock Exchanges regularly within the prescribed time.

#### Terms of Reference:

The terms of reference of the Stakeholders' Relationship Committee include redressing shareholder and investor complaints like non-receipt of transfer and transmission of shares, non-receipt of duplicate share certificate, non-receipt of balance sheet, non-receipt of dividends etc. and to ensure expeditious share transfer process.

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2020 and the details of Member's participation at the Meetings of the Committee are as under:

Name of the Member	Category	Meeting held during the tenure of the Director	No. of meetings Attended
Mr. D. K. Poddar	Chairman	1	1
Mr. Dilip G. Piramal	Member	1	1
Ms. Radhika Piramal	Member	1	1

The CSR Committee met one time during the year under review i.e. on 7<sup>th</sup> May, 2020. The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

### RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company has constituted Risk Management Committee to monitor and review risk management system of the Company including risks related to cyber security. The Committee is responsible for risk identification, evaluation and mitigation, control process for such risks and corrective action taken by the Management to mitigate the same. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

The composition of the Risk Management Committee as on 31<sup>st</sup> March, 2020 and the details of Member's participation at the Meetings of the Committee are as under:

Name of the Member	Category	No. of meetings held	No. of meetings Attended
Mr. Dilip G. Piramal	Chairman	1	1
Ms. Radhika Piramal	Member	1	1
Mr. Sudip Ghose	Member	1	1
Mr. Dheeraj Goyal	Member	1	1
Mr. Jogendra Sethi <sup>#</sup>	Member	-	-

The Risk Management Committee met one time during the year under review i.e. on 12<sup>th</sup> February, 2020.

<sup>#</sup>Resigned from the position of Chief Financial Officer w.e.f. 9<sup>th</sup> January, 2020

### GENERAL BODY MEETINGS

Particulars of General Meetings held during last three years:

Annual General Meeting (AGM)	Date & time	Venue	Special Resolution Passed
50 <sup>th</sup> AGM (2016-17)	28 <sup>th</sup> July, 2017 at 2:30 p.m.	"NIWEC", Satpur, Nashik – 422 007	-
51 <sup>st</sup> AGM (2017-18)	17 <sup>th</sup> July, 2018 at 3:30 p.m.	"Hall of Culture", Opp. Nehru Planetarium, Nehru Centre, Ground Floor, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai- 400 018	<ul style="list-style-type: none"> <li>• Approval of Employee Stock Appreciation Rights to the Employees and Directors of the Company under 'VIP Employees Stock Appreciation Rights Plan 2018'</li> <li>• Approval of Employee Stock Appreciation Rights to the Employees and Directors of the Subsidiary Company(ies) of the Company under 'VIP Employees Stock Appreciation Rights Plan 2018'.</li> </ul>

Annual General Meeting (AGM)	Date & time	Venue	Special Resolution Passed
52 <sup>nd</sup> AGM (2018-19)	30 <sup>th</sup> July, 2019 at 3:00 p.m.	Ravindra Natya Mandir, 3rd Floor, P. L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai - 400 025	-

All resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders. The Chairman of the Audit Committee was present at all the above AGMs.

### Postal Ballot

During the year ended 31<sup>st</sup> March, 2020, no resolution was passed through Postal Ballot.

### MEANS OF COMMUNICATION:

- Results:**

Quarterly/half-yearly/annually financial results are published in widely circulating national and local daily newspapers, such as Business Standard, Free Press Journal, Lakshdeep and Navshakti. These are not sent individually to the shareholders.

- Website:**

The Company's website [www.vipindustries.co.in](http://www.vipindustries.co.in) contains a separate dedicated section 'Investor Relations' wherein shareholders' information including financial results is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

- Annual Report:**

The Annual Report containing, inter alia, Audited Financial Statements (standalone and consolidated), Boards' Report, Auditors' Report and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website [www.vipindustries.co.in](http://www.vipindustries.co.in)

- Corporate Filing and Dissemination System (CFDS):**

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by Listed Companies. All disclosures and communications to BSE and NSE are filed by the Company electronically through the CFDS portal, and no hard copies of the said disclosures and correspondence are filed with stock exchanges.

- NSE Electronic Application Processing System (NEAPS):**

The NEAPS is a web-based application designed by NSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, financial results, media releases, among others are filed by the Company electronically on NEAPS.

- BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):**

BSE's Listing Centre is a web-based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

- SEBI Complaints Redress System (SCORES):**

Investors' complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. The Company regularly redresses the complaints if any, on SCORES within stipulated time.

- Designated exclusive Email-id:**

The Company has designated the email-id [investor-help@vipbags.com](mailto:investor-help@vipbags.com) exclusively for investor servicing.

## REPORT ON CORPORATE GOVERNANCE

### • Presentations to institutional Investors/Analysis:

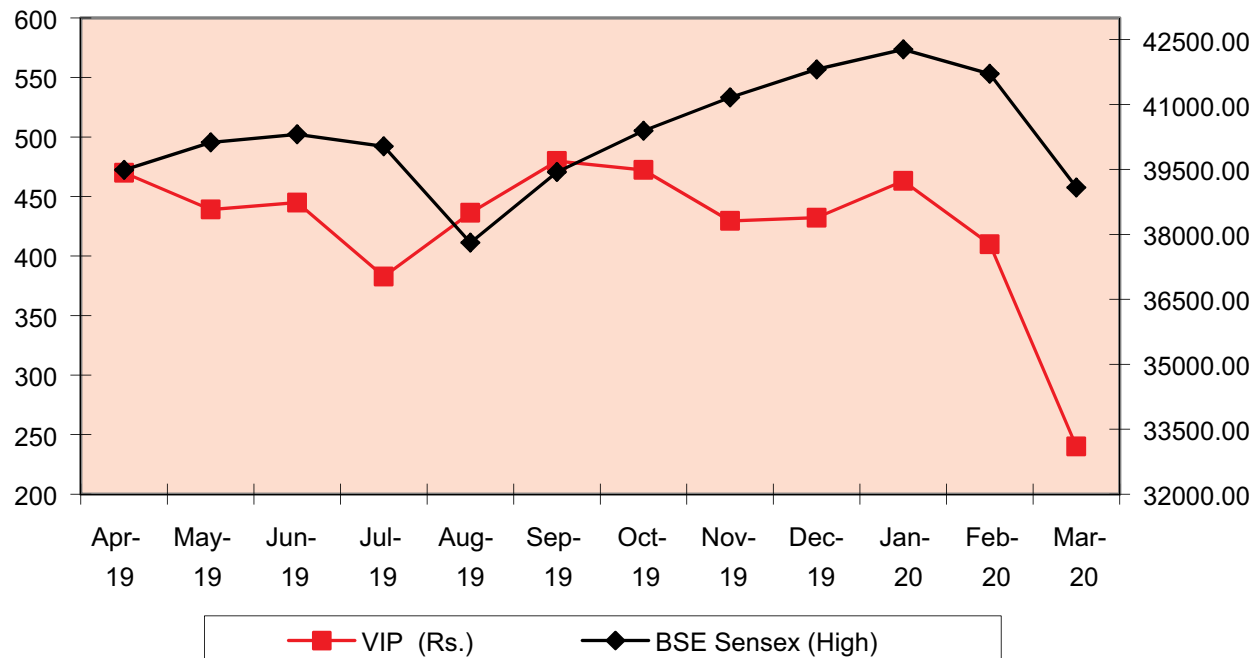
After announcement of Quarterly/half-yearly/annual financial results, the Company participates in the quarterly earnings conference calls wherein the Company's management comments on the financial results of a recently completed quarter/half-yearly/annual financial results. The transcript of such conference calls are uploaded on website of the Company.

### GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:
  - Day, Date and Time : 5<sup>th</sup> August, 2020, at 4:00 p.m. (IST)
2. Tentative Financial Calendar : The financial year of the Company is for the period from 1<sup>st</sup> April every year to 31<sup>st</sup> March of the following year.
  - a. Publication of Audited Results : By 30<sup>th</sup> May or immediately upon its adoption by the Board each year
  - b. First Quarter Results : By 14<sup>th</sup> August of each year
  - c. Second Quarter Results : By 14<sup>th</sup> November of each year
  - d. Third Quarter Results : By 14<sup>th</sup> February of each year
3. Date of Book Closure : Wednesday 29<sup>th</sup> July, 2020 to Wednesday, 5<sup>th</sup> August, 2020 (both days inclusive)
4. Cut-off date for e-voting/ballot : Wednesday, 29<sup>th</sup> July, 2020
5. Listing on Stock Exchange :
  1. BSE Limited (BSE)  
BSE Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
  2. National Stock Exchange of India Limited (NSE)  
Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
6. Listing Fees : Listing fees of both the stock exchanges for the financial year 2020-21 have been paid.
7. Stock Code
  - BSE : 507880
  - NSE : VIPIND
  - International Securities Identification Number (ISIN) : INE054A01027
8. **The monthly High and Low of market price of the equity shares of the Company on BSE and NSE and the stock performance during the last financial year was as under:**

Period (Year 2019- 20)	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Sensex (High)	High (₹)	Low (₹)	Nifty (High)
April 2019	501.50	452.90	39487.45	501.70	452.00	11856.15
May 2019	475.75	415.05	40124.96	476.00	415.00	12041.15
June 2019	478.00	434.40	40312.07	478.00	434.80	12103.05
July 2019	451.70	342.00	40032.41	451.95	342.30	11981.75
August 2019	441.00	350.60	37807.55	441.00	350.10	11310.95
September 2019	511.00	392.60	39441.12	511.40	392.40	11694.85
October 2019	494.15	435.00	40392.22	494.00	443.10	11945.00
November 2019	484.60	415.00	41163.79	485.00	428.55	12158.80
December 2019	439.35	415.15	41809.96	439.90	415.00	12293.90
January 2020	474.80	415.05	42273.87	474.95	417.35	12430.50
February 2020	519.90	406.35	41709.30	519.50	405.80	12246.70
March 2020	420.25	187.95	39083.17	421.75	187.65	11433.00

9. Performance in comparison to broad-based indices such as VIP v/s BSE SENSEX



10. Registrars and Share Transfer Agents

Link Intime India Pvt. Ltd., C-101, 247 Park, LBS Marg, Vikroli (W), Mumbai-400083 Tel. No.: +91 22-49186000, Fax No.: +91 22-49186060

11. Share Transfer System

The Share transfer activities in respect of shares in physical mode are carried out by Link Intime India Pvt. Ltd. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board of Directors of your Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder and issuance of new share certificate are approved by the Stakeholders Relationship Committee of the Board of Directors of your Company.

The particulars of movement of shares in the dematerialized mode are also placed before the Stakeholders Relationship Committee.

12. Distribution Schedule and shareholding Pattern as on 31<sup>st</sup> March, 2020.

DISTRIBUTION SCHEDULE		
Category Number of Shares	No. of Shareholders	No. of Shares
Up to 1000	83,285	81,77,298
1001 to 2000	4,232	34,24,927
2001 to 4000	2,324	35,12,014
4001 to 6000	845	21,38,792
6001 to 8000	335	11,74,758
8001 to 10000	183	8,58,311
10001 to 20000	304	21,44,242
20001 and above	288	11,98,86,973
<b>TOTAL</b>	<b>91,796</b>	<b>14,13,17,315</b>

SHAREHOLDING PATTERN		
Category of Shareholders	No. of Shares	%
Promoter	7,55,44,637	53.46
Mutual Funds and UTI	1,46,93,191	10.40
Banks, Financial Institution and Insurance Companies	15,04,426	1.06
Foreign Financial Investors & Foreign Nationals	67,30,153	4.76
Bodies Corporate	50,89,698	3.60
Indian Public/Trust/HUF	3,12,91,020	22.14
Non Resident Individuals/ Overseas Corporate Bodies	18,44,929	1.31
Alternate Investment Fund	30,30,244	2.14
Market Maker/Clearing members	2,13,365	0.15
NBFC Registered with RBI	4,480	0.00
Any other (IEPF)	13,71,172	0.97
<b>TOTAL</b>	<b>14,13,17,315</b>	<b>100.00</b>

- 13. Dematerialization of shares and liquidity:** 97.97% of the paid-up capital of the Company has been dematerialized as on 31<sup>st</sup> March, 2020. The equity shares of the Company are actively traded on the BSE and the NSE in the dematerialized form.
- 14. Outstanding GDRs/ ADRs/ Warrants :** NIL or any convertible instruments
- 15. Commodity price risk or foreign exchange:** The Company is exposed to a Commodity Price Risk in relation risk and hedging activities to various types of Polymers used as input Raw Materials in its Manufacturing process for Plastic Moulded Luggage. The risk is partially mitigated by constant monitoring of the global crude oil prices and resultant strategic procurement decisions. The Company is also exposed to foreign exchange risk due to import of raw materials, Soft luggage and bags and also export to various countries. The Company evaluates exchange rate exposure arising from these transactions and takes required hedging from time to time which minimizes the impact of fluctuations in exchange rate movement.
- 16. Plant Locations :**
- (i) Nashik- 78 A, MIDC Estate, Satpur, Nashik– 422 007.
  - (ii) Plot No. A/7, MIDC Malegaon, Taluka Sinnar, District - Nashik, 422 103.
  - (iii) Plot No. L – 4/ L-5, Nagpur Industrial Estate, Nagpur
  - (iv) Haridwar - Plot No 8, Sector 12, SIDCUL Area, Haridwar – 249 403.
- 17. Address for correspondence :**
- i) Link Intime India Pvt. Ltd.  
(Unit – V.I.P. Industries Limited)  
C-101, 247 Park, LBS Marg, Vikroli (W), Mumbai-400083  
Tel. No.: +91 22-49186000, Fax No.: +91 22-49186060
  - ii) The Company Secretary  
V.I.P. Industries Ltd. DGP House,5th Floor 88-C, Old Prabhadevi Road Mumbai – 400 025. Tel No.: +91 22 - 66539000, Fax No.: +91 22 – 66539089
- 18. Designated E-mail ID for registering complaints by the investors:** [investor-help@vipbags.com](mailto:investor-help@vipbags.com)
- 19. Details of Non-Compliance:** V.I.P. Industries Limited has complied with all the requirements of regulatory authorities. There has been no instance of non-compliance by the Company on any matter related to capital market during the last three years and hence, no penalties/ strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the last 3 (Three) years.



**OTHER DISCLOSURES**

- **Related Party Transactions:**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions with Related Parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Indian Accounting Standards (Ind AS) has been made in the notes of the Financial Statements.

The Board has approved a Policy for Related Party Transactions which has been uploaded on website of the Company. For public information and easy accessibility of investors the web link <http://www.vipindustries.co.in/policies.php> is provided herein.

The Company has no material significant transactions with its related parties that may have a potential conflict with the interest of the Company during the Financial Year 2019-20. The details of transaction between the Company and the related parties are given for information under Note No. 45 of the Notes to Accounts to the Balance Sheet as at 31<sup>st</sup> March, 2020.

- **Vigil Mechanism/Whistle Blower Policy:**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Listing Obligation and Disclosures Requirements Regulation. The policy comprehensively provides an opportunity for an employee and Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and/ or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy is being communicated to the employees and also posted on Company's website. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on the Company's website at the link: <http://www.vipindustries.co.in/policies.php>

- **Compliance with mandatory and non-mandatory requirements:**

The Company has complied with the applicable mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Audit qualification**

The Company is in the regime of unqualified financial statement.

- **Subsidiary Companies**

The Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 10% of the consolidated income of the Company during the previous financial year.

The Company has also formulated a policy on material subsidiaries and a copy of the aforesaid Policy for determining Material Subsidiaries is uploaded on the website of the Company. For public information and easy accessibility of investors the web link <http://www.vipindustries.co.in/policies.php> is provided herein.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings. Copies of the Minutes of the Board Meetings of Subsidiary Companies are also circulated to all the Directors and are tabled at the subsequent Board Meetings.

- **Details of total fees paid to statutory auditors**

Details of total fees paid to statutory auditors are provided in Note No. 32 of Standalone Financial Statements forming part of Annual Report

- **Complaints pertaining to sexual harassment**

Please refer Board's Report for the complaints pertaining to sexual harassment during the financial year.

### • Code of Conduct

As prescribed under the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV thereto and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for its employees and Non-executive Directors including Independent Directors, the Company has formulated a comprehensive Code of Conduct (the Code).

The code is applicable to the members of the Board and Senior Management Personnel of the Companies and its subsidiaries. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Integrity, one team and Excellence. All the members of the Board and Senior Management Personnel have confirmed compliance to the Code as on 31<sup>st</sup> March, 2020.

A copy of the Code has been uploaded on the website of the Company <http://www.vipindustries.co.in/corporate-governance.php>. The Code has been circulated to all the Directors and Management Personnel and its compliance is affirmed by them annually. A declaration signed by the Company's Managing Director for the compliance of this requirement is published in this Report.

### Secretarial Audit for Reconciliation of Capital

M/s. Ragini Chokshi & Associates, Practicing Company Secretary firm has carried our Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and in physical form and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of shares in dematerialized form held with the two depositories namely NSDL & CDSL.

- In the preparation of the financial statements, the Company follows Accounting Standards as prescribed under the Companies (Indian Accounting Standards) Rules, 2015.
- The Company has formulated and laid down a procedure on risk assessment and minimization. These procedures have been considered by the Board and a properly defined framework is laid down to ensure that the management controls the identified risks.
- The Company has received the certificate as required under Part C of Schedule V of Listing Regulations, from Ms. Ragini Chokshi, Practicing Company Secretary certifying that none of the Directors on the Board of the Company for the Financial Year ending on 31<sup>st</sup> March, 2020 has been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any other statutory authority.
- The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.
- The Company has framed the following policies, as required under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - i. Vigil Mechanism Policy;
  - ii. Policy For Determining Material Subsidiaries;
  - iii. Performance Evaluation Policy;
  - iv. Related Party Transactions Policy;
  - v. Corporate Social Responsibility Policy;
  - vi. Policy on Prevention of Sexual Harassment;
  - vii. Policy on Preservation of Documents;
  - viii. Policy on Disclosure of Material Events or Information;
  - ix. Policy on obligations of Directors & Senior Management;
  - x. Nomination & Remuneration Policy; and
  - xi. Dividend Distribution Policy.
- During the year under review, the Company did not raise any proceeds through a public issue, rights issue and/or a preferential issue.

- The details in respect of Director/s seeking re-appointment are provided as part of the Notice convening the ensuing Annual General Meeting.
- During the year under review, the Company did not raise any proceeds through a public issue, rights issue and/or a preferential issue.
- The details in respect of Director seeking re-appointment are provided as part of the Notice convening the ensuing Annual General Meeting.
- **Prevention of Insider Trading:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's securities and prohibits the purchase or sale of the Company's shares by the designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code.
- All Board of Directors and the designated employees have confirmed compliance with the Code.

### **DECLARATION UNDER SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Sudip Ghose, Managing Director of V.I.P. Industries Limited hereby confirm that all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's code of conduct for the financial year ended 31<sup>st</sup> March, 2020.

**For V.I.P. INDUSTRIES LIMITED**

**Place: Mumbai**  
**Date: 26<sup>th</sup> May, 2020**

**Sudip Ghose**  
**Managing Director**  
**(DIN- 08351249)**

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To the Board of Directors of V.I.P. Industries Limited

Dear Sirs,

**Sub: CEO/CFO Certificate**

**[Issued in accordance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

We, Sudip Ghose, Managing Director and Neetu Kashiramka, Chief Financial Officer of V.I.P. Industries Ltd., to the best of our knowledge and belief, certify that:

- a) We have reviewed the financial statements and the cash flow statement of V.I.P. Industries Limited for the financial year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or propose to take for rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
  - i. there are no significant changes in internal control over financial reporting during the year;
  - ii. there are no significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - iii. there are no instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For V.I.P. INDUSTRIES LIMITED**

Place: Mumbai  
Date: 26<sup>th</sup> May, 2020

**SUDIP GHOSE**  
Managing Director  
(DIN – 08351249)

**NEETU KASHIRAMKA**  
Chief Financial Officer

### ANNEXURE TO THE BOARD'S REPORT

#### CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members,

#### V.I.P. INDUSTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by V.I.P. INDUSTRIES LIMITED ('the Company') for the financial year ended 31<sup>st</sup> March, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI Listing Regulations").

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 SEBI Listing Regulations for the year ended 31<sup>st</sup> March, 2020.

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 Ragini Chokshi & Co.**  
(Company Secretaries)

Sd/-  
**Ragini Chokshi**  
(Partner)

FCS No.2390  
C.P. No. 1436

UDIN: F002390B000252442

Place: Mumbai

Date: 18<sup>th</sup> May, 2020

## A. INDUSTRY STRUCTURE AND DEVELOPMENT

### LUGGAGE

#### Domestic Markets

During the year 19-20, luggage Industry has witnessed positive growth across all price points and all product categories, although growth was slower than previous years, due to overall slowdown in the Indian economy. All channels witnessed growth during the financial year under review. Ecommerce witnessed the strongest growth amongst all channels, suggesting that Indian consumers are beginning to prefer shopping from home compared to visiting markets, a trend which will only increase due to Covid-19. Your company ran a Diwali consumer promotion, "The Impossible Offer" in Q3 19-20, which was well received by consumers and positively impacted company store retail sales and VIP and Carlton brand sales in particular. The sudden onset of Covid-19 in middle of March significantly impacted Q4 sales and its negative impact on sales is expected to continue in 20-21.

#### Supply of Products

Your company sources luggage and bags from Chinese factories, 3<sup>rd</sup> party vendors in India and manufactures its own products in its plants in India and Bangladesh. Going forward, your company expects to reduce its purchases from China and increase its production from India and Bangladesh.

#### Exports and International Operations

The International Business of your Company has declined in recent years and now contributes to less than 5% of the company's total turnover.

#### Ladies Hand Bags

Caprese continues to grow in line with market demand across all price points and channels where it is present.

## B. OPPORTUNITIES AND THREATS LUGGAGE

Covid-19 is the single largest threat to the travel industry. Despite the collapse in demand, your company is well positioned to outlast the effects of this epidemic, due to its strong brands, market leadership position and strong financial and liquidity position.

Travel is an integral part of human existence and we are confident that it will come back to its natural demand as India and World learns to live with the virus.

## C. SEGMENT / PRODUCT WISE PERFORMANCE LUGGAGE

All brands across all price points had similar growth rates in 19-20. Carlton and VIP brands benefited the most from "The Impossible Offer" due to increased footfalls to VIP Lounges during this promotion.

## D. OUTLOOK

Considering the threats, opportunities and the strengths of your Company, the key task at hand is to survive Covid-19 to the best possible degree. We expect sales for 20-21 to be 30%-50% of 19-20 sales. Your Company is also exploring newer opportunities in the PPE segment which is expected to have high demand for next 12-18 months. All spend on advertising will be tactical and below the line for higher and immediate return on investment in the year 20-21.

## E. RISKS AND CONCERNS

Covid-19 is the largest risk and concern. Your company has undertaken necessary cost cutting measures in order to ensure the company's financial positions remains stable and secure.

## F. INTERNAL CONTROL SYSTEMS

Your Company has a budgetary control system to monitor all expenditures against approved budgets on an ongoing basis. RSM Astute Consulting Private Limited are the Internal Auditors of your Company. The internal audit function maintains internal controls to safeguard your Company's assets against losses, provides a high degree of assurance regarding the effectiveness and efficiency of operations, assesses the reliability of financial controls and compliance with laws and regulations. The Internal Auditors submit their reports to the Audit Committee every quarter. The management considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the Audit Committee of your Company.

All significant changes, if any, in the accounting policies during the year, have been disclosed in the notes to the financial statement.

**G. FINANCIAL PERFORMANCE SALES:**

The Revenue from Operations of your Company for the year ended 31<sup>st</sup> March, 2020 was at Rs. 1713.97 crores (Previous Year Rs. 1,784.44 crores), a de-growth of around 3.95%.

**EXPENDITURE:**

Your Company continued its focus on cost management initiatives in 19-20. Cost management is expected to be a core activity for the year 20-21.

**PROFIT:**

Profit after Tax for the year under review amounted to Rs. 88.72 crores (Previous Year Rs. 128.81 crores), a de-growth of around 31.13%. This fall is mainly due to Exceptional loss due to fire at Ghaziabad of Rs. 48.50 crore and Impact of COVID - 19.

**RETURN ON NET WORTH**

The details of return on net worth at standalone level are as under:

Financial Year	2020	2019
Return on net worth	16.2%	23.6%
(%) (Profit after tax/Net Worth)		

**H. HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS**

During the year under review, Human Resources department of your Company focused on effective execution of plans through its qualified workforce. Through a structured recruitment and training process your Company identified the need of training and trained the workforce to improve capabilities. A structured recruitment process has helped your Company attract the right talent at all levels. The relationship with the Union at plant locations continues to be cordial, professional and productive.

The employee strength as on 31<sup>st</sup> March 2020 was 2095.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L25200MH1968PLC013914	
2.	Name of the Company	V.I.P. Industries Limited (hereinafter referred as “VIP” or “the Company”)	
3.	Registered address	DGP House, 5 <sup>th</sup> Floor, 88-C, Old Prabhadevi Road, Mumbai - 400025	
4.	Website <a href="http://www.vipindustries.co.in">www.vipindustries.co.in</a>	Website <a href="http://www.vipindustries.co.in">www.vipindustries.co.in</a>	
5.	E-mail id	<a href="mailto:legal-sec@vipbags.com">legal-sec@vipbags.com</a> / <a href="mailto:investor-help@vipbags.com">investor-help@vipbags.com</a>	
6.	Financial Year reported	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Luggage, travel goods, bags and ladies handbags.	
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Upright Trolley case; 2. Duffel Bags; and 3. School Bags	
9.	Total number of locations where business activity is undertaken by the Company: a) Number of International Locations (Provide details of major 5) b) Number of National Locations	a) The Company has exported to 31 international locations including UAE, Qatar, Kuwait, Mauritania (USA) and Sweden. b) VIP has its primary presence in the State of Maharashtra with its registered office located at Mumbai and factories at Nashik, Sinnar and Haridwar. The Company has presence at major Tier-I and Tier-II cities across India.	
10.	Markets served by the Company	Local	✓
		State	✓
		National	✓
		International	✓

## SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON 31<sup>st</sup> MARCH, 2020

1.	Paid up Capital (INR)	Please refer Board's Report
2.	Total Revenue from operations (INR)	
3.	Total profit after taxes (INR)	
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Refer Annual Report on CSR activities
5.	List of activities in which expenditure in 4 above has been incurred	

## SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes, Company has 5 (Five) Wholly Owned Subsidiaries viz.: a. Blow Plast Retail Limited, b. VIP Industries Bangladesh Private Limited, c. VIP Industries BD Manufacturing Private Limited, d. VIP Luggage BD Private Limited and e. VIP Accessories BD Private Limited
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Given the current size and scale of operations, subsidiary companies, as of now, are not engaged in BR initiatives process of the Company.



3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No other entity with whom the Company does business with viz. suppliers, distributors etc. participate in the BR initiatives of the Company.
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**SECTION D: BR INFORMATION**

**1. Details of Director/Directors responsible for BR:**

(a) Details of the Director/Director(s) responsible for implementation of the BR policy/policies

1.	DIN	08351249
2.	Name	Mr. Sudip Ghose
3.	Designation	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1.	DIN Number	08351249
2.	Name	Mr. Sudip Ghose
3.	Designation	Managing Director
4.	Telephone number	022-6653 9000
5.	e-mail id	<a href="mailto:legal-sec@vipbags.com">legal-sec@vipbags.com</a>

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These brief are as under:

P1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 – Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 – Business should promote the well being of all employees.

P4 – Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 – Business should respect and promote human rights.

P6 – Business should respect, protect and make efforts to restore the environment.

P7 – Business when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 – Business should support inclusive growth and equitable development.

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

		Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	Inclusive Growth	Customer Relations
Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	-	Y	-	Y	-
3.	Does the policy conform to any national / international standards? If yes, specify?	The policies are in line with international standards and practices such as ISO 9001, ISO 14001 and meet regulatory requirements.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	The mandatory Polices under the Indian laws and regulations have been adopted by the Board and signed by the Chairman/Executive Vice Chairperson / Managing Director /Executive Director. Other operational internal policies are approved by management and signed by the Managing Director/Executive Director/Senior executives.								
6.	Indicate the link for the policy to be viewed online?	Mandatory Policies viz. CSR Policy, Nomination and Remuneration, Insider Trading Policy and Code of Conduct are available at <a href="http://www.vipindustries.co.in/policies.php">http://www.vipindustries.co.in/policies.php</a> . Other policies including Privacy Policy, Safety, Health and Environment Policy and employee related policies are available internally with the respective Department.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Polices are communicated to internal stakeholders and the same are available internally with the respective Department. Wherever required, the Polices are also communicated to external stakeholders and/or made available on the Company's website.								
8.	Does the company have in-house structure to implement the policy/ policies?	Yes. We have an in-house structure with clearly defined roles and responsibilities which periodically reviews implementation of various policies under the aegis of Internal Risk Management Framework and internal audits.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes. Each of the Policies formulated by the Company has an in-built grievance and redressal mechanism.								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The BR policy is evaluated internally. Policies pertaining to health, safety and environment have been audited by external agencies.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	#	-	-

# The Company does not have a separate policy on "policy advocacy" for influencing public and regulatory policy. For advocacy on policies related to the Luggage Industry, the Company works through industry associations including IMC Chamber of Commerce and Industry.

### 3. Governance related to Business Responsibility:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors of the Company annually assess the Business Responsibility performance of the Company.

b) Does the Company publish a Business Responsibility or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Statement became applicable to the Company from financial year 2016-17. The Company publishes the information on Business Responsibility in the Annual Report of the Company. The Annual Report is available on the website of the Company -[http://www.vipindustries.co.in/resources/images/vip/pdf/Annual\\_Report\\_2019-20.pdf](http://www.vipindustries.co.in/resources/images/vip/pdf/Annual_Report_2019-20.pdf).

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

At V.I.P, the Code of Conduct serves as a roadmap to all employees of the Company and subsidiaries across all levels and grades. The Company has adequate control measures in place to address the issues relating to ethics, bribery and corruption in the context of appropriate policy. This mechanism includes directors, senior executives, officers, employees and third parties including suppliers and business partners associated with V.I.P, who share the same business values. The well-defined policy lists tenets on ethical business conduct, definitions and the framework for reporting concerns.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year under review the Company has received 21 complaints from its stakeholders out of which 21 complaints (being 100% of the total complaints) were resolved satisfactorily.

### **Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- (a) Tube
- (b) Capture
- (c) Mirage

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

The Company is committed to environment sustainability. It constantly works towards reduction and optional utilization of energy, water, raw material, logistics, etc by incorporating new technique and innovative ideas.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company endeavors on protection of environment, stake holders interest and cost effectiveness while procuring any raw material or goods. The main raw materials polymers and aluminum are mainly procured from manufacturers /producers who are well reputed keeping in mind the need for quality and consistency. To further reduce the carbon footprint, the Company has also undertaken research and development activity to use recycled material in hard luggage manufacturing activity. Adequate steps are taken for safety during transportation and optimization of logistics which in turn help to mitigate the impact on climate.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company has taken steps to procure goods and services from local and small producers, including communities surrounding the place of work of the Company. The Company is providing training to improve capacity and capability of local and small vendors. The Company is committed to grow small and medium scale entrepreneur based companies who qualify parameters of our quality control department and these business partners supply us various indigenous raw materials and finished goods. The Company provide regular inputs and technical assistance in the form of imparting knowledge, training and process skills in order to upgrade their capacity and capabilities to maintain the quality.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Around 90% of the waste which gets generated during the manufacturing process is recycled by the Company. The Company also manufactures plastic luggage. The plastics used are Polypropylene and Polycarbonate. The wastage generated during manufacturing is again grinded in Grinder and put back in machine. In machine, it is melted at high temperature. It is then injected in mold and get recycled.

### **Principle 3: Business should promote the well being of all employees**

**1. Total number of employees:**

The Company has 2095 employees (excluding the employees of the Subsidiary companies) as on 31<sup>st</sup> March, 2020.

**2. Total number of employees hired on temporary/contractual/casual basis:**

The Company has 3112 employees (excluding the employees of the Subsidiary companies) as on 31<sup>st</sup> March, 2020.

**3. Number of permanent women employees:**

Out of the total employees indicated above, the Company is having 145 permanent women employees.

**4. Number of permanent employees with disabilities:**

The Company has 2 employees who suffers with any sort of disability.

**5. Do you have an employee association that is recognized by management:**

Yes, the Company is having an employee association that is recognized by management.

**6. Percentage of permanent employees that are members of this recognized employee association:**

Out of 2095 employees, 88 employees are members of recognized employee association which constitutes to around 4.20% of the total permanent employees.

**7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

No cases of child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment were reported in the last financial year.

**8. Percentage of under mentioned employees who were given safety & skill up-gradation training in the last Financial year:**

- (a) Permanent Employees: 1527 out of 2095 (73%)
- (b) Permanent Women Employees: 31 out of 145 (21%)
- (c) Casual/Temporary/Contractual Employees/Apprentices: 1713 out of 3112 (55%)
- (d) Employees with Disabilities: 2 out of 2 (100%)

**Principle 4: Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, business partners, government and regulatory authorities, trade unions etc.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes, the Company has identified marginalized and disadvantaged groups through need assessment and engagement with local communities. The marginalized and disadvantaged communities includes economically deprived children and women, who are in great need of care and protection.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company goes beyond its business activities to create social impact through its diverse initiatives and is working towards improving lives of marginalised and vulnerable communities. We have taken initiatives in specific areas of social development. We continuously strive to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from our CSR initiatives which would also be focused around communities that reside in the proximity of our Company's various manufacturing locations in the country. For specific details, please refer to Report on Corporate Social Responsibility.

**Principle 5: Business should respect and promote human rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

The Company remains committed to respect and protect human.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year under review the Company has received 21 complaints from its stakeholders out of which 21 complaints (being 100% of the total complaints) were resolved satisfactorily.

### Principle 6: Business should respect, protect and make efforts to restore the environment

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Company strives to preserve the environment by striking a balance between economic growth and preservation of the environment with due concern for ecology.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the Company has devised various strategies and also takes initiatives on regular basis to address global environmental issues such as climate change, global warming, etc. by continuously improving on energy efficient conservation of water and tree plantation.

**3. Does the company identify and assess potential environmental risks? Y/N**

The Company regularly identifies and assess potential environmental risks that is associated with it.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

In line with Clean Development Mechanism, the Company has replaced High pressure vapor lamps with LED lights of shop floors and streets. No environmental clearance is required for the aforesaid project.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

- a. The Company has installed timer control system for lightning at specified areas on manufacturing plants shop floor and replaced old air compressors with energy efficient compressors.
- b. Technological improvements in forming machine for reducing the heating time of double station machines.
- c. Induction of air saving control valve to reduce the air wastage during idle department operations.
- d. Induction of temperature control system for Fan switching ON/OFF for cooling tower in place of Fan continuous ON.
- e. Replacement of old oil based technology HT breaker into latest vacuum type HT breaker

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The Emissions/Waste generated by the Company is within the permissible limits given by CPCB/SPCB for the financial year under report.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

During the financial year under review, the Company has received one show cause/ legal notice from Uttarakhand Environment Protection & Pollution Control Board for its plant located in Haridwar and the same has been complied and closed.

### Principle 7: Business when engaged in influencing public and regulatory policy should do so in a responsible manner.

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is member of following chambers:

- a) Confederation of Indian Industry (CII);
- b) IMC Chamber of Commerce and Industry and
- c) Indo-German Chamber of Commerce

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company works very closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. These have been in areas of economic reforms.

**Principle 8: Business should support inclusive growth and equitable development**

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company has taken a holistic approach towards the development of the deprived groups of the society. The details of the CSR projects undertaken by the Company are described in 'Annexure – F' of Boards' Report - Annual Report on CSR activities.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

CSR programmes are implemented through external agencies.

3. **Have you done any impact assessment of your initiative?**

CSR Committee regularly review Company's CSR initiatives.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

During the year, the Company has spent ₹ 3.31 crore towards various CSR activities. The project wise details are provided in 'Annexure – F' of Boards' Report - Annual Report on CSR activities.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Any project that comes up for CSR is first internally reviewed and assessed by the Management. If the Management is convinced of the project, it is put up to the CSR Committee for its consideration and approval. If the project is approved, it is tracked and the report are taken from time to time.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

The Company's uncompromising commitment to providing world class products and services to customers is supported by its concern for the safety of its customers. A well-established system is in place for dealing with customer feedback and complaints. Customers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.

All complaints are appropriately addressed and resolved. As on the end of the financial year, there was negligible percentage of unresolved complaints.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Yes, the Company displays product information on the products label.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

There are no cases in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last financial years and pending as on end of financial year.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer's trends.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of V.I.P. Industries Limited

### Report on the audit of the Standalone financial statements

#### Opinion

1. We have audited the accompanying standalone financial statements of V.I.P. Industries Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

4. We draw your attention to the Note 38 to the standalone financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the standalone financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

#### Key audit matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Estimation of rebates, discounts and sales returns</b> (Refer notes 3A(ii) to the Standalone financial statements)</p> <p>The Company sells its products through various channels like modern trade, distributors, retailers, institutions, etc., and recognises liabilities related to rebates, discounts and right of return.</p> <p>As per the accounting policy of the Company, the revenue is recognised upon transfer of control of goods to the customer and thus requires an estimation of the revenue taking into consideration rebates, discounts and right of return as per the terms of the contracts.</p> <p>With regard to determination of revenue, the management is required to make significant estimates in respect of following:</p> <ul style="list-style-type: none"><li>• the rebates/ discounts linked to sales, which will be given to the customers pursuant to schemes offered by the Company;</li><li>• provision for sales returns, where the customer has right to return the goods to the Company; and</li><li>• compensation (discounts) offered by the customers to the ultimate consumers at the behest of the Company.</li></ul> <p>The matter has been determined to be a key audit matter in view of the involvement of significant estimates by the management.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding from the management with regard to controls relating to recording of rebates, discounts, sales returns and the estimation of revenue, period end provisions, and tested the operating effectiveness of such controls;</li><li>• Tested the inputs used in the estimation of revenue in context of rebates, discounts and sales returns to source data;</li><li>• Assessed the underlying assumptions used for determination of rebates, discount rates, sales returns, etc.;</li><li>• Ensured completeness of liabilities recognised by evaluating the parameters for sample schemes;</li><li>• Performed analysis for past trends by comparing recent actuals with the estimates of earlier periods and assessed subsequent events;</li><li>• Tested credit notes issued to customers and payments made to them during the year and subsequent to the year end in along with the terms of the related schemes.</li></ul> <p>Based on the above procedures, we did not identify any significant deviation to the assessment made by management in respect estimation of rebates, discounts and sales returns.</p>



<p><b>2. Assessment of litigations in respect of sales tax matters</b></p> <p>(Refer note 21 and 40 in the Standalone financial statements)</p> <p>The Company has litigations in respect of certain sales tax matters. In this regard, the Company has recognised a provision and has disclosed contingent liabilities as at March 31, 2020. Significant management judgment is required to assess these matters and to determine the probability of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. Where considered relevant, the management judgement is also supported with legal advice in these cases.</p> <p>We focused on this area as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of judgement, related legal advice including those relating to interpretation of laws and regulations.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations;</li> <li>• We discussed with management the recent developments and the status of these matters;</li> <li>• We performed our assessment on the underlying calculations supporting the provisions recorded or other disclosures made in the standalone financial statements;</li> <li>• We also used auditor's experts to evaluate the management's assessment of these matters and monitored changes in the disputes by reading external legal advice taken by the Company, where relevant, to establish the appropriateness of the provisions / disclosures;</li> <li>• We evaluated management's assessment of the matters that are not disclosed, as the probability of material outflow is considered to be remote by the management; and</li> <li>• We assessed the adequacy of the Company's disclosures.</li> </ul> <p>Based on the above work performed, we did not identify any significant deviation to the assessment made by management in respect of provisions recognised and disclosures made in 'contingent liabilities' relating to these sales tax matters in the standalone financial statements.</p>
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**Other Information**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon.
7. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.
10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

11. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements.
    - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. Further, the Company did not have any derivative contracts as at March 31, 2020.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
18. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: FRN012754N/N500016

Alpa Kedia  
Partner

Place: Mumbai  
Date: May 26, 2020

Membership Number: 100681  
UDIN: 20100681AAAABM4381

### Annexure "A" to Independent Auditors' Report

Referred to in paragraph 17(f) of the Independent Auditors' Report of even date to the members of V.I.P. Industries Limited on the standalone financial statements for the year ended March 31, 2020.

### Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of V.I.P. Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also, refer paragraph 4 of the main audit report.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: FRN 012754N/N500016

Alpa Kedia  
Partner

Place: Mumbai  
Date: May 26, 2020

Membership Number: 100681  
UDIN: 20100681AAAABM4381

## INDEPENDENT AUDITOR'S REPORT

### Annexure "B" to Independent Auditors' Report

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of V.I.P. Industries Limited on the standalone financial statements as of and for the year ended March 31, 2020.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 4 on Property, plant and equipment and Note 5 on Investment properties to the standalone financial statements, are held in the name of the Company, except for

₹ in Crores

Asset Category	Gross Block	Net Block	Remarks
Leasehold Land	0.01	*	The asset was acquired by the Company pursuant to a scheme of amalgamation and arrangement and the change of name of the said asset is yet to be done.
Freehold Land	0.01	0.01	The Asset was mortgaged in the earlier years for issuance of Nonconvertible debentures. Title deed is not in the possession of the Company.
Building	2.02	1.84	The assets were acquired by the Company pursuant to a scheme of amalgamation and arrangement along with land and the change of name of the said land is yet to be done.

\* Amount is below the rounding off norms adopted by the company

- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and Good and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 40 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax and duty of customs, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise, value added tax and goods and service tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

(₹ in Crores)

Name of the statute	Nature of dues	Amount**	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.84	F.Y. 2004-05 and F.Y. 2005-06	High Court
		0.42	F.Y. 2015-16 and F.Y. 2017-18	Commissioner of Income Tax Appeals
		0.02	F.Y. 2005-06	Assessing Officer

Central Sales Tax, Local Sales Tax and Goods and Service Tax	Central Sales Tax, Local Sales Tax, Purchase tax, entry tax, VAT and Goods and Service Tax	0.15	1996-97, 2002-03 and 2007-08	Assistant Commissioner of Sales Tax
		0.03	1992-93, 1994-95	Assessing officer of Sales Tax
		0.04	2001-02 to 2005-06	High Court
		0.20	1990-91 to 2015-16	Deputy Commissioner of Sales Tax (Appeals)
		0.19	1993-94, 1994-95	Joint Commissioner of Sales Tax (Appeals)
		240.04	1983-84 to 2015-16	Sales tax Tribunal
		*	2000-01	Commissioner of Sales Tax (Appeals)
		0.04	2018-19	Deputy Commissioner GST (Appeals)
Central Excise Act, 1994	Excise duty	0.17	2000-01	Supreme Court
		0.01	2000-02	The Deputy Commissioner, CGST & Central Excise

\* Amount is below the rounding off norm adopted by the Company

\*\* Net of amounts paid under protest

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer paragraph 18 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: FRN 012754N/N500016

Alpa Kedia  
Partner

Place: Mumbai  
Date: May 26, 2020

Membership Number: 100681  
UDIN: 20100681AAAABM4381

# BALANCE SHEET

(₹ in Crores)

	Notes	As at	
		March 31, 2020	March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	90.54	78.17
Right of Use Assets	4A	207.66	-
Capital work-in-progress	4	2.55	4.23
Investment properties	5	2.30	2.18
Other intangible assets	6	3.88	2.82
Intangible assets under development	6	0.06	0.11
Equity investments in subsidiaries and joint ventures	7	6.52	6.52
Financial assets			
Investments	8A	42.49	37.80
Loans	9A	18.62	18.89
Other financial assets	10A	0.04	0.07
Deferred tax assets (net)	11	9.48	5.22
Current tax assets (net)	12	8.78	5.16
Other non-current assets	13A	7.77	8.93
<b>Total non-current assets</b>		<b>400.69</b>	<b>170.10</b>
<b>Current assets</b>			
Inventories	14	380.21	484.06
Financial assets			
Investments	8B	40.35	-
Trade receivables	15	264.23	298.61
Cash and cash equivalents	16	2.78	5.80
Bank balances other than cash and cash equivalents	17	3.91	3.42
Loans	9B	8.24	3.90
Other financial assets	10B	2.25	3.10
Other current assets	13B	49.32	59.76
<b>Total current assets</b>		<b>751.29</b>	<b>858.65</b>
<b>Total assets</b>		<b>1,151.98</b>	<b>1,028.75</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	18	28.26	28.26
Other equity	19	518.76	518.33
<b>Total equity</b>		<b>547.02</b>	<b>546.59</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease Liabilities	22B (A)	165.31	-
Other financial liabilities	20A	2.88	2.43
Provisions	21A	12.45	11.87
Other non-current liabilities	22A (A)	0.10	0.13
<b>Total non-current liabilities</b>		<b>180.74</b>	<b>14.43</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	23	32.19	86.15
Trade payables			
a) Total outstanding dues of micro and small enterprises	24	-	-
b) Total outstanding dues other than micro and small enterprises	24	286.86	313.32
Lease Liabilities	22B (B)	53.78	-
Other financial liabilities	20B	4.64	4.05
Provisions	21B	6.95	4.94
Other current liabilities	22A (B)	39.80	59.27
<b>Total current liabilities</b>		<b>424.22</b>	<b>467.73</b>
<b>Total liabilities</b>		<b>604.96</b>	<b>482.16</b>
<b>Total equity and liabilities</b>		<b>1,151.98</b>	<b>1,028.75</b>

The above standalone balance sheet should be read in conjunction with the accompanying notes.  
As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016

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

**Dilip G. Piramal**  
Chairman  
(DIN: 00032012)

**Sudip Ghose**  
Managing Director  
(DIN: 08351249)

**Alpa Kedia**  
Partner  
Membership Number: 100681

**Neetu Kashiramka**  
Chief Financial Officer

**Anand Daga**  
Company Secretary  
FCS: F5141

Place: Mumbai  
Date: May 26, 2020

Place: Mumbai  
Date: May 26, 2020



# STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Notes	Year Ended	
		March 31, 2020	March 31, 2019
Revenue from operations	25	1,713.97	1,784.44
Other income	26	24.05	9.52
<b>Total income</b>		<b>1,738.02</b>	<b>1,793.96</b>
<b>Expenses:</b>			
Cost of materials consumed	27A	219.06	222.10
Purchases of stock-in-trade	27B	604.88	897.84
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27C	75.42	(164.74)
Employee benefits expense	28	175.59	185.36
Finance costs	29	21.63	1.49
Depreciation and amortisation expense	30	75.07	12.74
Other expenses	31	396.75	442.57
<b>Total expenses</b>		<b>1,568.40</b>	<b>1,597.36</b>
<b>Profit before exceptional items and tax</b>		<b>169.62</b>	<b>196.60</b>
Exceptional items	48	48.50	-
<b>Profit before tax</b>		<b>121.12</b>	<b>196.60</b>
Tax expense	34		
Current tax		36.54	67.36
Deferred tax		(4.15)	(0.08)
Short provision for tax relating to prior years		-	0.51
<b>Total tax expense</b>		<b>32.39</b>	<b>67.79</b>
<b>Profit for the year</b>		<b>88.73</b>	<b>128.81</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Equity instruments through other comprehensive income		(0.35)	0.27
Remeasurement benefit of defined benefit plans		(4.19)	(2.20)
Income tax relating to above items		1.21	0.71
<b>Other comprehensive income for the year, net of tax</b>		<b>(3.33)</b>	<b>(1.22)</b>
<b>Total comprehensive income for the year</b>		<b>85.40</b>	<b>127.59</b>
<b>Earnings per equity share</b>			
Basic earnings per share (in ₹)	35	6.28	9.11
Diluted earnings per share (in ₹)	35	6.28	9.11

The above standalone statement of profit and loss should be read in conjunction with the accompanying notes.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Alpa Kedia**

Partner

Membership Number: 100681

Place: Mumbai

Date: May 26, 2020

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

**Dilip G. Piramal**

Chairman

(DIN: 00032012)

**Neetu Kashiramka**

Chief Financial Officer

Place: Mumbai

Date: May 26, 2020

**Sudip Ghose**

Managing Director

(DIN: 08351249)

**Anand Daga**

Company Secretary

FCS: F5141

## CASH FLOW STATEMENT

(₹ in Crores)

	Year Ended	
	March 31, 2020	March 31, 2019
<b>Cash flow from operating activities</b>		
Profit before tax	121.12	196.60
Adjustments for:		
Depreciation and amortisation expense	75.07	12.74
Dividend income classified as investing cash flows	(9.88)	(4.38)
Interest income classified as investing cash flows	(0.15)	(0.25)
Unwinding of interest on security deposits paid	(2.85)	(1.69)
Interest income from financial assets at amortised cost	(0.15)	(0.24)
Amortisation of prepaid rent on discounting of security deposits paid	2.85	1.75
Finance costs	21.63	1.49
Changes in fair value of financial assets at fair value through profit or loss	(1.55)	0.47
Employee Stock Appreciation Rights	1.62	1.31
Obsolescence of fixed assets	5.77	-
(Profit) on Sale of Investment (net)	(0.64)	(0.05)
Allowance for doubtful debts (net)	8.22	(0.80)
Bad Debts written off during the year	0.54	0.31
(Gain)/Loss on disposal of property, plant and equipment (net)	(0.24)	(0.03)
Liabilities written back to the extent no longer required	(3.56)	(1.42)
Net exchange differences (unrealised)	6.09	(1.69)
<b>Operating profit before change in operating assets and liabilities</b>	<b>223.89</b>	<b>204.12</b>
<b>Change in operating assets and liabilities:</b>		
(Decrease)/Increase in trade payables	(32.85)	90.96
(Decrease)/Increase in other liabilities	(16.76)	11.84
(Decrease)/Increase in Provisions	(1.60)	1.58
Decrease/(Increase) in other assets	7.27	(0.16)
Decrease/(Increase) in inventories	103.85	(180.61)
Decrease/(Increase) in trade receivables	26.46	(121.10)
Cash generated from operations	310.26	6.63
Direct taxes paid (Net of refund received)	(39.03)	(70.85)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>271.23</b>	<b>(64.22)</b>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(33.71)	(38.70)
(Purchase)/Sale of investments	(44.48)	56.49
Proceeds from sale of property, plant and equipment	0.96	0.28
Interest received	0.15	0.25
Dividend received	8.90	4.26
Tax on Dividend Income received from subsidiaries	0.98	0.12
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(67.20)</b>	<b>22.70</b>
<b>Cash flow from financing activities</b>		
Interest paid	(2.71)	(1.49)
(Repayment)/ Proceeds from short term borrowings	(53.96)	86.15
Principal payment of Lease Liabilities	(45.39)	-

## CASH FLOW STATEMENT

(₹ in Crores)

	Year Ended	
	March 31, 2020	March 31, 2019
Interest payment of Lease Liabilities	(18.92)	-
Dividend paid	(72.99)	(45.05)
Dividend distribution tax paid	(13.08)	(9.03)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(207.05)</b>	<b>30.58</b>
Net changes in cash and cash equivalents	(3.02)	(10.94)
Cash and cash equivalents at the beginning of the year (Refer Note 16)	5.80	16.74
<b>Cash and cash equivalents at the end of the year (Refer Note 16)</b>	<b>2.78</b>	<b>5.80</b>
Cash and cash equivalents as per above comprise of the following:		
Cash on hand	0.22	0.79
Balances with Banks	2.56	5.01
<b>Total</b>	<b>2.78</b>	<b>5.80</b>
<b>Non-cash financing and investing activities</b>		
Acquisition of Right of Use Assets	302.90	-

The above standalone statement of cash flow should be read in conjunction with the accompanying notes.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Alpa Kedia**

Partner  
Membership Number: 100681

Place: Mumbai  
Date: May 26, 2020

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

**Dilip G. Piramal**

Chairman  
(DIN: 00032012)

**Neetu Kashiramka**

Chief Financial Officer

Place: Mumbai  
Date: May 26, 2020

**Sudip Ghose**

Managing Director  
(DIN: 08351249)

**Anand Daga**

Company Secretary  
FCS: F5141

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## A. Equity share capital

(₹ in Crores)		
Particulars	Notes	Amount
<b>Balance as at March 31, 2018</b>	<b>18</b>	<b>28.26</b>
Changes in equity share capital		-
<b>Balance as at March 31, 2019</b>	<b>18</b>	<b>28.26</b>
Changes in equity share capital		-
<b>Balance as at March 31, 2020</b>	<b>18</b>	<b>28.26</b>

## B. Other equity

Particulars	Notes	Reserves and Surplus						Other reserves	Total other equity
		Capital Reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Appreciation Rights Reserve	General Reserve	Retained Earnings		
<b>Balance as at March 31, 2018</b>	<b>19</b>	<b>0.15</b>	<b>0.15</b>	<b>33.53</b>	-	<b>208.76</b>	<b>200.71</b>	<b>0.38</b>	<b>443.68</b>
Profit for the year		-	-	-	-	-	128.81	-	128.81
Other comprehensive income for the year		-	-	-	-	-	(1.41)	0.19	(1.22)
<b>Total comprehensive income for the year, net of tax</b>		-	-	-	-	-	<b>127.40</b>	<b>0.19</b>	<b>127.59</b>
Employee Stock Appreciation Rights Expense	19	-	-	-	1.31	-	-	-	1.31
Dividend paid on equity shares	19	-	-	-	-	-	(45.22)	-	(45.22)
Dividend distribution tax paid	19	-	-	-	-	-	(9.03)	-	(9.03)
<b>Balance as at March 31, 2019</b>		<b>0.15</b>	<b>0.15</b>	<b>33.53</b>	<b>1.31</b>	<b>208.76</b>	<b>273.86</b>	<b>0.57</b>	<b>518.33</b>
Profit for the year		-	-	-	-	-	88.73	-	88.73
Other comprehensive income for the year		-	-	-	-	-	(3.06)	(0.27)	(3.33)
<b>Total comprehensive income for the year, net of tax</b>		-	-	-	-	-	<b>85.67</b>	<b>(0.27)</b>	<b>85.40</b>
Employee Stock Appreciation Rights Expense	19	-	-	-	1.62	-	-	-	1.62
Dividend paid on equity shares	19	-	-	-	-	-	(73.51)	-	(73.51)
Dividend distribution tax paid	19	-	-	-	-	-	(13.08)	-	(13.08)
<b>Balance as at March 31, 2020</b>		<b>0.15</b>	<b>0.15</b>	<b>33.53</b>	<b>2.93</b>	<b>208.76</b>	<b>272.94</b>	<b>0.30</b>	<b>518.76</b>

## STANDALONE STATEMENT OF CHANGES IN EQUITY

(i) Re-measurement of defined benefit plans shall be recognised as a part of retained earnings with separate disclosure of such items along with the relevant amounts in the Notes.

**(ii) Nature and purpose of each reserve**

**Capital reserve** - This reserve was created in the Financial year 1987-88 and 1990-91. Capital reserves are created out of capital profits and are usually utilised for issue of Bonus Shares or to adjust capital losses.

**Capital redemption reserve** - Whenever there is a buy-back or redemption of the share capital, the nominal value of the capital is transferred to the capital redemption reserve out of the free reserves available for distribution. This reserve is usually utilised for issue of bonus shares. The said reserve was created in the financial year 1987-88 by erstwhile Blow Plast Limited, which was later-on merged with the Company in the financial year 2006-07.

**Securities premium** - Securities premium is used to record the premium on issue of shares. This reserve will be utilised in accordance with the provisions of the Companies Act 2013.

**General reserve** - General Reserve is a free reserve and is available for distribution as dividend, issue of bonus shares, buyback of the company's securities. It was created by transfer of amounts out of distributable profits, from time to time.

**Equity instruments through other comprehensive income** - The Company has opted to recognise changes in fair value of certain investments in equity instruments through other comprehensive income, under an irrevocable option. These changes are accumulated within the FVOCI equity investments reserve within equity. The amount under this reserve will be transferred to retained earnings when such instruments are disposed off.

**Employee stock appreciation rights reserve** - Employee stock appreciation rights reserve is created by accounting of the grant date fair value of the rights granted to employees under Employee Stock Appreciation Rights Plan 2018 (ESAR Plan 2018). The said reserve shall be utilised for issue of equity shares of the company against the exercise of the employees share stock appreciation rights by the employees under the ESAR Plan 2018.

The above standalone statement of changes in equity should be read in conjunction with the accompanying notes.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Alpa Kedia**

Partner

Membership Number: 100681

Place: Mumbai

Date: May 26, 2020

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

**Dilip G. Piramal**

Chairman

(DIN: 00032012)

**Neetu Kashiramka**

Chief Financial Officer

Place: Mumbai

Date: May 26, 2020

**Sudip Ghose**

Managing Director

(DIN: 08351249)

**Anand Daga**

Company Secretary

FCS: F5141

### 1. General information

V.I.P. Industries Limited (the 'Company') is a public limited Company and is listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company is engaged inter alia, in the business of manufacturing and marketing of luggage, bags and accessories.

These standalone financial statements were approved for issue by the board of directors on May 26, 2020

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a Basis of preparation

##### i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### ii) Historical cost convention

The financial statements have been prepared on the historical cost basis, except for the following:

- a) Certain financial assets and liabilities (including derivatives instruments) that are measured at Fair Value.
- b) Defined benefit plans - Plan assets are measured at Fair Value
- c) Employee Stock appreciation rights are measured at Fair Value

##### iii) Current and Non Current Classification.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

##### (iv) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 23, Borrowing costs

Amendments listed above except Ind AS 116, Leases did not have any material impact on the current period and are not expected to significantly affect the future period. Impact due to adoption of IND AS 116 has been disclosed in note 37.

#### b Foreign currency translation

##### i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

##### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of Profit and loss. All the foreign exchange gains and losses are presented in the statement of Profit and Loss on a net basis within other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**c Revenue recognition**

**(i) Sale of goods:**

**Recognition:** The company manufactures and sells a range of luggage and bags in the wholesale and retail market. Sales are recognised when the control of the products has been transferred to the customer. The control of the products is said to have been transferred to the customer when the products are delivered to the customer, the customer has significant risks and rewards of the ownership of the product or when the customer has accepted the product.

The revenue is recognised net of estimated rebates/discounts pursuant to the schemes offered by the company, estimated additional discounts and expected sales returns. Accumulated experience is used to estimate and provide for the rebates/discounts and revenue is only recognised to the extent that is highly probable that significant reversal will not occur. The related liabilities at the year end are disclosed in 'Other Liabilities'. The assumptions and estimated amount of rebates/discounts and Returns are reassessed at each reporting period. The Company's obligation to repair or replace faulty products under the standard warranty term is recognised as a provision.

**Measurement of revenue:**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns (including expected returns), rebates and discounts, goods and service tax and amounts collected on behalf of third parties.

**ii) Export Benefits**

In case of export sales made by the Company, export benefits arising from Duty Drawback scheme and Merchandise Export Incentive scheme are recognised along with underlying revenue.

**d Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker is the Managing director of the Company. Refer note 39 for Segment information presented.

**e Income tax, deferred tax and dividend distribution tax**

**Current and Deferred Income tax**

The income tax expense or credit for the period is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### Dividend distribution tax

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution and dividend distribution tax is recognised and presented in equity.

### f Leases

**Effective from April 1, 2019, the Company has adopted Ind AS 116 “Leases” and accordingly accounted for leases as below:**

#### i) As a lessee

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Lease payments less any lease incentives receivable
- Amounts expected to be payable by the Company under residual value guarantees, if any

The lease payments are discounted using Company’s incremental borrowing rate (since the interest rate implicit in the lease cannot be readily determined). Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on any key variable / condition, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### ii) As a lessor

Lease income from operating leases where the Company is lessor is recognised as income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The Company did not need to make any adjustment to the accounting for assets held as lessor as a result of adoption the new leasing standard.

**The company has accounted for Leases upto March 31, 2019 as below:**

#### i) As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

#### ii) As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.



**g Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes purchase price including import duties, non-refundable taxes and directly attributable expenses relating to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to the statement of profit and loss during the reporting period in which they are incurred.

Capital Work in Progress ('CWIP') comprises of cost of assets not ready for intended use as on the Balance sheet date. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013, except for furniture and fixtures in the Company run stores, Computer Servers, Soft luggage Moulds and Hard Luggage Moulds, where useful life is based on technical evaluation done by management's expert, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives are as follows:

<b>Assets</b>	<b>Estimated Useful life (in years)</b>
Buildings	
- Factory building	30 years
- Others	60 years
Plant and machinery	
- Single shift	15 years
- Triple shift	7.5 years
Moulds and dies	
- Soft luggage	2 years
- Hard luggage	6.17 years
Furniture and fixtures	
- Furniture and fixtures at Company run stores	2 years
- Others	10 years
Office equipments	5 years
Data processing machines	3 years
Vehicles	8 years

Leasehold land is amortised over the remaining economic useful life of lease or lease term whichever is shorter. Leasehold improvements are amortised over the economic useful life of lease or lease term whichever is shorter.

The residual values are not more than 5% of the original cost of the asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss account.

**h Investment Properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as Investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties (except freehold land) are depreciated using the straight-line method over their estimated useful lives.

The estimates of useful lives are as follows:

Assets	Estimated Useful life (in years)
Buildings	
- Factory building	30 years
- Others	60 years

### i Intangible assets

#### a) Patents, copyrights and other rights

Separately acquired patents and copyrights are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### b) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

The estimates of useful lives are as follows:

Assets	Estimated Useful life (in years)
Patents, copyrights and other rights	10 years
Computer Software	3 years

### j Impairment of assets

Assets that are subject to depreciation and amortisation are tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or group of assets (cash generating units). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### k Inventories

Raw materials, packing materials, stores and spares, work in progress, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials, packing materials, stores and spares and stock-in-trade comprise of cost of purchases determined using moving average method. Cost of work-in-progress and finished goods comprise direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## I Investment in subsidiaries and joint ventures

Investment in subsidiaries and joint ventures which are of equity in nature are carried at cost less impairment, if any. Other Investments in subsidiaries are carried at Fair Value and gain/loss on fair valuation are recognised through the statement of profit and loss.

## m Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 1) Financial Assets

#### i) Classification

The Company classifies its financial assets in the following measurement categories:

- At fair value either through other comprehensive income (FVOCI) or through profit and loss (FVTPL); and
- At amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Gains and losses will either be recorded in the statement of profit and loss or other comprehensive income for assets measured at fair value. The company has made an irrevocable election at the time of initial recognition, to account for investments in equity instruments that are not held for trading, at FVOCI.

For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### ii) Measurement

At initial recognition, in case of a financial asset not at fair value through the statement of profit and loss account, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in profit or loss.

#### a) Debt instruments

There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through Other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other income or other expenses (as applicable).

**Fair value through profit and loss (FVTPL) :** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through the profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

#### b) Equity instruments

The Company measures all equity investments (except Equity investment in subsidiaries) at fair value. Where the company's management has opted to present fair value gains and losses on equity investments in other

comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss, subject to derecognition of the asset. Dividends from such investments are recognised in the statement of profit and loss as other income when the Company's right to receive payments is established.

Where the company's management has not opted to present fair value gains and losses on equity investments in other comprehensive income, changes in fair value are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The manner in which the company assesses the credit risk has been disclosed in note number 43A.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

### iv) Derecognition of financial assets

A financial asset is derecognised only when –

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### v) Income Recognition

#### Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### Dividend income

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

### vi) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdraft are shown within borrowing in current liabilities in the financial statement.

### vii) Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less expected credit losses.

**2) Financial Liabilities****i) Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liabilities not recorded at fair value through profit and loss), that are directly attributable to the issue of financial liability. All financial liabilities are subsequently measured at amortised cost using effective interest method. Under the effective interest method, future cash outflow are exactly discounted to the initial recognition value using the effective interest rate, over the expected life of the financial liability, or, where appropriate, a shorter period. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit and loss.

**ii) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**iii) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per payment terms. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

**iv) Derivatives and hedging activities**

Derivatives are only used for economic hedging purposes and not as a speculative investments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The company enters into derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

**v) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

**n Employee benefits****(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

**(iii) Post-employment obligations**

The company operates the following post-employment schemes:

**A) Defined benefit gratuity plan:**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested

employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Indian rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income, which are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

### **B) Defined benefit provident fund plan:**

Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Gains and losses, if any, arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

#### **(iv) Bonus plans**

The company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### **(v) Share-based payments**

Share-based compensation benefits are provided to employees via the Employee Stock Appreciation Rights Plan.

Liabilities for the Company's share appreciation rights are recognised as employee benefit expense over the relevant vesting period. The fair value of the rights are measured at grant date and an Employee stock appreciation rights reserve is created in the balance sheet over the vesting period.

### **o Provisions, contingent liabilities and contingent assets**

**Provisions:** Provisions for legal claims, Service Warranties, discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost.

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent assets:** Contingent assets are disclosed when there is a possible asset that arises from past events and where existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

### **p Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **q Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**r Earnings per share****i) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders of the Company, by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

**ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**s Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees in Crores (upto two decimals), unless otherwise stated as per the requirement of Schedule III of the Companies Act 2013.

**3 Critical estimates and judgments**

In the application of the company's accounting policies, which are described in note 2, the management is required to make judgement, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other process. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future period.

The following are the critical estimates and judgements, that have the significant effect on the amounts recognised in the financial statements.

**Critical estimates and judgments****i) Estimation of Provisions and Contingent Liabilities**

The company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which are related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. Although there can be no assurance of the final outcome of the legal proceedings in which the company is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability. (Refer note 40)

**ii) Estimation of rebates, discounts and sales returns**

The Company's revenue recognition policy requires estimation of rebates, discounts and sales returns. The company has a varied number of rebates/discount schemes offered which are primarily driven by the terms and conditions for each scheme including the working methodology to be followed and the eligibility criteria for each of the scheme. The estimates for rebates/discounts need to be based on evaluation of eligibility criteria and the past trend analysis. The company estimates expected sales returns based on a detailed historical study of past trends. [Refer Note 2(c) and 25]

**iii) Estimation of useful life of Property, Plant and Equipment, Intangible assets, Investment properties**

Property, Plant and Equipment, Intangible assets, Investment properties represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. (Refer note 4, 5 and 6)

### iv) Estimation of provision for inventory

The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

### v) Estimation of defined benefit obligation

The Company provides defined benefit employee retirement plans. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate, salary escalation rate, attrition rate and mortality rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate, salary escalation rate and attrition rate at the end of each year. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability and attrition rate and salary escalation rate is determined based on the company's past trends adjusted for expected changes in rate in the future. (Refer note 28)

### vi) Estimated fair value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

### vii) Estimation of provision for warranty claims

The company offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year (Refer note 36).

### viii) Impairment of trade receivable

The impairment provisions for trade receivable are based on expected credit loss method. The company uses judgement in making the assumptions in calculating the default rate required for identifying the provision as per the expected credit loss method at the end of each reporting period. (Refer note 15)

### ix) Leases

The company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the company is reasonably certain to exercise that option. The lease term is determined without considering an option to terminate the lease, if the company is reasonably certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.



4 Property, plant and equipment

(₹ in Crores)

	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	As at April 1, 2019	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2020	As at March 31, 2020
Leasehold land ***	5.78	-	0.01	5.77	0.83	0.06	-	0.89	4.88
Buildings ** # ***	17.51	1.03	0.28	18.26	2.97	0.91	0.05	3.83	14.43
Plant and machinery	43.69	10.40	4.75	49.34	7.62	4.52	0.06	12.08	37.26
Data processing machines	6.58	5.24	0.05	11.77	2.99	1.99	0.03	4.95	6.82
Moulds and dies	9.71	3.83	0.23	13.31	5.57	1.70	0.23	7.04	6.27
Furniture and fixtures	13.02	8.68	0.43	21.27	7.60	3.92	0.17	11.35	9.92
Office equipment	3.79	3.31	0.33	6.77	1.34	0.89	0.05	2.18	4.59
Vehicles	10.41	1.40	1.44	10.37	3.40	1.42	0.82	4.00	6.37
<b>Total</b>	<b>110.49</b>	<b>33.89</b>	<b>7.52</b>	<b>136.86</b>	<b>32.32</b>	<b>15.41</b>	<b>1.41</b>	<b>46.32</b>	<b>90.54</b>
<b>Capital Work-in-Progress</b>	<b>4.23</b>	<b>2.57</b>	<b>4.25</b>	<b>2.55</b>	-	-	-	-	<b>2.55</b>

	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2018	Additions	Disposals/ Adjustments	As at March 31, 2019	As at April 1, 2018	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2019	As at March 31, 2019
Leasehold land***	5.85	-	0.07	5.78	0.78	0.07	0.02	0.83	4.95
Building # ***	18.02	0.91	1.42	17.51	2.24	0.90	0.17	2.97	14.54
Plant and machinery	24.08	19.61	*	43.69	4.36	3.26	-	7.62	36.07
Data processing machines	3.52	3.06	*	6.58	1.62	1.37	*	2.99	3.59
Moulds and dies	9.09	0.62	*	9.71	3.89	1.68	-	5.57	4.14
Furniture and fixtures	9.21	3.82	0.01	13.02	5.06	2.55	0.01	7.60	5.42
Office equipment	2.34	1.47	0.02	3.79	0.76	0.59	0.01	1.34	2.45
Vehicles	8.65	2.15	0.39	10.41	2.18	1.37	0.15	3.40	7.01
<b>Total</b>	<b>80.76</b>	<b>31.64</b>	<b>1.91</b>	<b>110.49</b>	<b>20.89</b>	<b>11.79</b>	<b>0.36</b>	<b>32.32</b>	<b>78.17</b>
<b>Capital Work-in-Progress</b>	<b>0.23</b>	<b>4.20</b>	<b>0.20</b>	<b>4.23</b>	-	-	-	-	<b>4.23</b>

\*Amount is below the rounding off norm adopted by the Company

\*\* An amount ₹0.06 Crores (March 31, 2019: NIL ) included in building is reclassified from investment property.

\*\*\* An amount of ₹ 0.01 Crores (March 31, 2019: ₹ 0.07 Crores) and ₹ 0.34 Crores (March 31, 2019: ₹ 1.42 Crores) previously included in leasehold land and building respectively is reclassified to investment property

# A net carrying amount of ₹ 0.91 Crores (March 31, 2019: ₹ 0.93 Crores) included in building is yet to be registered in the name of the company. For other properties yet to be registered in the name of the Company [Refer note 5].

**Notes :**

- i) Contractual obligations :  
Refer note 49 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- ii) Capital work-in-progress :  
Capital work-in-progress mainly comprises of moulds and other routine infrastructure enhancements
- iii) Working capital loans from banks are secured by second charge on the fixed assets of the Company located at Sinnar. (Refer note 23)

## NOTES ON FINANCIAL STATEMENTS

### 4A Right Of Use Assets

(₹ in Crores)

	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	As at April 1, 2019	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2020	As at March 31, 2020
Building	234.38	68.52	37.05	265.85	-	58.19	-	58.19	207.66
<b>Total</b>	<b>234.38</b>	<b>68.52</b>	<b>37.05</b>	<b>265.85</b>	<b>-</b>	<b>58.19</b>	<b>-</b>	<b>58.19</b>	<b>207.66</b>

### 5 Investment properties

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>Gross Carrying amount</b>		
Opening Gross Carrying amount	2.53	1.04
Additions	-	-
Disposals	-	-
Transfer (net)	0.29	1.49
<b>Closing gross carrying amount</b>	<b>2.82</b>	<b>2.53</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	0.35	0.05
Depreciation charged	0.12	0.11
Disposals	-	-
Transfer	0.05	0.19
<b>Closing accumulated depreciation</b>	<b>0.52</b>	<b>0.35</b>
<b>Net Carrying amount #</b>	<b>2.30</b>	<b>2.18</b>

# A net carrying amount of ₹ 0.01 Crores (March 31, 2019: ₹ 0.01 Crores) included in freehold land, ₹ \* Crores (March 31, 2019: ₹ \* Crores) included in leasehold land and ₹ 0.93 Crores (March 31, 2019: ₹ 0.95 Crores) included in building is yet to be registered in the name of the Company.

\* Amount is below the rounding off norm adopted by the company

#### (i) Amount recognised in statement of profit or loss for Investment properties

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Rental income	3.15	1.23
Direct operating expenses	0.65	0.13
<b>Profit from investment properties before depreciation</b>	<b>2.50</b>	<b>1.10</b>
Depreciation	0.12	0.11
<b>Profit from investment properties</b>	<b>2.38</b>	<b>0.99</b>

#### (ii) Fair Value

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Investment properties	76.93	73.96

#### Estimation of fair value

The Company obtains independent valuations for its investment properties at least annually based on current prices in an active market for properties of similar nature or recent prices of similar properties. The fair values of investment properties have been determined by an independent valuer. The main inputs used are the rental growth rates and market rates based on comparable transactions.

iii) Leasing Arrangements (Refer Note 37)

6 Other Intangible assets

(₹ in Crores)

	Gross carrying amount				Amortisation				Net carrying amount
	As at April 1, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	As at April 1, 2019	Amortisation charge during the year	Disposals/ Adjustments	As at March 31, 2020	As at March 31, 2020
Computer software	4.85	2.41	-	7.26	2.03	1.35	-	3.38	3.88
Patent and trademarks	0.05	-	-	0.05	0.05	-	-	0.05	-
<b>Total</b>	<b>4.90</b>	<b>2.41</b>	<b>-</b>	<b>7.31</b>	<b>2.08</b>	<b>1.35</b>	<b>-</b>	<b>3.43</b>	<b>3.88</b>
<b>Intangible Assets under development</b>	<b>0.11</b>	<b>0.06</b>	<b>0.11</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.06</b>

	Gross carrying amount				Amortisation				Net carrying amount
	As at April 1, 2018	Additions	Disposals/ Adjustments	As at March 31, 2019	As at April 1, 2018	Amortisation charge during the year	Disposals/ Adjustments	As at March 31, 2019	As at March 31, 2019
Computer software	2.27	2.58	-	4.85	1.19	0.84	-	2.03	2.82
Patent and trademarks	0.05	-	-	0.05	0.05	-	-	0.05	-
<b>Total</b>	<b>2.32</b>	<b>2.58</b>	<b>-</b>	<b>4.90</b>	<b>1.24</b>	<b>0.84</b>	<b>-</b>	<b>2.08</b>	<b>2.82</b>
<b>Intangible Assets under development</b>	<b>0.54</b>	<b>0.08</b>	<b>0.51</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.11</b>

Contractual obligations : Refer note 49 for disclosure of contractual commitments for the acquisition of intangible assets.

7 Equity investments in subsidiaries and joint ventures

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>Unquoted</b>		
<b>i) In subsidiaries (at cost)</b>		
50,000 (March 31, 2019: 50,000) equity shares of Rs. 10 each fully paid-up held in Blow Plast Retail Limited [Refer Note 45(f)]	0.05	0.05
9,070,475 (March 31, 2019: 9,070,475) equity shares of BDT 10 each fully paid-up held in VIP Industries Bangladesh Private Limited [Refer Note 45(f)]	6.44	6.44
11,305 (March 31, 2019:11,305) equity shares of BDT 10 each fully paid-up held in VIP Industries BD Manufacturing Private Limited [Refer Note 45(f)]	0.01	0.01
11,412 (March 31, 2019: 11,412) equity shares of BDT 10 each fully paid-up held in VIP Luggage BD Private Limited [Refer Note 45(f)]	0.01	0.01
11,585 (March 31, 2019: 11,585 ) equity shares of BDT 10 each fully paid-up held in VIP Accessories BD private limited [Refer Note 45(f)]	0.01	0.01
<b>Total A</b>	<b>6.52</b>	<b>6.52</b>
<b>ii) In joint venture (at cost)@</b>		
Nil (March 31, 2019: 25,003) equity shares of BDT 1,000 each fully paid-up held in VIP Nitol Industries Limited [Refer Note 45(f)]	-	2.12
Less : Provision for diminution in value of investments	-	(2.12)
<b>Total B</b>	<b>-</b>	<b>-</b>
<b>Total Investment in Equity Instruments of subsidiaries and joint venture [A+B]</b>	<b>6.52</b>	<b>6.52</b>
<b>Aggregate amount of unquoted investments in subsidiaries</b>	<b>6.52</b>	<b>8.64</b>
<b>Aggregate amount of provision for diminution in value of investments</b>	<b>-</b>	<b>2.12</b>

@ During the year 2014 - 2015, an application had been filed for voluntary winding up of VIP Nitol Industries Limited and an application for disinvestment in joint venture had been filed with the Reserve Bank of India. Consequently, disinvestment in joint venture has been taken on record by the Reserve Bank of India on May 28, 2019.

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

		As at	
		March 31, 2020	March 31, 2019
<b>8</b>	<b>Investments</b>		
	<b>A) Non-Current Investments</b>		
	<b>Investment in Equity Instruments (fully paid-up)</b>		
	<b>a) Quoted (at FVOCI)</b>		
	1,000 (March 31, 2019:1,000) equity shares of ₹ 2 each fully paid-up in Windsor Machines Limited	0.01	0.01
	1,909 (March 31, 2019:1,909) equity shares of ₹ 10 each fully paid-up in Kemp and Company Limited [Refer note 45(f)]	0.09	0.12
	2,250 (March 31, 2019: 2,250) equity shares of ₹ 10 each fully paid-up in Jindal South West Holdings Limited	0.32	0.64
	<b>Total Quoted equity shares</b>	<b>0.42</b>	<b>0.77</b>
	<b>b) Unquoted</b>		
	<b>In other entities (at FVOCI)</b>		
	2,000 (March 31, 2019: 2,000) equity shares of ₹ 10 each fully paid-up held in Saraswat Co-operative Bank Limited	*	*
	100 (March 31, 2019: 100) equity shares of ₹ 25 each fully paid-up held in the Shamrao Vithal Co-operative Bank Limited	*	*
	10 (March 31, 2019: 10) equity shares of ₹ 100 each fully paid-up held in Taluka Audyogik Sahakari Vasahat Maryadit, Sinnar	*	*
	<b>Total Unquoted equity shares</b>	<b>*</b>	<b>*</b>
	<b>I Total Investment in Equity Instruments</b>	<b>0.42</b>	<b>0.77</b>
	<b>II Preference shares (unquoted and fully paid up)</b>		
	<b>In subsidiaries (at FVTPL)</b>		
	17,039,279 (March 31, 2019: 17,039,279) 8% cumulative preference shares of BDT 10 each fully paid-up held in VIP Industries Bangladesh Private Limited [Refer note 45(f)]	14.41	13.71
	16,519,000 (March 31, 2019: 16,519,000 ) 8% convertible preference shares of BDT 10 each fully paid-up held in VIP Industries BD Manufacturing Private Limited [Refer note 45(f)]	12.91	12.22
	12,472,500 (March 31, 2019: 8,265,000 ) 8% convertible preference shares of BDT 10 each fully paid-up held in VIP Luggage BD Private Limited [Refer note 45(f)]	13.39	6.30
	1,675,000 (March 31, 2019: 1,675,000 ) 8% convertible preference shares of BDT 10 each fully paid-up held in VIP Accessories BD Private Limited [Refer note 45(f)]	1.36	1.23
	<b>Total Investment in Preference shares</b>	<b>42.07</b>	<b>33.46</b>
	<b>III Share application money pending allotment#</b>		
	VIP Luggage BD Private Limited [Refer note 45(f)]	-	3.57
	<b>Total Share application money pending allotment</b>	<b>-</b>	<b>3.57</b>
	<b>Total Non-current investments (I+II+III)</b>	<b>42.49</b>	<b>37.80</b>
	<b>Aggregate amount of quoted investments and market value thereof</b>	<b>0.42</b>	<b>0.77</b>
	<b>Aggregate amount of unquoted investments</b>	<b>42.07</b>	<b>33.46</b>

\*Amount is below the rounding off norm adopted by the Company

# Above share application money has been settled against issue of 4,207,500 8% convertible preference shares of debt classification of VIP Luggage BD Private Limited.

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>B) Current investments</b>		
<b>Investments in mutual funds (unquoted) (at FVTPL)</b>		
399,291.586 Units (March 31, 2019: Nil) Aditya Birla Sun Life Liquid Fund	12.76	-
41,409.069 Units (March 31, 2019:Nil) Nippon India Liquid Fund- Direct Plan-Growth	20.09	-
69,431.355 Units (March 31, 2019: Nil) Aditya Birla Sun Life Overnight fund	7.50	-
<b>Total current investments</b>	<b>40.35</b>	<b>-</b>

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>9 Loans</b>		
<b>A) Non-current</b>		
Security deposits	18.62	18.89
<b>Total non-current loans</b>	<b>18.62</b>	<b>18.89</b>
<b>B) Current</b>		
Security deposits	8.24	3.90
<b>Total current Loans</b>	<b>8.24</b>	<b>3.90</b>
<b>Break-up of security details</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	26.86	22.79
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>26.86</b>	<b>22.79</b>
<b>Loss allowance</b>	<b>-</b>	<b>-</b>
<b>Total loans</b>	<b>26.86</b>	<b>22.79</b>

**10 Other financial assets**

<b>A) Non-current</b>		
Margin money deposit	0.04	0.07
<b>Total non-current other financial assets</b>	<b>0.04</b>	<b>0.07</b>
<b>B) Current</b>		
Receivable against sale of property	2.00	2.85
Interest accrued on deposits	0.13	0.11
Receivable from subsidiary [Refer Note 45(f)]	0.12	0.14
<b>Total current other financial assets</b>	<b>2.25</b>	<b>3.10</b>

**11 Deferred tax assets (net)**

The balance comprises:		
<u>Deferred tax assets</u>		
Provision for doubtful debts	2.38	0.36
Expenses disallowed u/s 43B of the Income tax act, 1961	2.36	3.49
Depreciation and ammortisation	1.22	0.21
FVTPL	(0.08)	0.29
Lease	2.91	-
Others	0.78	1.06
<u>Deferred tax liabilities</u>		
FVOCI	(0.09)	(0.19)
<b>Total deferred tax assets (net) (Refer Note 41)</b>	<b>9.48</b>	<b>5.22</b>

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>12 Current tax assets (net)</b>		
Advance income tax and income tax deducted at source (Net of provision for taxation)	8.78	5.16
<b>Total current tax assets</b>	<b>8.78</b>	<b>5.16</b>
<b>13 Other assets</b>		
<b>A) Non-current</b>		
Capital advances	0.20	0.73
Prepaid expenses	5.44	5.78
Balances with government authorities	2.13	2.42
<b>Total other non-current assets</b>	<b>7.77</b>	<b>8.93</b>
<b>B) Current</b>		
Prepaid expenses	11.55	8.65
Balances with government authorities	34.69	47.22
Advances to employees	0.22	0.30
Advance to suppliers	1.28	2.82
Export benefit receivable	0.25	0.40
Others	0.29	0.37
Advances to related party (Refer Note 45f)	1.04	-
<b>Total other current assets</b>	<b>49.32</b>	<b>59.76</b>
<b>14 Inventories</b>		
Stores and spares	1.13	0.72
Packing material	5.07	3.87
Raw Materials	35.01	33.12
Raw Materials in transit	1.01	4.98
Work-in-progress	9.00	9.43
Finished goods	52.02	42.08
Stock-in-trade	242.75	286.95
Stock-in-trade in transit	34.22	102.91
<b>Total inventories</b>	<b>380.21</b>	<b>484.06</b>
<b>15 Trade receivables</b>		
Trade receivables#	273.20	299.38
Receivables from related parties [Refer Note 45(f)]	0.27	0.25
Less: Provision for doubtful debts	(9.24)	(1.02)
<b>Total receivables</b>	<b>264.23</b>	<b>298.61</b>
Current portion	264.23	298.61
Non-current portion	-	-
<b>Break-up of security details</b>		
Trade Receivable considered good - Secured	-	-
Trade Receivable considered good - Unsecured	273.47	299.63
Trade Receivable which have significant increase in credit risk	-	-
Trade Receivable credit impaired	-	-
<b>Total</b>	<b>273.47</b>	<b>299.63</b>
Provision for doubtful debts	(9.24)	(1.02)
<b>Total trade receivables</b>	<b>264.23</b>	<b>298.61</b>

# Trade receivables are disclosed net of expected sales returns aggregating to ₹ 5.31 crores [March 31, 2019 ₹ 5.27 crores], [Refer note 2(c) and note 25].

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>16 Cash and cash equivalents</b>		
Cash and cash equivalents		
Cash on hand	0.22	0.79
Balances with banks		
In current accounts	1.43	4.96
In EEFC accounts	1.13	0.05
<b>Total cash and cash equivalents</b>	<b>2.78</b>	<b>5.80</b>
<b>17 Bank balances other than cash and cash equivalents</b>		
Earmarked balances with banks (Unpaid/Unclaimed dividend account)	3.91	3.42
<b>Total bank balances other than cash and cash equivalents</b>	<b>3.91</b>	<b>3.42</b>

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

**18 Equity share capital**

**Authorised share capital:**

246,500,000 (March 31, 2019: 246,500,000) equity shares of ₹ 2 each	49.30	49.30
1,000 (March 31, 2019: 1,000) 9% redeemable cumulative preference shares of ₹ 1,000 each	0.10	0.10
	49.40	49.40

**Issued, subscribed and fully paid up**

141,317,315 (March 31, 2019: 141,317,315) equity shares of ₹ 2 each	28.26	28.26
<b>Total equity share capital</b>	<b>28.26</b>	<b>28.26</b>

**(a) Reconciliation of shares outstanding at the beginning and at the end of the year**

	Number of Shares	Amount
<b>Issued, subscribed and paid-up capital</b>		
<b>As at March 31, 2018</b>	14,13,17,315	28.26
Add : Issued during the year	-	-
<b>As at March 31, 2019</b>	<b>14,13,17,315</b>	<b>28.26</b>
Add : Issued during the year	-	-
<b>As at March 31, 2020</b>	<b>14,13,17,315</b>	<b>28.26</b>

**(b) Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	Number of shares	% Holding
<b>As at March 31, 2019</b>		
Equity Shares held by:		
DGP Securities Limited	36,893,755	26.11%
Vibhuti Investments Company Limited	22,532,585	15.94%
<b>As at March 31, 2020</b>		
Equity Shares held by:		
DGP Securities Limited	36,893,755	26.11%
Vibhuti Investments Company Limited	22,532,585	15.94%

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>19 Other equity</b>		
(i) Capital reserve	0.15	0.15
(ii) Capital redemption reserve	0.15	0.15
(iii) Securities premium	33.53	33.53
(iv) Employee Stock Appreciation Rights Reserve	2.93	1.31
(v) General reserve	208.76	208.76
(vi) Retained earnings	272.94	273.86
(vii) Other Reserves	0.30	0.57
<b>Total reserves and surplus</b>	<b>518.76</b>	<b>518.33</b>
<b>(i) Capital reserve</b>		
At the beginning and end of the year	<b>0.15</b>	<b>0.15</b>
<b>(ii) Capital redemption reserve</b>		
At the beginning and end of the year	<b>0.15</b>	<b>0.15</b>
<b>(iii) Securities premium</b>		
At the beginning and end of the year	<b>33.53</b>	<b>33.53</b>
<b>(iv) Employee Stock Appreciation Rights Reserve</b>		
At the beginning of the year	1.31	-
During the year	1.62	1.31
<b>Balance as at the end of the year</b>	<b>2.93</b>	<b>1.31</b>
<b>(v) General reserve</b>		
At the beginning and end of the year	<b>208.76</b>	<b>208.76</b>
<b>(vi) Retained earnings</b>		
At the beginning of the year	273.86	200.71
Add: Profit for the year	88.73	128.81
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefits obligation, net of tax	(3.06)	(1.41)
Less: Appropriations		
Dividends		
Interim dividend	45.25	16.96
Final dividend	28.26	28.26
Dividend distribution tax	13.08	9.03
<b>Closing balance</b>	<b>272.94</b>	<b>273.86</b>
	<b>FVOCI - Equity Instruments</b>	<b>Total Other Reserves</b>
<b>(vii) Other Res erves</b>		
<b>As at March 31, 2018</b>	0.38	0.38
Changes in fair value of FVOCI equity instruments	0.27	0.27
Deferred tax	(0.08)	(0.08)
<b>As at March 31, 2019</b>	<b>0.57</b>	<b>0.57</b>
Changes in fair value of FVOCI equity instruments	(0.35)	(0.35)
Deferred tax	0.08	0.08
<b>As at March 31, 2020</b>	<b>0.30</b>	<b>0.30</b>



(₹ in Crores)

		As at	
		March 31, 2020	March 31, 2019
<b>20</b>	<b>Other financial liabilities</b>		
	<b>A) Non-current</b>		
	Deposits received	2.88	2.43
	<b>Total other non-current financial liabilities</b>	<b>2.88</b>	<b>2.43</b>
	<b>B) Current</b>		
	Unpaid/Unclaimed dividends (Refer note below)	3.91	3.42
	Payable on capital purchases	0.45	0.07
	Deposits received	0.28	0.56
	<b>Total other current financial liabilities</b>	<b>4.64</b>	<b>4.05</b>
There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.			
<b>21</b>	<b>Provisions</b>		
	<b>A) Non-current</b>		
	Provision for sales tax disputes (Refer Note 36)	0.37	2.27
	Provisions for warranties (Refer Note 36)	4.87	3.65
	Provision for compensated absences (Refer Note 44)	7.21	5.95
	<b>Total non-current provisions</b>	<b>12.45</b>	<b>11.87</b>
	<b>B) Current</b>		
	Provisions for warranties (Refer Note 36)	2.43	1.82
	Provision for gratuity Refer Note 44)	2.55	1.34
	Provision for compensated absences (Refer Note 44)	1.97	1.78
	<b>Total current provisions</b>	<b>6.95</b>	<b>4.94</b>
<b>22 A</b>	<b>Other liabilities</b>		
	<b>A) Non-current</b>		
	Unearned income on deposit received	0.10	0.13
	<b>Total other non-current liabilities</b>	<b>0.10</b>	<b>0.13</b>
	<b>B) Current</b>		
	Employee benefits payable	1.26	18.57
	Advances from customers	9.41	7.59
	Statutory dues including provident fund and tax deducted at source	6.22	8.82
	Unearned income on deposit received	0.06	0.04
	Unearned income-Commission received in advance from subsidiary	-	0.01
	Others	22.85	24.24
	<b>Total other current liabilities</b>	<b>39.80</b>	<b>59.27</b>
<b>22 B</b>	<b>Lease Liabilities</b>		
	<b>A) Non-current</b>		
	Lease Liabilities (Refer Note 37)	165.31	-
	<b>Total Non Current Lease Liabilities</b>	<b>165.31</b>	<b>-</b>
	<b>B) Current</b>		
	Lease Liabilities (Refer Note 37)	53.78	-
	<b>Total Current Lease Liabilities</b>	<b>53.78</b>	<b>-</b>

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>23 Borrowings (Current)</b>		
Secured:		
Working capital loans from banks	12.19	79.88
Unsecured:		
Working capital loans from banks	20.00	6.27
<b>Total current borrowing</b>	<b>32.19</b>	<b>86.15</b>
Secured borrowings : Working capital loans from banks are secured by hypothecation of inventories, receivables of the company and by second charge on the fixed assets of the Company located at Sinnar.		
<b>24 Trade Payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises and	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	2.54	5.42
(ii) Others	234.71	269.72
Trade payables to related parties (Refer Note 45)	49.61	38.18
<b>Total</b>	<b>286.86</b>	<b>313.32</b>

Disclosure of Trade payables and payable on capital purchases to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous year.

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>25 Revenue from operations</b>		
Revenue from contracts with customers [Sale of products]		
Manufactured goods	547.32	501.73
Traded goods	1,164.36	1,278.82
	<b>1,711.68</b>	<b>1,780.55</b>
Other operating revenues		
Scrap sales	1.57	3.00
Export incentive	0.72	0.89
<b>Total revenue from operations</b>	<b>1,713.97</b>	<b>1,784.44</b>
<b>Reconciliation of revenue from operations with contract price</b>		
<b>Contract Price</b>	1,757.49	1,813.03
<b>Less adjustments for :</b>		
Sales Returns	1.52	(4.72)
Discounts and rebates	43.24	33.03
Others	1.05	4.17
	<b>1,711.68</b>	<b>1,780.55</b>
<b>26 Other income</b>		
Interest Income on financial assets at amortised cost		
On security deposits	0.14	0.13
On bank deposits	0.01	0.12
Others	0.15	0.24
Unwinding of interest on security deposits (paid)	2.85	1.69
Dividend income		
From investment in subsidiaries measured at FVTPL	9.88	1.07
From mutual funds investments measured at FVTPL	-	3.31
Other non-operating income		
Rental income	3.15	1.23
Liabilities written back to the extent no longer required	3.56	1.42
Other Income from subsidiary-guarantee commission (Refer Note 45)	0.12	0.13
Miscellaneous Income	1.76	0.10
Other gain and losses:		
Net gain on fair value changes on investments	1.55	-
Net gain arising on sale of Investment	0.64	0.05
Net gain arising on sale of property, plant and equipment	0.24	0.03
<b>Total other income</b>	<b>24.05</b>	<b>9.52</b>
<b>27(A) Cost of materials consumed</b>		
<b>Raw material consumed</b>		
Opening inventory	38.10	22.96
Add: Purchases (net)	200.26	217.64
Less: Inventory at the end of the year	36.02	38.10
	<b>202.34</b>	<b>202.50</b>
<b>Packing material consumed</b>		
Opening inventory	3.87	3.17
Add: Purchases (net)	17.92	20.30
Less: Inventory at the end of the year	5.07	3.87
	<b>16.72</b>	<b>19.60</b>
<b>Total cost of materials consumed</b>	<b>219.06</b>	<b>222.10</b>

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>27(B) Purchases of stock-in-trade</b>		
Stock-in-trade (Net)	604.88	897.84
<b>Total purchase of stock-in-trade</b>	<b>604.88</b>	<b>897.84</b>
<b>27(C) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Stock at the end of the year:		
Finished goods	52.02	42.08
Work-in-progress	9.00	9.43
Stock-in-trade	276.97	389.86
	<b>337.99</b>	<b>441.37</b>
Stock at the beginning of the year		
Finished goods	42.08	33.43
Work-in-progress	9.43	8.49
Stock-in-trade	389.86	234.71
	<b>441.37</b>	<b>276.63</b>
Less: Reclassification to Exceptional items (Refer Note 48)	<b>27.96</b>	-
	<b>413.41</b>	<b>276.63</b>
<b>Total changes in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>75.42</b>	<b>(164.74)</b>
<b>28 Employee benefits expense</b>		
Salaries, wages and bonus	155.67	167.17
Contribution to provident fund and other funds (Refer Note 44)	9.27	8.48
Employee share-based payment expense (Refer Note 46)	1.62	1.31
Gratuity (Refer Note 44)	1.74	1.10
Staff welfare expenses	7.29	7.30
<b>Total employee benefits expense</b>	<b>175.59</b>	<b>185.36</b>
<b>29 Finance costs</b>		
Unwinding of interest on security deposits	0.06	-
Interest expense	2.51	1.02
Interest on Lease Liabilities	18.92	-
Interest on income tax	-	0.31
Other finance costs	0.14	0.16
<b>Total finance costs</b>	<b>21.63</b>	<b>1.49</b>
<b>30 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (Refer note 4)	15.41	11.79
Amortisation of intangible assets (Refer note 6)	1.35	0.84
Depreciation on investment property (Refer note 5)	0.12	0.11
Depreciation of Right Of Use Asset (Refer note 4A)	58.19	-
<b>Total depreciation and amortisation expense</b>	<b>75.07</b>	<b>12.74</b>

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>31 Other expenses</b>		
Consumption of stores and spare parts	1.28	1.60
Job Work Charges	23.21	17.05
Power and fuel	14.88	13.87
Electricity Expenses	4.65	4.44
Rent (Refer Note 37)	7.09	57.18
Repairs and maintenance		
Buildings	0.36	1.03
Plant and machinery	0.43	0.39
Others	10.74	8.92
Insurance	2.67	0.77
Rates and taxes	4.26	2.49
Travelling expenses	21.49	27.20
Directors fees	0.24	0.12
Payment to auditors (Refer Note 32)	0.44	0.42
Expenditure towards corporate social responsibility (CSR) activities (Refer Note 33)	3.31	2.72
Professional fees	5.16	9.27
Communication expenses	3.77	4.72
Advertisement and publicity expenses	91.62	99.36
Freight, handling and octroi	95.22	96.94
Commission on sales	0.46	0.54
Bank charges and commission	1.96	2.24
Human resource procurement	62.02	54.60
Allowance for doubtful debts (net)	8.71	(0.49)
Bad debts written off during the year	0.49	0.31
Less: Provision for doubtful debts	(0.49)	(0.31)
Net loss on foreign currency transactions and translation	8.30	6.07
Obsolescence of fixed assets	0.04	-
Miscellaneous expenses	24.44	31.12
<b>Total</b>	<b>396.75</b>	<b>442.57</b>
<b>32 Details of payment to auditors</b>		
<b>As auditor :</b>		
Audit fee	0.38	0.35
<b>In other capacities</b>		
Certification fees	0.05	0.06
Re-imburement of expenses	0.01	0.01
<b>Total payment to auditors</b>	<b>0.44</b>	<b>0.42</b>
<b>33 Corporate social responsibility expenditure</b>		
Amount required to be spent as per section 135 of the Act	3.28	2.59
Amount spent during the year on		
(i) Construction/ acquisition of an asset	-	-
(ii) on purpose other than (i) above	3.31	2.72
	<b>3.31</b>	<b>2.72</b>

For promotion of education for girl child, support for running schools in tribal villages, Rural Development, Women Empowerment, restoration and redevelopment of schools, Medical camps, providing medical facility and education to students.

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>34 Income tax expense</b>		
<b>a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	36.54	67.36
Adjustments for current tax of prior periods	-	0.51
<b>Total current tax expense</b>	<b>36.54</b>	<b>67.87</b>
<b>Deferred tax</b>		
(Increase) in deferred tax assets	(4.15)	(0.08)
<b>Total Deferred tax (benefit)</b>	<b>(4.15)</b>	<b>(0.08)</b>
<b>Total income tax expense</b>	<b>32.39</b>	<b>67.79</b>
<b>b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before tax	121.12	196.60
Enacted Income tax rate in India applicable to the Company	25.63%	34.94%
Tax expenses on profit before tax calculated at the rate above	31.04	68.70
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Exempted Income	-	(1.16)
Expenses disallowed	0.74	0.63
Items subject to differential tax rate	(0.84)	(0.27)
Adjustments for tax of prior periods	-	0.08
Change in tax rate	1.36	-
Others	0.09	(0.19)
<b>Total income tax expense</b>	<b>32.39</b>	<b>67.79</b>
<b>c) Tax on items of OCI</b>		
Deffered Tax on fair valuation of equity instruments	0.08	(0.06)
Current Tax on remeasurement of defined benefit plans	1.13	0.77
	<b>1.21</b>	<b>0.71</b>

The company intends to exercise the option of lower tax rate under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Consequently, during the quarter ended September 30, 2019, the Company has recognized the full impact of remeasurement of the current tax charge and deferred tax income accrued as on June 30, 2019. This has resulted in reversal of Current Tax charge and net Deferred Tax income of ₹ 5.26 crores and ₹ 0.56 crores respectively accrued in quarter ended June 30, 2019 and reversal of net deferred tax income of ₹ 1.36 crores on account of remeasurement of net deferred tax asset as at March 31, 2019.

### 35 Basic earnings per share

Profit after tax attributable to equity shareholders	88.73	128.81
Weighted average number of shares outstanding during the year (numbers)	141,317,315	141,317,315
Earnings per share (Basic) (₹)	6.28	9.11
Nominal value per share (₹)	2	2
<b>Diluted earnings per share</b>		
Profit after tax attributable to equity shareholders	88.73	128.81
Effect of dilution due to issue of Employee stock appreciation rights	-	0.85
Profit after tax attributable to equity shareholders after dilution impact	88.73	129.66
Weighted average number of shares outstanding during the year (numbers)	141,317,315	141,355,045
Earnings per share (Diluted) (₹) #	6.28	9.11
Nominal value per share (₹)	2	2

# Note: Since the Employee Stock Appreciation Rights are anti-dilutive, the basic earnings per share are shown as diluted earnings per share.

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>36 Provision for warranty and sales tax</b>		
<b>Warranty provision</b>		
Balance as at the beginning of the year	5.47	4.54
Additions	6.60	6.29
Amounts used	4.44	4.08
Amounts reversed	0.33	1.28
<b>Balance as at the end of the year</b>	<b>7.30</b>	<b>5.47</b>
Classified as non-current	4.87	3.65
Classified as current	2.43	1.82
<b>Provision for Sales Tax</b>		
Balance as at the beginning of the year	2.27	1.87
Additions	0.01	0.69
Amounts used	1.91	0.29
<b>Balance as at the end of the year</b>	<b>0.37</b>	<b>2.27</b>
Classified as non-current	0.37	2.27
Classified as current	-	-

**Sales Tax Provision:** The amounts in respect of sales tax represent the best possible estimates arrived on the available information. The uncertainties are dependent on the outcome of the different legal processes. The timing of the future cash flows will be determinable only on receipt of judgements/ decisions pending with various forums/ authorities. The said provisions primarily relate to subjudice matters under the erstwhile local sales tax acts, value added tax acts of respective states and the central sales tax act 1961.

**Warranty:** A provision for warranty has been recognised for the expected warranty claims on product sold based on past experience. It is expected that the majority of this expenditure will be incurred in the next 2-5 years.

**37 Leases**

**Lease adoption impact - disclosure**

Company has adopted IND AS 116 Accounting for Leases from April 1, 2019, with the modified retrospective approach therefore recognised lease liabilities and Right-of-use assets in the opening balance sheet on April 1, 2019. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. Right-of use assets were measured at the amount equal to the lease liability. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 8.00%.

**(a) In applying IND AS 116 for the first time, the company has used the following practical expedients permitted by the standard**

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at April 1, 2019
- the Company has relied on its previous assessment under IND AS 17 to determine a lease for contracts existing as on the transition date
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases

	(₹ in Crores)
	As at March 31, 2020
<b>(b) Measurement of lease liabilities</b>	
Operating lease commitments disclosed as at March 31, 2019	23.49
Add/less: adjustments as a result of a different treatment of extension and termination options	215.13
Discounted using the lessee's incremental borrowing rate - at the date of initial application including short term Leases	238.62
Less : short-term leases not recognised as a liability	4.24
<b>Lease liability recognised as at April 1, 2019</b>	<b>234.38</b>

## NOTES ON FINANCIAL STATEMENTS

	(₹ in Crores)
	As at March 31, 2020
Of which are:	
Current lease liabilities	59.28
Non-current lease liabilities	175.10
	<b>234.38</b>

### (c) Measurement of Right of Use Assets

The associated Right of Use Assets for property leases were measured on an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

### (d) Adjustments recognised in Balance Sheet on April 1, 2019

- Right of Use Assets	234.38
- Lease Liabilities	234.38

### (e) Amounts recognised in profit or loss (Refer note 4A)

	(₹ in Crores)
	Year ended March 31, 2020
<b>Depreciation charge of Right of Use Assets</b>	
Buildings	58.19

Interest expense (included in finance cost) on lease liability for the year ended March 31, 2020 is ₹ 18.92 crores. The Company incurred ₹ 4.24 crores for the year ended March 31, 2020 towards expenses relating to short-term leases, leases of low-value assets and variable lease payments. The total cash outflow for leases is ₹ 68.55 crore for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets.

### (f) Lease Commitment as on March 31, 2019

Future minimum lease rentals payable towards non-cancellable period of the lease agreements for not later than one year ₹ 16.83 crores and for later than one year and not later than five years ₹ 6.66 crores.

### (g) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IND AS 116.

## 38 COVID-19

COVID-19 pandemic is having an unprecedented impact on people and the economy. At V.I.P. Industries Limited, we have moved fast to support our multiple stakeholders and sustain our operations through this crisis and prepare for revival in a new normal. We have structured our immediate priorities into four areas: supporting our people; protecting customer & vendor relationships, maintaining our financial strength & contributing to society. The COVID pandemic has induced lockdown in many of the States/Union Territories across the country. Due to the lockdown, operations in most of our locations including manufacturing plants, warehouses, offices, etc, had to be scaled down or shut down and are being operated as per the local guidelines of social distancing and high hygiene standards, wherever permitted. The resumption of operations will depend upon directives issued by the respective Government authorities.

While the current situation has adversely impacted the economy at large, the travel industry has been among the most affected segments. We continue to closely monitor the situation and have been taking appropriate actions for both sustenance and revival. As per our current assessment, other than some specific provisional impacts considered, no significant impact on the financial position of the company is expected. Considering the strength of its brands and robust financials, the management is confident of seeing through this crisis and restoring its performance as soon as the external economic environment is favorable.

## 39 Segment reporting

In accordance with Accounting Standard Ind AS- 108 "Segmental Reporting", the Company has determined its business segment as manufacturing and marketing of luggage, bags and accessories. Since more than 99% of business is from manufacturing and marketing of luggage, bags and accessories, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2020.



## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	year ended	
	March 2020	March 2019
<b>Revenue from external customer</b>		
Inia	1,667.55	1,717.63
Outside India	46.42	66.81
<b>Total Revenue</b>	<b>1,713.97</b>	<b>1,784.44</b>

	As at	
	March 31, 2020	March 31, 2019
India	331.82	114.01
Outside India	50.61	45.71
<b>Total Non Current Assets</b>	<b>382.43</b>	<b>159.72</b>

There are transactions with one external customer which amount to 10% or more of the Company's revenue.

### 40 Contingent Liabilities

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Claims against the company not acknowledged as debts	0.04	0.04
Income tax matters	1.83	1.36
Sales tax matters	245.41	183.31
Excise and customs matters	0.55	0.55

The Company has implemented the decision given in the Supreme Court Judgement in case of "The Regional Provident Fund Commissioner (II) West Bengal Vs Vivekananda Vidyamandir & Ors, Civil Appeal Number 6221 of 2011" dated February 28, 2019 for inclusion of certain allowances within the scope of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 w.e.f. March 01, 2019. Basis the assessment of the management, which is supported by legal advice, the aforesaid matter is not likely to have significant impact in respect of earlier periods.

### 41 Movement in deferred tax assets

	Depreciation	Voluntary retirement scheme	Provision for doubtful debts	Expenses disallowed u/s 43B of the Income tax act, 1961	FVTPL	FVOCI	Leases	Others	Total
<b>At March 31, 2018</b>	<b>1.62</b>	<b>0.14</b>	<b>0.63</b>	<b>2.52</b>	<b>0.17</b>	<b>(0.11)</b>	-	<b>0.25</b>	<b>5.22</b>
(charged)/credited:							-		
- to profit or loss	(1.41)	(0.14)	(0.27)	0.97	0.12	-	-	0.81	0.08
- to other comprehensive income	-	-	-	-	-	(0.08)	-	-	(0.08)
<b>At March 31, 2019</b>	<b>0.21</b>	<b>-</b>	<b>0.36</b>	<b>3.49</b>	<b>0.29</b>	<b>(0.19)</b>	<b>-</b>	<b>1.06</b>	<b>5.22</b>
(charged)/credited:									
- to profit or loss	1.01	-	2.02	(1.13)	(0.38)	-	2.91	(0.28)	4.15
- to other comprehensive income	-	-	-	-	-	0.10	-	-	0.10
<b>At March 31, 2020</b>	<b>1.22</b>	<b>-</b>	<b>2.38</b>	<b>2.36</b>	<b>(0.08)</b>	<b>(0.09)</b>	<b>2.91</b>	<b>0.78</b>	<b>9.48</b>

## NOTES ON FINANCIAL STATEMENTS

### 42 Fair value measurements

(₹ in Crores)

Financial instruments by category	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
<b>Investments</b>						
- Equity instruments <sup>#</sup>	-	0.42	-	-	0.77	-
- Preference shares	42.07	-	-	33.46	-	-
- Mutual Funds	40.35	-	-	-	-	-
- Share application money pending allotment	-	-	-	-	-	3.57
Trade receivables	-	-	264.23	-	-	298.61
Cash and cash equivalents	-	-	2.78	-	-	5.80
Bank balances other than cash and cash equivalents	-	-	3.91	-	-	3.42
Loans	-	-	26.86	-	-	22.79
Other financial assets	-	-	2.29	-	-	3.17
<b>Total Financial assets</b>	<b>82.42</b>	<b>0.42</b>	<b>300.07</b>	<b>33.46</b>	<b>0.77</b>	<b>337.36</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	32.19	-	-	86.15
Trade payables	-	-	286.86	-	-	313.32
Other financial liabilities	-	-	7.52	-	-	6.48
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>326.57</b>	<b>-</b>	<b>-</b>	<b>405.95</b>

<sup>#</sup>The company has made an irrevocable election at initial recognition, to recognise changes in fair value of equity securities which are not held for trading, through OCI, rather than profit and loss as these are strategic investments and the company considered this to be more relevant.

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial investments at FVPL					
-Preference shares	8A	-	-	42.07	<b>42.07</b>
-Mutual funds - Dividend plan	8B	-	40.35	-	<b>40.35</b>
Financial investments at FVOCI					
-Listed equity investments - steel sector	8A (a)	0.32	-	-	<b>0.32</b>
-Listed equity investments - others	8A (a)	0.10	-	-	<b>0.10</b>
-Unquoted equity investments	8A (b)	-	-	*	*
<b>Total financial assets</b>		<b>0.42</b>	<b>40.35</b>	<b>42.07</b>	<b>82.84</b>

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2020</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Trade receivables	15	-	-	264.23	264.23
Cash and cash equivalents	16	-	-	2.78	2.78
Bank balances other than cash and cash equivalents	17	-	-	3.91	3.91
Loans	9A,9B	-	-	26.86	26.86
Other financial assets	10A,10B	-	-	2.29	2.29
<b>Total financial assets</b>		-	-	<b>300.07</b>	<b>300.07</b>
<b>Financial liabilities</b>					
Borrowings	23	-	-	32.19	32.19
Trade payables	24	-	-	286.86	286.86
Other financial liabilities	20A,20B	-	-	7.52	7.52
<b>Total financial liabilities</b>		-	-	<b>326.57</b>	<b>326.57</b>

(₹ in Crores)

<b>Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Financial investments at FVPL					
-Preference shares	8A	-	-	33.46	<b>33.46</b>
Financial investments at FVOCI					
-Listed equity investments - steel sector	8A (a)	0.64	-	-	<b>0.64</b>
-Listed equity investments - others	8A (a)	0.13	-	-	<b>0.13</b>
-Unquoted equity investments	8A (b)	-	-	*	*
<b>Total Financial assets</b>		<b>0.77</b>	-	<b>33.46</b>	<b>34.23</b>

(₹ in Crores)

<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2019</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Trade receivables	15	-	-	298.61	<b>298.61</b>
Cash and cash equivalents	16	-	-	5.80	<b>5.80</b>
Bank balances other than cash and cash equivalents	17	-	-	3.42	<b>3.42</b>
Loans	9A,9B	-	-	22.79	<b>22.79</b>
Investments					
- Share application money pending allotment	8A	-	-	3.57	<b>3.57</b>
Other financial assets	10A,10B	-	-	3.17	<b>3.17</b>
<b>Total Financial assets</b>		-	-	<b>337.36</b>	<b>337.36</b>
<b>Financial liabilities</b>					
Borrowing	23	-	-	86.15	86.15
Trade Payables	24	-	-	313.32	313.32
Other financial liabilities	20A,20B	-	-	6.48	6.48
<b>Total Financial liabilities</b>		-	-	<b>405.95</b>	<b>405.95</b>

\*Amount is below the rounding off norm adopted by the Company

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

## NOTES ON FINANCIAL STATEMENTS

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Company has mutual funds for which all significant inputs required to fair value an instrument falls under level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and unlisted preference shares are included in level 3.

There are no transfers between levels 1, 2 and 3 during the year.

### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Investments in quoted equity instruments are valued using the closing price at Bombay Stock Exchange (BSE) at the reporting period.
- the use of Net Assets Value ('NAV') for valuation of mutual fund investment. NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.
- the fair value of the preference shares is determined based on present values and the discount rates used were adjusted for counterparty risk and country risk.

### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

(₹ in Crores)

	Unquoted preference shares	Unquoted equity share	Total
As at April 1, 2018	12.95	0.01	12.96
Acquisitions/ (Disposal)	19.74	(0.01)	19.73
Gain recognised in Profit and loss	0.76	-	0.76
As at March 31, 2019	33.46	*	33.46
Acquisitions	7.06	*	7.06
Gain recognised in Profit and loss	1.55	-	1.55
As at March 31, 2020	42.07	*	42.07
Unrealised gain recognised in profit and loss related to assets held			
Year ended March 31, 2020	1.55	*	1.55
Year ended March 31, 2019	0.76	*	0.76

\*Amount is below the rounding off norm adopted by the Company

### (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

See (ii) above for the valuation technique adopted.

	Fair Value		Significant unobservable inputs	Probability weighted range		Sensitivity
	As at March 31, 2020	As at March 31, 2019		As at March 31, 2020	As at March 31, 2019	
Unquoted preference shares	42.07	33.46	Risk adjusted discount rate	10.75% -11.75%	9.5% - 10.5%	2020 : Increasing/ Decreasing the risk adjusted discount rate would decrease by ₹1 cr and increase by ₹0.96 cr 2019 : Increasing/ Decreasing the risk adjusted discount rate would decrease by ₹0.89 cr and increase by ₹0.86 cr

(v) Valuation process

(₹ in Crores)

The fair value of unlisted preference shares are determined using discounted cash flow analysis by independent valuer.

(vi) Fair value of Financial assets and liabilities measured at amortised cost

	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Trade receivables	264.23	264.23	298.61	298.61
Cash and cash equivalents	2.78	2.78	5.80	5.80
Bank balances other than cash and cash equivalents	3.91	3.91	3.42	3.42
Loans	26.86	26.86	22.79	22.79
<u>Investments</u>				
Share application money pending allotment	-	-	3.57	3.57
Other financial assets	2.29	2.29	3.17	3.17
<b>Total financial assets</b>	<b>300.07</b>	<b>300.07</b>	<b>337.36</b>	<b>337.36</b>
<b>Financial liabilities</b>				
Borrowings	32.19	32.19	86.15	86.15
Trade payables	286.86	286.86	313.32	313.32
Other financial liabilities	7.52	7.52	6.48	6.48
<b>Total financial liabilities</b>	<b>326.57</b>	<b>326.57</b>	<b>405.95</b>	<b>405.95</b>

- a) The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, borrowings and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.
- (b) The fair values and carrying value for security deposits, other financial assets and other financial liabilities are materially the same.

**43A Financial risk management**

The Company's activities expose it to market risk, liquidity risk, credit risk and interest risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

The company has a robust risk management framework comprising risk governance structure and defined risk management processes. The risk governance structure of the company is a formal organisation structure with defined roles and responsibilities for risk management.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other financial liabilities	Sensitivity analysis	Availability of committed credit lines and borrowing facilities
Market risk - foreign currency risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity analysis	Forward foreign exchange contracts
Market risk - Interest rate risk	Borrowings	Sensitivity analysis	Monitoring the movement in market interest rates closely
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

The company's risk management is carried out by a central treasury department under the guidance from the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-ordination with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. There is no change in objectives and process for managing the risk and methods used to measure the risk as compared to previous year.

### 1) Credit risk :

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The Credit risk mainly arises from receivables from customers, investments securities, cash and cash equivalents, and deposits with banks and financial institutions.

#### a) Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 264.23 Crores as at March 31, 2020 (March 31, 2019– ₹ 298.61 Crores). Trade receivables are typically unsecured and are derived from revenue earned from customers located in India as well as outside India. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, the country and the state in which the customer operates, also has an influence on credit risk assessment.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The management continuously monitors the credit exposure towards the customers outstanding at the end of each reporting period to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade receivables during the year was as follow:

#### Movement in expected credit loss allowance on trade receivables (₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Opening provision	1.02	1.82
Add: Additional provision made	8.71	-
Less: Provision write off	0.49	0.31
Less: Provision reversed	-	0.49
Closing provision	<b>9.24</b>	<b>1.02</b>

The average credit period on sales of products is less than 120 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision table as above.

#### b) Cash and cash equivalents:

As at the year end, the Company held cash and cash equivalents of ₹ 2.78 crores (March 31, 2019: ₹ 5.80 crores). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating. 12-months expected credit losses is used as basis for recognition of loss provision

#### c) Other Bank Balances:

Other bank balances are held with bank and financial institution counterparties with good credit rating. 12-months expected credit losses is used as basis for recognition of loss provision

**d) Investment in mutual funds:**

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties. 12-months expected credit losses is used as basis for recognition of loss provision.

**e) Other financial assets:**

Other financial assets are neither past due nor impaired. 12-months expected credit losses is used as basis for recognition of loss provision

**f) Investments in debt instruments:**

Investments in debt instruments are neither past due nor impaired. Majority of the debt instruments are held within the group i.e. in subsidiaries of the company.

**2) Liquidity risk :**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>Floating Rate</b>		
Expiring within one year (bank overdraft and other facilities)	101.81	13.85

**(ii) Maturity pattern of financial liabilities**

The amounts of trade payables and Payables related to capital goods disclosed in the table are undiscounted contractual cash flows, where as other financial liabilities and Lease liabilities are at discounted cash flows.

(₹ in Crores)

As at March 31, 2020	Not Due	0-6 months	6 - 12 months	More than 12 months
Borrowings	-	32.19	-	-
Trade Payable	184.72	97.16	4.98	-
Payable related to Capital goods	0.05	0.40	-	-
Lease liabilities	-	28.88	24.90	165.31
Other financial liabilities (current and non-current)	-	4.07	0.12	2.88

(₹ in Crores)

As at March 31, 2019	Not Due	0-6 months	6 - 12 months	More than 12 months
Borrowings	-	86.15	-	-
Trade Payable	230.03	78.91	4.38	-
Payable related to Capital goods	0.03	0.03	0.01	-
Other financial liabilities (current and non-current)	-	3.98	-	2.43

**3) Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of risks namely interest rate risk, currency risk and other price risk, such as commodity risk.

**A) Market Risk- Foreign currency risk**

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company also uses foreign currency forward contracts to

## NOTES ON FINANCIAL STATEMENTS

hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

### Unhedged foreign currency exposure

#### (a) Particulars of unhedged foreign currency exposures as at the reporting date

The Company's exposure to foreign currency risk at the end of the reporting period expressed in equivalent in INR Rupees is as follows:

(₹ in Crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD	Others	USD	Others
<b>Financial assets</b>				
Investment in preference shares	42.07	-	33.46	-
Share application money pending allotment	-	-	3.57	-
Trade receivables	7.73	-	13.41	-
Other assets	0.25	0.39	0.15	0.38
Cash and Cash equivalents	1.13	0.26	0.05	0.54
Net exposure to foreign currency risk (assets)	<b>51.18</b>	<b>0.65</b>	<b>50.64</b>	<b>0.92</b>
<b>Financial liabilities</b>				
Trade payables	120.47	0.23	162.98	0.75
Net exposure to foreign currency risk (liabilities)	<b>120.47</b>	<b>0.23</b>	<b>162.98</b>	<b>0.75</b>
Net unhedge foreign currency exposure	<b>69.29</b>		<b>112.34</b>	

#### (b) As at balance sheet date, following foreign currency exposure (including non financial assets and liabilities) is not hedged by a derivative instrument or otherwise

(₹ in Crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD	Others	USD	Others
<b>Assets</b>				
Investment in equity shares	6.47	-	6.47	-
Investment in preference shares	42.07	-	33.46	-
Share application money pending allotment	-	-	3.57	-
Trade receivables	7.73	-	13.41	-
Other assets	0.25	0.39	0.15	0.38
Cash and Cash equivalents	1.13	0.26	0.05	0.54
Net exposure to foreign currency risk (assets)	<b>57.65</b>	<b>0.65</b>	<b>57.11</b>	<b>0.92</b>
<b>Liabilities</b>				
Trade payables	120.47	0.23	162.98	0.75
Net exposure to foreign currency risk (liabilities)	<b>120.47</b>	<b>0.23</b>	<b>162.98</b>	<b>0.75</b>
Net unhedge foreign currency exposure	<b>62.82</b>		<b>105.87</b>	

The company is mainly exposed to USD. The below table demonstrates the sensitivity to 1% increase or decrease in the USD against INR with all other variables held constant. The sensitivity analysis is prepared on the unhedged exposure of the company as at the reporting date.

	Effect on Profit after Tax	
	For year ended March 31, 2020	
	1% increase	1% decrease
USD	(0.52)	0.52
Increase / (decrease) in profit or loss	<b>(0.52)</b>	<b>0.52</b>



**B) Market Risk- Other price risk**

**(a) Exposure**

The company is mainly exposed to the price risk due to its investment in mutual funds and investment in equity instruments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. The price risk arises due to uncertainties about the future market values of these investments. To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. The majority of the company's equity investments are publicly traded.

**(b) Sensitivity**

The table below summarizes the impact of increases/decreases of the BSE index on the Company's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

(₹ in Crores)

	Impact on other components of equity	
	For year ended March 31, 2020	For year ended March 31, 2019
BSE Index - Increase 5%	0.02	0.03
BSE Index - Decrease 5%	(0.02)	(0.03)

**C) Market Risk- Interest rate risk**

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for debt obligations at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment.

(₹ in Crores)

	As at 31.03.20	As at 31.03.19
50 bps increase - effect on profit before taxes	(0.16)	(0.25)
50 bps decrease - effect on profit before taxes	0.16	0.25

**43B Capital management**

**(a) Risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the following gearing ratio:

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Net debt (total borrowings including lease liabilities net of cash and cash equivalents)	248.50	80.35
Total equity	547.02	546.59
Net debt equity ratio	45.43%	14.70%

"The net debt to equity ratio for the current year increased by 40.05% following the adoption of Ind AS 116 on Leases. The net debt to equity ratio excluding lease liabilities is 5.38%."

**(b) Dividends**

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>i) Equity Share</b>		
Final dividend	28.26	28.26
Interim dividend	45.25	16.96
Dividend distribution tax on above dividend	13.08	9.03
<b>ii) Dividend not recognised at the end of the reporting period</b>		
Proposed dividend	-	28.26
Dividend distribution tax on proposed dividend	-	5.82

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### 44 Employee benefits obligations

#### A) Defined contribution plan

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
Amount recognised in the statement of profit and loss		
(i) Employer Contribution to Provident Fund & Inspection Charges (including foreign employees)	5.36	5.30
(ii) Employer Contribution to Pension Fund (under Pension Plan)	3.07	2.04
(iii) EDLI Charges & Admin Charges	0.14	0.14
(iv) Employer Contribution to ESIC	0.70	1.00
<b>Total</b>	<b>9.27</b>	<b>8.48</b>

#### B) Defined benefit plan

##### a) Gratuity:

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/ termination is based on the employees last drawn basic salary per month computed proportionately for fifteen days salary multiplied by the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to the "VIP Industries Limited Employees Gratuity Fund Trust". The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

i) The amounts recognised in the balance sheet and the movement of net defined benefit obligation over the years are as follows

	Present value of obligations	Fair value of plan assets	Net amount
<b>April 1, 2018</b>	<b>17.56</b>	<b>(16.78)</b>	<b>0.78</b>
Current service cost	1.34	-	1.34
Interest expense/(income)	1.35	(1.29)	0.06
Past Service Cost	(0.30)	-	(0.30)
<b>Total amount recognised in profit or loss</b>	<b>2.39</b>	<b>(1.29)</b>	<b>1.10</b>
<b>Remeasurements</b>			
Past Service Cost			
Return on plan assets excluding amount included in interest income	-	(0.14)	(0.14)
Experience losses	1.24	-	1.24
Loss from change in demographic assumptions	-	-	-
Loss from change in financial assumptions	1.10	-	1.10
<b>Total amount recognised in other comprehensive income</b>	<b>2.34</b>	<b>(0.14)</b>	<b>2.20</b>
Employer's contribution	-	(2.74)	(2.74)
Benefits paid directly by the employer	-	-	-
Benefits paid from the fund	(2.78)	2.78	-
<b>March 31, 2019</b>	<b>19.51</b>	<b>(18.17)</b>	<b>1.34</b>

(₹ in Crores)

	Present value of obligations	Fair value of plan assets	Net amount
<b>April 1, 2019</b>	<b>19.51</b>	<b>(18.17)</b>	<b>1.34</b>
Current service cost	1.64	-	1.64
Interest expense/(income)	1.46	(1.36)	0.10
Past service costs	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>3.10</b>	<b>(1.36)</b>	<b>1.74</b>
<b>Remeasurements</b>			
Return on plan assets excluding amount included in interest expense	-	1.29	1.29
Experience losses	2.05	-	2.05
Loss from change in demographic assumptions	-	-	-
Gain from change in financial assumptions	0.85	-	0.85
<b>Total amount recognised in other comprehensive income</b>	<b>2.90</b>	<b>1.29</b>	<b>4.19</b>
Employer's contribution	-	(4.72)	(4.72)
Benefits paid directly by the employer	-	-	-
Benefits paid from the fund	(3.40)	3.40	-
<b>March 31, 2020</b>	<b>22.11</b>	<b>(19.56)</b>	<b>2.55</b>

ii) The net liabilities disclosed above relating to funded plans are as follows: (₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Present value of funded obligations	22.11	19.51
Fair value of plan assets	(19.56)	(18.17)
<b>Deficit of gratuity plan</b>	<b>2.55</b>	<b>1.34</b>

iii) The principal assumptions used in determining gratuity benefit obligations are shown below: (₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Discount rate	6.59%	7.48%
Expected return on plan assets	6.59%	7.48%
Salary escalation rate	11% p.a. for next 1 Year, 8%p.a. for next 2 Year, 5% p.a. thereafter starting from 4th year	11% p.a. for next 1 Year, 8%p.a. for next 2 Year, 5% p.a. thereafter starting from 4th year
Employee Turnover Rate	For Service 2 years and below 20% p.a., For Service 3 years to 4 years 15% p.a., For Service 5 years and above 10% p.a.	For Service 2 years and below 20% p.a., For Service 3 years to 4 years 15% p.a., For Service 5 years and above 10% p.a.

## NOTES ON FINANCIAL STATEMENTS

### iv) Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Crores)

Assumption	Impact on defined benefit obligation							
	Changes in assumption (%)		Increase in assumption			Decrease in assumption		
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Discount Rate	1%	1%	Decreased by	0.95	0.75	Increased by	1.05	0.83
Salary Increase	1%	1%	Increased by	1.01	0.80	Decreased by	0.93	0.74
Employee Turnover	1%	1%	Increased by	0.03	0.06	Decreased by	0.04	0.07

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

### v) The Major category of plan assets of the fair value of the total plan assets are as follows: (₹ in Crores)

	As at			
	March 31, 2020		March 31, 2019	
	Amount	in %	Amount	in %
Government securities (Central and State)	0.12	1%	0.27	1%
Special deposit scheme	0.38	2%	0.38	2%
Cash and cash equivalents	0.30	1%	0.11	1%
Insurer managed fund	18.69	96%	17.36	96%
Others	0.05	0%	0.05	0%
<b>Total</b>	<b>19.54</b>	<b>100%</b>	<b>18.17</b>	<b>100%</b>

### vi) Risk exposure

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk:	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest risk:	A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.
Salary risk:	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

### vii) Defined benefit liability and employer contributions

The company expects to make a contribution for the year ending March 31, 2021 is ₹ 4.65 Crores (March 31, 2020: ₹ 2.97 Crores) to the defined benefit plans during the next financial year.

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years. The expected maturity analysis of undiscounted gratuity benefits is as follows:

(₹ in Crores)

	Less than a year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
March 31, 2020					
Defined benefit obligations - Gratuity	3.46	2.63	9.28	16.60	31.97
March 31, 2019					
Defined benefit obligations - Gratuity	3.47	2.73	8.65	13.74	28.59

**b) Provident Fund**

Provident fund for eligible employees is managed by the Company through the "VIP Industries Limited Employees Provident Fund Trust", in line with the Provident fund and Miscellaneous Provisions Act 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement whichever is earlier. The benefits vest immediately on rendering the services by the employee. The Company does not currently have any unfunded plans.

In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at March 31, 2020. The Company has contributed Rs.4.18 Crores (March 31,2019: Rs.3.43 Crores) towards VIP Industries Limited Employees Provident Fund Trust during the year ended March 31, 2020.

**i) Amount recognised in the Balance Sheet** (₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Present value of benefit obligation	81.50	67.37
Plan assets at period end, at fair value, restricted to present value of benefit obligation	81.50	67.37
Asset recognised in Balance Sheet	-	-

**ii) Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):**

	As at	
	March 31, 2020	March 31, 2019
Discounting Rate	6.59%	7.48%
Expected Guaranteed interest rate*	8.50%	8.65%

\* Rate mandated by EPFO for there FY 2019-20 and the same is used for valuation purpose.

**c) Other long term employee benefits:**

**Leave obligation**

The leave obligation cover the company's liability for privilege leave and sick leave

Based on the past experience, the company does not expect all employees to avail full amount of accrued leave or require payment for such leave within the next 12 months.

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Leave obligations expected to be settled within the next 12 months	1.97	1.78
Leave obligations not expected to be settled within the next 12 months	7.21	5.95

**45 Related party disclosures as per Ind AS 24:**

**a) List of related parties:** (₹ in Crores)

Relationships	Country	As at	
		March 31, 2020	March 31, 2019
<b>Subsidiaries</b>			
VIP Industries Bangladesh Private Limited	Bangladesh	100%	100%
VIP Industries BD Manufacturing Private Limited	Bangladesh	100%	100%
VIP Luggage BD Private Limited	Bangladesh	100%	100%
VIP Accessories BD Private Limited	Bangladesh	100%	100%
Blow Plast Retail Limited	India	100%	100%
<b>Joint ventures</b>			
VIP Nitol Industries Limited	Bangladesh	Not Applicable	50%

## NOTES ON FINANCIAL STATEMENTS

### b) Key management personnel

Name	Nature of relationship
Mr Dilip G. Piramal	Chairman
Ms. Radhika Piramal	Executive Vice Chairperson
Mr. Sudip Ghose	Managing Director (w.e.f. April 1, 2019)
Mr. Ashish K Saha	Director Works (upto June 30 , 2019)

### c) List of entities over which key management personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year:

#### Name

- (i) Kemp & Company Limited
- (ii) Vibhuti Investments Company Limited

#### d) Trust

- (i) VIP Industries Limited Employees Gratuity Fund Trust
- (ii) VIP Industries Limited Employees Provident Fund Trust

### e) Disclosure in respect of transactions with related parties during the year:

(₹ in Crores)

Transaction	Year ended	
	March 31, 2020	March 31, 2019
<b>1) Sale of product**</b>		
1. Kemp & Company Limited	1.34	1.29
<b>Total sale of product</b>	<b>1.34</b>	<b>1.29</b>
<b>2) Preference Dividend income</b>		
1. VIP Industries Bangladesh Private Limited	1.12	1.07
2. VIP Industries BD Manufacturing Private Limited	0.61	-
<b>Total dividend income</b>	<b>1.73</b>	<b>1.07</b>
<b>3) Equity Dividend income</b>		
1. VIP Industries Bangladesh Private Limited	8.15	-
<b>Total Equity Dividend income</b>	<b>8.15</b>	<b>-</b>
<b>4) Purchase of goods and expenses incurred</b>		
1. VIP Industries Bangladesh Private Limited	64.20	65.71
2. VIP Industries BD Manufacturing Private Limited	115.21	59.71
3. VIP Luggage BD Private Limited	43.46	4.72
<b>Total purchase of goods and expenses incurred</b>	<b>222.87</b>	<b>130.14</b>
<b>5) Rent paid</b>		
1. Vibhuti Investments company limited	4.02	1.87
<b>Total rent paid</b>	<b>4.02</b>	<b>1.87</b>
<b>6) Guarantee commission</b>		
1. VIP Industries BD Manufacturing Private Limited	-	0.13
2. VIP Luggage BD Private Limited #	0.12	-
3. VIP Accessories BD Private Limited #	*	-
<b>Total of guarantee commission</b>	<b>0.12</b>	<b>0.13</b>
<b>7) Investment in subsidiaries</b>		
<b>Equity Shares</b>		
1. VIP Accessories BD Private Limited	-	0.01
<b>Preference Shares</b>		
1. VIP Industries BD Manufacturing Private Limited	-	3.44
2. VIP Luggage BD Private Limited	7.06	6.51
3. VIP Accessories BD Private Limited	-	1.40
<b>Total investment in subsidiaries</b>	<b>7.06</b>	<b>11.36</b>

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>8) Deposit paid</b>		
1. Vibhuti Investments Company Limited	1.96	-
<b>Total deposit paid</b>	<b>1.96</b>	<b>-</b>
<b>9) Key management personnel compensation</b>		
a) Remuneration***		
1. Mr. Dilip G. Piramal	0.37	1.80
2. Ms.Radhika Piramal	2.56	3.37
3. Mr. Sudip Ghose	2.95	2.63
4. Mr. Ashish Saha	1.66	1.07
b) Commission		
1. Mr. Dilip G. Piramal	-	4.22
2. Ms.Radhika Piramal	-	4.22
<b>Total key management personnel compensation</b>	<b>7.54</b>	<b>17.31</b>
<b>10) Share application money paid to subsidiaries</b>		
1. VIP Luggage BD Private Limited	-	3.55
<b>Total of share application money paid to subsidiaries</b>	<b>-</b>	<b>3.55</b>
<b>11) Contribution to Trust</b>		
1. VIP Industries Limited Employees Gratuity Fund Trust	4.72	2.78
2. VIP Industries Limited Employees Provident Fund Trust (includes employees share and contribution)	12.48	9.85
<b>Total contribution to trust</b>	<b>17.20</b>	<b>12.63</b>

\* Amount is below the rounding off norm adopted by the Company

\*\* Including applicable taxes

\*\*\* Key Management personnel who are the under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS-19-'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

f) Disclosure of closing balances:

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>1) Trade receivables</b>		
1. Kemp & Company Limited	0.27	0.25
<b>Total trade receivables</b>	<b>0.27</b>	<b>0.25</b>
<b>2) Trade payables</b>		
1. VIP Industries Bangladesh Private Limited	27.91	31.03
2. VIP Industries BD Manufacturing Private Limited	21.70	6.31
3. VIP Luggage BD Private Limited	-	0.84
<b>Total trade payables</b>	<b>49.61</b>	<b>38.18</b>
<b>3) Advances</b>		
1. VIP Luggage BD Private Limited	1.04	-
<b>Total Advances</b>	<b>1.04</b>	<b>-</b>
<b>4) Other current liabilities - commission payable</b>		
1. Mr Dilip G. Piramal	-	4.22
2. Ms. Radhika Piramal	-	4.22
<b>Total other current liabilities - commission payable</b>	<b>-</b>	<b>8.44</b>

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>5) Other financial assets - commission receivable</b>		
1. VIP Industries BD Manufacturing Private Limited	-	0.14
2. VIP Luggage BD Private Limited #	0.12	-
3. VIP Accessories BD Private Limited #	*	-
<b>Total other financial assets - commission receivable</b>	<b>0.12</b>	<b>0.14</b>
<b>6) Non Current Investment</b>		
1. Kemp & Co Limited	0.09	0.12
<b>Total Non Current Investment</b>	<b>0.09</b>	<b>0.12</b>
<b>7) Equity investments in subsidiaries and joint ventures</b>		
<b>Equity</b>		
1. VIP Industries Bangladesh Private Limited	6.44	6.44
2. VIP Industries BD Manufacturing Private Limited	0.01	0.01
3. VIP Luggage BD Private Limited	0.01	0.01
4. VIP Nitol Industries Limited (net of Provision for diminution in value of investment)**	-	-
5. VIP Accessories BD Private Limited	0.01	0.01
6. Blow Plast Retail Limited	0.05	0.05
<b>Total equity investments in subsidiaries and joint ventures</b>	<b>6.52</b>	<b>6.52</b>
<b>8) Non-current investments</b>		
<b>a) Preference shares</b>		
1. VIP Industries Bangladesh Private Limited	14.41	13.71
2. VIP Industries BD Manufacturing Private Limited	12.91	12.22
3. VIP Luggage BD Private Limited	13.39	6.30
4. VIP Accessories BD Private Limited	1.36	1.23
<b>b) Share application money</b>		
1. VIP Luggage BD Private Limited	-	3.57
<b>Total Non-Current Investments</b>	<b>42.07</b>	<b>37.03</b>
<b>9) Loans-Securtiy Deposit</b>		
1. Vibhuti Investments Company Limited	1.96	-
<b>Total Loans- Security Deposit</b>	<b>1.96</b>	<b>-</b>

\*Amount is below the rounding off norm adopted by the Company

\*\* During the year 2014 - 2015, an application had been filed for voluntary winding up of VIP Nitol Industries Limited and an application for disinvestment in joint venture had been filed with the Reserve Bank of India. Consequently, disinvestment in joint venture has been taken on record by the Reserve Bank of India on May 28, 2019.

# The company had provided a bank guarantee for credit facilities for the subsidiary in Bangladesh (USD 0.88 million).

### g) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are payable in cash.

### 46 Employee Stock Appreciation Rights

In July 2019 the remuneration committee decided to further grant 170,000 employee stock appreciation rights (ESAR) to designated employees for their contribution to the performance of the company. The rights entitle the employees, equity shares of the company on exercise of the rights. The number of equity shares to be issued shall be determined based on the difference between the base price as per the scheme and the share price on the date of exercise.

The fair value of the ESAR's (Tranche II grant date July 30, 2019) was determined using the Black Scholes model using the following inputs at the grant date



(₹ in Crores)

Particulars	Vesting Period				
	Year 1	Year 2	Year 3	Year 4	Year 5
Market Price	364.40	364.40	364.40	364.40	364.40
Expected Life	3.51	4.51	5.51	6.51	7.51
Expected volatility (%)	40.18	40.16	41.66	43.16	43.01
Risk-free interest rate (%)	6.15	6.27	6.37	6.46	6.53
Exercise Price	400	400	400	400	400
Dividend Yield (%)	0.88	0.88	0.88	0.88	0.88

Particulars	Number of Grant
<b>Outstanding at the beginning of the period</b>	<b>220,000</b>
Granted During the year	170,000
Forfeited during the period	55,000
Exercised during the period	-
Expired during the period	-
<b>Outstanding at the end of the period</b>	<b>335,000</b>

**Expense arising from Employee stock appreciation rights**

Total expenses arising from stock based payment transactions recognised in Profit and Loss as part of employee benefit expense were as follows :

	Year ended	
	March 31, 2020	March 31, 2019
Employee stock appreciation rights	1.62	1.31

Carrying amount of liability- included in Employee Stock Appreciation Rights Reserve (Refer note 19)

**47 Net Debt Reconciliation**

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Cash and cash equivalents	2.78	5.80
Liquid investments	40.35	-
Current borrowings	(32.19)	(86.15)
Lease Liabilities	(219.09)	-
<b>Net debt</b>	<b>(208.15)</b>	<b>(80.35)</b>

	Other Assets		Liabilities from financing activities		Total
	Cash and Bank overdraft	Liquid Investments	Current Borrowings	Lease Liabilities	
<b>Net debt as at April 1, 2019</b>	<b>16.74</b>	<b>71.37</b>	-	-	<b>88.11</b>
Cash flows	(10.94)	(71.37)	(86.15)	-	(168.46)
<b>Net debt as at March 31, 2019</b>	<b>5.80</b>	-	<b>(86.15)</b>	-	<b>(80.35)</b>
Recognised on adoption of Ind AS 116	-	-	-	(234.38)	(234.38)
Acquisitions – leases	-	-	-	(68.52)	(68.52)
Disposals	-	-	-	38.42	38.42
Interest expense- Leases	-	-	-	(18.92)	(18.92)
Cash flows (Net)	(3.02)	40.35	53.96	64.31	155.60
<b>Net debt as at March 31, 2020</b>	<b>2.78</b>	<b>40.35</b>	<b>(32.19)</b>	<b>(219.09)</b>	<b>(208.15)</b>

## NOTES ON FINANCIAL STATEMENTS

**48** The Exceptional Item disclosed in Statement of profit and loss of ₹ 48.50 Crores relates to loss of property, plant and equipment and inventories that were destroyed due to a fire at the company's regional warehouse at Ghaziabad on April 03, 2019. The company has initiated its insurance claim process and considering the company's insurance policy, it expects the loss to be adequately covered.

### **49 Capital and other commitments**

#### **i) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
Property, plant and equipment	2.00	4.73

#### **ii) Other commitments**

For lease commitments, refer note 37

### **50 Previous year figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Alpa Kedia**

Partner

Membership Number: 100681

Place: Mumbai

Date: May 26, 2020

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

**Dilip G. Piramal**

Chairman

(DIN: 00032012)

**Neetu Kashiramka**

Chief Financial Officer

Place: Mumbai

Date: May 26, 2020

**Sudip Ghose**

Managing Director

(DIN: 08351249)

**Anand Daga**

Company Secretary

FCS: F5141

**To the Members of V.I.P. Industries Limited**  
**Report on the audit of Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of V.I.P. Industries Limited (hereinafter referred to as the 'Holding Company' or "the Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 41 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

**3. Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 and 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

4. We draw your attention to the Note 38 to the consolidated financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the consolidated financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

**Key audit matters**

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Estimation of rebates, discounts and sales returns</b>                      (Refer notes 3A(ii) to the consolidated financial statements)                      The Company sells its products through various channels like modern trade, distributors, retailers, institutions, etc., and recognises liabilities related to rebates, discounts and right of return.</p> <p>As per the accounting policy of the Company, the revenue is recognised upon transfer of control of goods to the customer and thus requires an estimation of the revenue taking into consideration rebates, discounts and right of return as per the terms of the contracts.</p> <p>With regard to determination of revenue, the management is required to make significant estimates in respect of following:</p> <ul style="list-style-type: none"> <li>• the rebates/ discounts linked to sales, which will be given to the customers pursuant to schemes offered by the Company;</li> <li>• provision for sales returns, where the customer has right to return the goods to the Company; and</li> <li>• compensation (discounts) offered by the customers to the ultimate consumers at the behest of the Company.</li> </ul> <p>The matter has been determined to be a key audit matter in view of the involvement of significant estimates by the management.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding from the management with regard to controls relating to recording of rebates, discounts, sales returns and the estimation of revenue, period end provisions, and tested the operating effectiveness of such controls;</li> <li>• Tested the inputs used in the estimation of revenue in context of rebates, discounts and sales returns to source data;</li> <li>• Assessed the underlying assumptions used for determination of rebates, discount rates, sales returns, etc.;</li> <li>• Ensured completeness of liabilities recognised by evaluating the parameters for sample schemes;</li> <li>• Performed analysis for past trends by comparing recent actuals with the estimates of earlier periods and assessed subsequent events;</li> <li>• Tested credit notes issued to customers and payments made to them during the year and subsequent to the year end in along with the terms of the related schemes.</li> </ul> <p>Based on the above procedures, we did not identify any significant deviation to the assessment made by management in respect estimation of rebates, discounts and sales returns.</p>

<p><b>1. Assessment of litigation in respect of sales tax</b> (Refer note 21 and 40 in the consolidated Financial Statements)</p> <p>The Company has litigations in respect of certain sales tax matters. In this regard, the Company has recognised a provision and has disclosed contingent liabilities as at March 31, 2020.</p> <p>Significant management judgment is required to assess these matters and to determine the probability of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. Where considered relevant, the management judgement is also supported with legal advice in these cases.</p> <p>We focused on this area as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of judgement, related legal advice including those relating to interpretation of laws and regulations.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations;</li> <li>• We discussed with management the recent developments and the status of these matters;</li> <li>• We performed our assessment on the underlying calculations supporting the provisions recorded or other disclosures made in the consolidated financial statements;</li> <li>• We also used auditor's experts to evaluate the management's assessment of these matters and monitored changes in the disputes by reading external legal advice taken by the Company, where relevant, to establish the appropriateness of the provisions / disclosures;</li> <li>• We evaluated management's assessment of the matters that are not disclosed, as the probability of material outflow is considered to be remote by the management; and</li> <li>• We assessed the adequacy of the Company's disclosures.</li> </ul> <p>Based on the above work performed, we did not identify any significant deviation to the assessment made by management in respect of provisions recognised and disclosures made in 'contingent liabilities' relating to these sales tax matters in the consolidated financial statements.</p>
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## Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 and 18 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

17. We did not audit the financial information of 4 subsidiaries company located outside India, whose financial information reflect total assets of Rs. 157.35 crores and net assets of Rs. 75.65 crores as at March 31, 2020, total revenue of Rs. 4.35 crores, total comprehensive income (comprising of profit and other comprehensive income) of Rs 37.51 crores and net cash flows amounting to Rs 0.94 for the year ended on that date, as considered in the consolidated Ind AS financial statements, whose financial information have not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
18. We did not audit the financial statements of a subsidiary company located in India whose financial statements reflect total assets of Rs. 0.02 Crores and net assets of Rs. 0.02 Crores as at March 31, 2020, total revenue of Rs. Nil, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (\*) Crores and net cash flows amounting to Rs. (\*) Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

\*Amount is below the rounding off norm adopted by the group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group Refer Note 40 to the consolidated financial statements.

- ii. The Group has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. Further, the Group did not have any derivative contracts as at March 31, 2020.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, incorporated in India.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.
20. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: FRN 012754N/N500016

Alpa Kedia  
Partner

Place: Mumbai  
Date: May 26, 2020

Membership Number: 100681  
UDIN: 20100681AAAABN2922

## Annexure "A" to Independent Auditors' Report

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of V.I.P. Industries Limited on the consolidated financial statements for the year ended March 31, 2020.

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of V.I.P. Industries Limited (hereinafter referred to as "the Holding Company" or "the Company") and its subsidiary company which is a company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Holding Company and its subsidiary company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

**Other Matters**

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: FRN 012754N/N500016

Alpa Kedia  
Partner

Place: Mumbai  
Date: May 26, 2020

Membership Number: 100681  
UDIN: 20100681AAAABM4381

# CONSOLIDATED BALANCE SHEET

(₹ in Crores)

	Notes	As at	
		March 31, 2020	March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	132.54	111.64
Right of Use Assets	4A	225.22	-
Capital work-in-progress	4	2.70	5.69
Investment properties	5	2.30	2.18
Other intangible assets	6	3.93	2.87
Intangible assets under development	6	0.06	0.11
Equity investments in joint ventures	7	-	-
Financial assets			
Investments	8A	0.42	0.77
Loans	9A	21.84	21.38
Other financial assets	10A	0.04	0.07
Deferred tax assets (net)	11	7.50	4.93
Current tax assets (net)	12	8.78	5.16
Other non-current assets	13A	8.65	8.93
<b>Total non-current assets</b>		<b>413.98</b>	<b>163.73</b>
<b>Current assets</b>			
Inventories	14	451.36	527.35
Financial assets			
Investments	8B	40.35	-
Trade receivables	15	267.44	298.61
Cash and cash equivalents	16	6.85	10.81
Bank balances other than cash and cash equivalents	17	3.91	3.42
Loans	9B	8.24	3.90
Other financial assets	10B	2.14	2.95
Other current assets	13B	50.47	60.29
<b>Total current assets</b>		<b>830.76</b>	<b>907.33</b>
<b>Total assets</b>		<b>1,244.74</b>	<b>1,071.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	18	28.26	28.26
Other equity	19	581.85	553.12
<b>Total equity</b>		<b>610.11</b>	<b>581.38</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease Liabilities	22B (A)	179.88	-
Other financial liabilities	20A	2.88	2.43
Provisions	21A	12.45	11.87
Other non-current liabilities	22A (A)	0.10	0.13
Deferred Tax Liabilities (Net)	25B	0.76	-
<b>Total non-current liabilities</b>		<b>196.07</b>	<b>14.43</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	23	32.19	86.15
Trade payables			
a) Total outstanding dues of micro and small enterprises	24	-	-
b) Total outstanding dues other than micro and small enterprises	24	292.00	318.18
Lease Liabilities	22B (B)	57.30	-
Other financial liabilities	20B	4.80	4.56
Provisions	21B	10.76	4.94
Current tax liabilities (net)	25A	1.17	0.67
Other current liabilities	22A (B)	40.34	60.75
<b>Total current liabilities</b>		<b>438.56</b>	<b>475.25</b>
<b>Total liabilities</b>		<b>634.63</b>	<b>489.68</b>
<b>Total equity and liabilities</b>		<b>1,244.74</b>	<b>1,071.06</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.  
As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016

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

**Alpa Kedia**  
Partner  
Membership Number: 100681  
Place: Mumbai  
Date: May 26, 2020

**Dilip G. Piramal**  
Chairman  
(DIN: 00032012)

**Neetu Kashiramka**  
Chief Financial Officer

Place: Mumbai  
Date: May 26, 2020

**Sudip Ghose**  
Managing Director  
(DIN: 08351249)

**Anand Daga**  
Company Secretary  
FCS: F5141

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Notes	Year Ended	
		March 31, 2020	March 31, 2019
Revenue from operations	26	1,718.32	1,784.66
Other income	27	12.50	8.32
<b>Total income</b>		<b>1,730.82</b>	<b>1,792.98</b>
<b>Expenses:</b>			
Cost of materials consumed	28A	357.24	306.77
Purchases of stock-in-trade	28B	382.01	767.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28C	66.67	(170.21)
Employee benefits expense	29	210.49	201.07
Finance costs	30	23.00	1.49
Depreciation and amortisation expense	31	83.87	16.61
Other expenses	32	410.63	454.61
<b>Total expenses</b>		<b>1,533.91</b>	<b>1,578.04</b>
<b>Profit before exceptional items and tax</b>		<b>196.91</b>	<b>214.94</b>
Exceptional items	51	48.50	-
<b>Profit before tax</b>		<b>148.41</b>	<b>214.94</b>
Tax expense	35		
Current tax		38.41	69.13
Deferred tax		(1.73)	0.03
Short provision for tax relating to prior years		-	0.51
<b>Total tax expense</b>		<b>36.68</b>	<b>69.67</b>
<b>Profit for the year</b>		<b>111.73</b>	<b>145.27</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Equity instruments through other comprehensive income		(0.35)	0.27
Remeasurement benefit of defined benefit plans		(4.62)	(2.20)
Income tax relating to above items		1.22	0.71
Items that will be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		5.76	1.51
Income tax relating to above items		-	(0.37)
<b>Other comprehensive income for the year, net of tax</b>		<b>2.01</b>	<b>(0.08)</b>
<b>Total comprehensive income for the year</b>		<b>113.74</b>	<b>145.19</b>
<b>Earnings per equity share</b>			
Basic earnings per share (in ₹)	36	7.91	10.28
Diluted earnings per share (in ₹)	36	7.91	10.28

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016

**Alpa Kedia**  
Partner  
Membership Number: 100681

Place: Mumbai  
Date: May 26, 2020

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

**Dilip G. Piramal**  
Chairman  
(DIN: 00032012)

**Neetu Kashiramka**  
Chief Financial Officer

Place: Mumbai  
Date: May 26, 2020

**Sudip Ghose**  
Managing Director  
(DIN: 08351249)

**Anand Daga**  
Company Secretary  
FCS: F5141

# CONSOLIDATED CASH FLOW STATEMENT

(₹ in Crores)

	Year Ended	
	March 31, 2020	March 31, 2019
<b>Cash flow from operating activities</b>		
Profit before tax	148.41	214.94
Adjustments for:		
Depreciation and amortisation expense	83.87	16.61
Dividend income classified as investing cash flows	-	(3.31)
Interest income classified as investing cash flows	(0.15)	(0.25)
Unwinding of interest on security deposits paid	(2.85)	(1.69)
Interest income from financial assets at amortised cost	(0.15)	(0.24)
Amortisation of prepaid rent on discounting of security deposits paid	2.85	1.75
Finance costs	23.00	1.49
Employee Stock Appreciation Rights	1.62	1.31
Loss on Translation	5.76	1.18
Obsolescence of fixed assets	5.77	-
(Profit) on Sale of Investment (net)	(0.64)	(0.05)
Allowance for doubtful debts (net)	8.22	(0.80)
Bad Debts written off during the year	0.54	0.31
(Gain) on disposal of property, plant and equipment (net)	(0.24)	(0.03)
Liabilities written back to the extent no longer required	(3.56)	(1.42)
Net exchange differences (unrealised)	6.09	(1.68)
<b>Operating profit before change in operating assets and liabilities</b>	<b>278.54</b>	<b>228.12</b>
<b>Change in operating assets and liabilities:</b>		
(Decrease)/Increase in trade payables	(32.57)	108.13
(Decrease)/Increase in other liabilities	(15.90)	12.55
Increase in Provisions	1.79	1.58
Decrease/(Increase) in other assets	1.34	(1.68)
Decrease/(Increase) in inventories	75.99	(210.82)
Decrease/(Increase) in trade receivables	23.25	(121.10)
Cash generated from operations	332.44	16.78
Direct taxes paid (Net of refund received)	(40.39)	(72.70)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>292.05</b>	<b>(55.92)</b>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(45.22)	(59.34)
(Purchase)/Sale of investments	(40.98)	71.43
Proceeds from sale of property, plant and equipment	0.96	0.28
Interest received	0.15	0.25
Dividend received	-	3.31
Tax on Dividend Income received from subsidiaries	-	-
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(85.09)</b>	<b>15.93</b>

## CONSOLIDATED CASH FLOW STATEMENT

(₹ in Crores)

	Year Ended	
	March 31, 2020	March 31, 2019
<b>Cash flow from financing activities</b>		
Interest paid	(2.71)	(1.49)
(Repayment)/ Proceeds from short term borrowings	(53.96)	86.15
Principal payment of Lease Liabilities	(47.89)	-
Interest payment of Lease Liabilities	(20.29)	-
Dividend paid	(72.99)	(45.05)
Dividend distribution tax paid	(13.08)	(9.03)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(210.92)</b>	<b>30.58</b>
Net changes in cash and cash equivalents	(3.96)	(9.41)
Cash and cash equivalents at the beginning of the year (Refer Note 16)	10.81	20.22
<b>Cash and cash equivalents at the end of the year (Refer Note 16)</b>	<b>6.85</b>	<b>10.81</b>
Cash and cash equivalents as per above comprise of the following:		
Cash on hand	0.27	0.79
Balances with Banks	6.58	10.02
<b>Balance as per statement of cash flows</b>	<b>6.85</b>	<b>10.81</b>
<b>Non-cash financing and investing activities</b>		
Acquisition of Right of Use Assets	322.47	-

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Alpa Kedia**

Partner

Membership Number: 100681

Place: Mumbai

Date: May 26, 2020

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

**Dilip G. Piramal**

Chairman

(DIN: 00032012)

**Neetu Kashiramka**

Chief Financial Officer

Place: Mumbai

Date: May 26, 2020

**Sudip Ghose**

Managing Director

(DIN: 08351249)

**Anand Daga**

Company Secretary

FCS: F5141

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## A. Equity share capital

Particulars	(₹ in Crores)	
	Notes	Amount
<b>Balance as at March 31, 2018</b>	18	28.26
Changes in equity share capital	-	-
<b>Balance as at March 31, 2019</b>	18	28.26
Changes in equity share capital	-	-
<b>Balance as at March 31, 2020</b>	18	28.26

## B. Other equity

Particulars	Notes	Reserves and Surplus					Other reserves			Total other equity
		Capital Reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Appreciation Rights Reserve	General Reserve	Retained Earnings	Equity instruments through other comprehensive income	Foreign currency monetary item translation difference account	
<b>Balance as at March 31, 2018</b>	19	0.15	0.15	33.53	-	208.76	216.24	0.38	(0.38)	460.83
Profit for the year		-	-	-	-	145.27	-	-	-	145.27
Other comprehensive income for the year		-	-	-	-	(1.41)	0.19	1.14	1.14	(0.08)
<b>Total comprehensive income for the year, net of tax</b>		-	-	-	-	143.86	0.19	1.14	1.14	145.19
Tax on opening FCTR		-	-	-	-	-	-	0.04	0.04	0.04
Employee Stock Appreciation Rights Expense	19	-	-	-	1.31	-	-	-	-	1.31
Dividend paid on equity shares	19	-	-	-	-	(45.22)	-	-	-	(45.22)
Dividend distribution tax paid	19	-	-	-	-	(9.03)	-	-	-	(9.03)
<b>Balance as at March 31, 2019</b>		0.15	0.15	33.53	1.31	208.76	307.85	0.57	0.80	553.12
Profit for the year		-	-	-	-	111.73	-	-	-	111.73
Other comprehensive income for the year		-	-	-	-	(3.52)	(0.27)	5.76	5.76	1.97
<b>Total comprehensive income for the year, net of tax</b>		-	-	-	-	108.21	(0.27)	5.76	5.76	113.70
Employee Stock Appreciation Rights Expense	19	-	-	-	1.62	-	-	-	-	1.62
Dividend paid on equity shares	19	-	-	-	-	(73.51)	-	-	-	(73.51)
Dividend distribution tax paid	19	-	-	-	-	(13.08)	-	-	-	(13.08)
<b>Balance as at March 31, 2020</b>		0.15	0.15	33.53	2.93	208.76	329.47	0.30	6.56	581.85

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(i) Re-measurement of defined benefit plans shall be recognised as a part of retained earnings with separate disclosure of such items along with the relevant amounts in the Notes.

(ii) **Nature and purpose of each reserve**

**Capital reserve** - This reserve was created in the Financial year 1987-88 and 1990-91. Capital reserves are created out of capital profits and are usually utilised for issue of Bonus Shares or to adjust capital losses.

**Capital redemption reserve** - Whenever there is a buy-back or redemption of the share capital, the nominal value of the capital is transferred to the capital redemption reserve out of the free reserves available for distribution. This reserve is usually utilised for issue of bonus shares. The said reserve was created in the financial year 1987-88 by erstwhile Blow Plast Limited, which was later-on merged with the Company in the financial year 2006-07.

**Securities premium** - Securities premium is used to record the premium on issue of shares. This reserve will be utilised in accordance with the provisions of the Companies Act 2013.

**General reserve** - General Reserve is a free reserve and is available for distribution as dividend, issue of bonus shares, buyback of the company's securities. It was created by transfer of amounts out of distributable profits, from time to time.

**Equity instruments through other comprehensive income** - The Company has opted to recognise changes in fair value of certain investments in equity instruments through other comprehensive income, under an irrevocable option. These changes are accumulated within the FVOCI equity investments reserve within equity. The amount under this reserve will be transferred to retained earnings when such instruments are disposed off.

**Employee stock appreciation rights reserve** - Employee stock appreciation rights reserve is created by accounting of the grant date fair value of the rights granted to employees under Employee Stock Appreciation Rights Plan 2018 (ESAR Plan 2018). The said reserve shall be utilised for issue of equity shares of the company against the exercise of the employees share stock appreciation rights by the employees under the ESAR Plan 2018.e Stock Appreciation Rights Plan 2018.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As per our attached report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Alpa Kedia**

Partner

Membership Number: 100681

Place: Mumbai

Date: May 26, 2020

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

**Dilip G. Piramal**

Chairman

(DIN: 00032012)

**Neetu Kashiramka**

Chief Financial Officer

Place: Mumbai

Date: May 26, 2020

**Sudip Ghose**

Managing Director

(DIN: 08351249)

**Anand Daga**

Company Secretary

FCS: F5141

## 1. General information

V.I.P. Industries Limited (hereinafter referred to as “the Parent Company” or “the Company”) together with its subsidiaries (collectively referred to as “the Group”) are engaged in the business of manufacturing, and marketing of luggage, bags and accessories. The company is a public limited company and is listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

These Consolidated financial statements were approved for issue by the board of directors on May 26, 2020

## 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a Basis of preparation

#### i) Compliance with Ind AS

These consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

#### ii) Historical cost convention

These financial statements have been prepared on the historical cost basis, except for the following:

- a) Certain financial assets and liabilities (including derivatives instruments) that are measured at Fair Value.
- b) Defined benefit plans - Plan assets are measured at Fair Value
- c) Employee Stock appreciation rights are measured at Fair Value

#### iii) Current and Non Current Classification.

All assets and liabilities have been classified as current or non-current as per the group's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### (iv) New and amended standards adopted by the group.

The group has applied the following standards and amendments for the first time for the annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 23, Borrowing costs

Amendments listed above except Ind AS 116, Leases did not have any material impact on the current period and are not expected to significantly affect the future period. Impact due to adoption of IND AS 116 has been disclosed in note 39.

### b Principles of consolidation and equity accounting

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group

### C Foreign currency translation

#### i) Functional and presentation currency

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the parent Company's functional and presentation currency.



### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of Profit and loss. All the foreign exchange gains and losses are presented in the consolidated statement of Profit and Loss on a net basis within other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### iii) Translation of financial statements of foreign entities

On Consolidation, the assets and liabilities of foreign operations are translated into Indian rupees (INR) at the exchange rate prevailing at the reporting date and their statement of profit and loss are translated at exchange rates prevailing on the date of transaction. For practical reasons, the group uses an average rate to translate income and expense items if the average rate approximates the exchange rates on the date of transaction. The exchange differences arising on translation for consolidation are recognised in consolidated statement of Other Comprehensive Income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of Profit and Loss.

### d Revenue recognition

#### (i) Sale of goods:

**Recognition:** The group manufactures and sells a range of luggage and bags in the wholesale and retail market. Sales are recognised when the control of the products has been transferred to the customer. The control of the products is said to have been transferred to the customer when the products are delivered to the customer, the customer has significant risks and rewards of the ownership of the product or when the customer has accepted the product.

The revenue is recognised net of estimated rebates/discounts pursuant to the schemes offered by the group, estimated additional discounts and expected sales returns. Accumulated experience is used to estimate and provide for the rebates/discounts and revenue is only recognised to the extent that is highly probable that significant reversal will not occur. The related liabilities at the year end are disclosed in 'Other Liabilities'. The assumptions and estimated amount of rebates/discounts and Returns are reassessed at each reporting period. The group's obligation to repair or replace faulty products under the standard warranty term is recognised as provision.

**Measurement of revenue:** Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns (including expected returns), rebates and discounts, goods and service tax and amounts collected on behalf of third parties.

#### ii) Export Benefits

In case of export sales made by the group, export benefits arising from Duty Drawback scheme and Merchandise Export Incentive scheme are recognised alongwith underlying revenue.

### e Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker assesses the financial performance and position and makes strategic decisions. (Refer note 43)

### f Income tax, deferred tax and dividend distribution tax

#### Current and Deferred Income tax

The income tax expense or credit for the period is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **Dividend distribution tax**

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution and dividend distribution tax is recognised and presented in equity.

### **Foreign Subsidiaries:**

The Manufacturing factories are based in Mongla Export Processing Zone (MEPZ) under BEPZA. As per the provisions of S.R.O. No. 219/2012 dated June 27, 2012, the income of the Factory is exempted from tax 100% for the first three years, 50% for next three years and 25% in the seventh year from the date of commencement of commercial production. As per SRO and relevant provisions of Income Tax Ordinance 1984, adequate tax provision has been made on the profits.

### **g Leases**

#### **i) As a lessee**

**Effective from April 1, 2019, the group has adopted Ind AS 116 “Leases” and accordingly accounted for leases as below:**

#### **i) As a lessee**

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Lease payments less any lease incentives receivable
- Amounts expected to be payable by the group under residual value guarantees, if any

The lease payments are discounted using group's incremental borrowing rate (since the interest rate implicit in the lease cannot be readily determined). Incremental borrowing rate is the rate of interest that the group would have to pay to borrow over a similar term, and a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on any key variable / condition, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

ii) **As a lessor**

Lease income from operating leases where the group is lessor is recognised as income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The group did not need to make any adjustment to the accounting for assets held as lessor as a result of adoption the new leasing standard.

**The group has accounted for Leases upto March 31, 2019 as below:**

i) **As a lessee**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii) **As a lessor**

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**h Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes purchase price including import duties, non-refundable taxes and directly attributable expenses to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to the statement of profit and loss during the reporting period in which they are incurred.

Capital Work in Progress ('CWIP') comprises of cost of assets not ready for intended use as on the Balance sheet date. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013, except for furniture and fixtures in the stores, Computer Servers, Soft luggage Moulds and Hard Luggage Moulds, where useful life is based on technical evaluation done by management's expert, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives are as follows:

<b>Assets</b>	<b>Estimated Useful life (in years)</b>
Buildings	
- Factory building	30 years
- Others	60 years
Plant and machinery	
- Single shift	15 years
- Triple shift	7.5 years
Moulds and dies	
- Soft luggage	2 years
- Hard luggage	6.17 years
Furniture and fixtures	
- Furniture and fixtures at group run stores	2 years
- Others	10 years
Office equipments	5 years
Data processing machines	3 years
Vehicles	8 years

Leasehold land is amortised over the remaining economic useful life of lease or lease term whichever is shorter. Leasehold improvements are amortised over the economic useful life of lease or lease term whichever is shorter.

The residual values are not more than 5% of the original cost of the asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss account.

### Foreign Subsidiaries

The estimates of useful lives are as follows:

Assets	Estimated Useful life (In Years)
Buildings	20 years
Furniture	10 years
Plant and machinery	5 years

### i Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied is classified as Investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties (except freehold land) are depreciated using the straight-line method over their estimated useful lives.

The estimates of useful lives are as follows:

Assets	Estimated Useful life (In Years)
Buildings	
- Factory building	30 years
- Others	60 years

### j Intangible assets

#### a) Patents, copyrights and other rights

Separately acquired patents and copyrights are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### b) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

The estimates of useful lives are as follows:

Assets	Estimated Useful life (In Years)
Patents, copyrights and other rights	10 years
Computer Software	3 years

**The estimated useful life in case of foreign subsidiary is as follows**

Assets	Estimated Useful life (In Years)
Computer Software	3.33 years

**k Impairment of assets**

Assets that are subject to depreciation and amortisation are tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or group of assets (cash generating units). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**l Inventories**

Raw materials, packing materials, stores and spares, work in progress, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials, packing materials, stores and spares and stock-in-trade comprise of cost of purchases determined using moving weighted average method. Cost of work-in-progress and finished goods comprise direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebates and discounts.

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

**m Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1) Financial Assets**

**i) Classification**

The group classifies its financial assets in the following measurement categories:

- At fair value either through other comprehensive income (FVOCI) or through profit and loss (FVTPL); and
- At amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Gains and losses will either be recorded in the statement of profit and loss or other comprehensive income for assets measured at fair value. The group has made an irrevocable election at the time of initial recognition, to account for investments in equity instruments that are not held for trading, at FVOCI.

For investments in debt instruments, this will depend on the business model in which the investment is held.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

**ii) Measurement**

At initial recognition, in case of a financial asset not at fair value through profit and loss account, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit and loss.

**a) Debt instruments**

There are three measurement categories into which the classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset

is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI) :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other income or other expenses (as applicable).

**Fair value through profit and loss (FVTPL) :** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through the profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

### b) Equity instruments

The group measures all equity investments at fair value. Where the group's management has opted to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss, subject to derecognition of the asset. Dividends from such investments are recognised in the statement of profit and loss as other income when the group's right to receive payments is established.

Where the management has not opted to present fair value gains and losses on equity investments in other comprehensive income, changes in fair value are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### iii) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The manner in which the company assesses the credit risk has been disclosed in note number 45.

For trade receivables only, the simplified approach is applied as permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

### iv) Derecognition of financial assets

A financial asset is derecognised only when –

- The group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### v) Income Recognition

#### Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## Dividend income

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow and the amount of the dividend can be measured reliably

### vi) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdraft are shown within borrowing in current liabilities in the financial statement.

### vii) Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less expected credit losses.

## 2) Financial Liabilities

### i) Measurement

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liabilities not recorded at fair value through profit and loss), that are directly attributable to the issue of financial liability. All financial liabilities are subsequently measured at amortised cost using effective interest method. Under the effective interest method, future cash outflow are exactly discounted to the initial recognition value using the effective interest rate, over the expected life of the financial liability, or, where appropriate, a shorter period. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit and loss.

### ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### iii) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per payment terms. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

### iv) Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as a speculative investments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivative contracts are used to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

### v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

### **n Employee benefits**

#### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet

#### **(ii) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

#### **(iii) Post-employment obligations**

The group operates the following post-employment schemes:

##### **A) Defined benefit gratuity plan for the parent company:**

The parent company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income, which are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

##### **B) Defined benefit provident fund plan for the parent company:**

Provident Fund contributions are made to a Trust administered by the parent company. The parent company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Gains and losses, if any, arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

##### **C) Contributory Provident Fund for overseas subsidiaries-**

A Contributory Provident Fund has been introduced for its eligible employees, obtaining necessary approval from the National Board of Revenue, GOB. Provident Fund is administered by a Board of Trustees. All confirmed employees are contributing 8.33% of their basic salary as subscription of the fund and overseas subsidiaries have also contributed at the same rate to the fund. The contributions are invested in compliance with the PF Trust Deed. Members are eligible to withdraw fund as per the BEPZA provident Fund policy 2012.

#### **(iv) Bonus plans**

A liability and an expense for bonuses has been recognised. The provision is recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

#### **(v) Share-based payments**

Share-based compensation benefits are provided to employees via the Employee Stock Appreciation Rights Plan.



Liabilities for the share appreciation rights are recognised as employee benefit expense over the relevant vesting period. The fair value of the rights are measured at grant date and an Employee stock appreciation rights reserve is created in the balance sheet over the vesting period.

### **o Provisions, contingent liabilities and contingent assets**

**Provisions:** Provisions for legal claims, Service Warranties, Volume discount and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent assets:** Contingent assets are disclosed when there is a possible asset that arises from past events and where existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

### **p Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **q Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period

### **r Earnings per share**

#### **i) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders, by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

#### **ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### **s Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees Crores (upto two decimals), unless otherwise stated as per the requirement of Schedule III of the Companies Act 2013.

### **3 Critical estimates and judgments**

In the application of the group's accounting policies, which are described in note 2, the management is required to make judgement, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other process. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future period.

The following are the critical estimates and judgements, that have the significant effect on the amounts recognised in the consolidated financial statements.

### Critical estimates and judgments

#### i) Estimation of Provisions and Contingent Liabilities

The group exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which are related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. Although there can be no assurance of the final outcome of the legal proceedings in which the group is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability. (Refer note 40)

#### ii) Estimation of rebates, discounts and sales returns

The revenue recognition policy requires estimation of rebates, discounts and sales returns. There are a varied number of rebates/discount schemes offered which are primarily driven by the terms and conditions for each scheme including the working methodology to be followed and the eligibility criteria for each of the scheme. The estimates for rebates/discounts need to be based on evaluation of eligibility criteria and the past trend analysis. The expected sales returns are estimated based on a detailed historical study of past trends. [Refer Note 2(d) and 26].

#### iii) Estimation of useful life of Property, Plant and Equipment, Intangible assets, Investment properties

Property, Plant and Equipment, Intangible assets, Investment properties represent a significant proportion of the asset base of the group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. (Refer note 4, 5 and 6)

#### iv) Estimation of provision for inventory

The group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

#### v) Estimation of defined benefit obligation

The group provides defined benefit employee retirement plans. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate, salary escalation rate, attrition rate and mortality rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The appropriate discount rate, salary escalation rate are determined and attrition rate at the end of each year. In determining the appropriate discount rate, the interest rates of government bonds of maturity approximating the terms of the related plan liability are considered and attrition rate and salary escalation rate is determined based on the past trends adjusted for expected changes in rate in the future. (Refer note 29)

#### vi) Estimated fair value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

#### vii) Estimation of provision for warranty claims

Warranties are offered for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year (Refer note 37).

#### viii) Impairment of trade receivable

The impairment provisions for trade receivable are based on expected credit loss method. The judgement is used in making the assumptions in calculating the default rate required for identifying the provision as per the expected credit loss method at the end of each reporting period. (Refer note 15)

### ix) Leases

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the group is reasonably certain to exercise that option. The lease term is determined without considering an option to terminate the lease, if the group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

4 Property, plant and equipment

(₹ in Crores)

	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	As at April 1, 2019	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2020	As at March 31, 2020
Leasehold land***	5.78	-	0.01	5.77	0.83	0.06	-	0.89	4.88
Buildings** # ***	37.88	1.22	(1.40)	40.50	6.19	1.98	(0.27)	8.44	32.06
Plant and machinery	66.84	20.34	2.50	84.68	15.93	8.90	(0.80)	25.63	59.05
Data processing machines	6.90	5.70	*	12.60	3.11	2.12	0.01	5.22	7.38
Moulds and dies	9.71	3.83	0.23	13.31	5.57	1.70	0.23	7.04	6.27
Furniture and fixtures	14.32	9.40	0.28	23.44	7.80	4.09	0.14	11.75	11.69
Office equipment	4.04	3.39	0.30	7.13	1.41	0.92	0.04	2.29	4.84
Vehicles	10.42	1.40	1.44	10.38	3.41	1.41	0.81	4.01	6.37
<b>Total</b>	<b>155.89</b>	<b>45.28</b>	<b>3.36</b>	<b>197.81</b>	<b>44.25</b>	<b>21.18</b>	<b>0.16</b>	<b>65.27</b>	<b>132.54</b>
<b>Capital Work-in-Progress</b>	<b>5.69</b>	<b>2.68</b>	<b>5.67</b>	<b>2.70</b>	-	-	-	-	<b>2.70</b>

	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2018	Additions	Disposals/ Adjustments	As at March 31, 2019	As at April 1, 2018	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2019	As at March 31, 2019
Leasehold land***	5.85	-	0.07	5.78	0.78	0.07	0.02	0.83	4.95
Buildings # ***	29.12	9.76	1.00	37.88	4.57	1.69	0.07	6.19	31.69
Plant and machinery	34.81	31.68	(0.35)	66.84	9.54	6.18	(0.21)	15.93	50.91
Data processing machines	3.66	3.24	*	6.90	1.70	1.41	*	3.11	3.79
Moulds and dies	9.09	0.62	-	9.71	3.89	1.68	-	5.57	4.14
Furniture and fixtures	9.94	4.36	(0.02)	14.32	5.17	2.64	0.01	7.80	6.52
Office equipment	2.48	1.57	0.01	4.04	0.81	0.61	0.01	1.41	2.63
Vehicles	8.66	2.15	0.39	10.42	2.18	1.37	0.14	3.41	7.01
<b>Total</b>	<b>103.61</b>	<b>53.38</b>	<b>1.10</b>	<b>155.89</b>	<b>28.64</b>	<b>15.65</b>	<b>0.04</b>	<b>44.25</b>	<b>111.64</b>
<b>Capital Work-in-Progress</b>	<b>2.66</b>	<b>16.53</b>	<b>13.50</b>	<b>5.69</b>	-	-	-	-	<b>5.69</b>

\*Amount is below the rounding off norm adopted by the group.

\*\* An amount ₹ 0.06 Crores (March 31, 2019: ₹ NIL ) included in building is reclassified from investment property.

\*\*\* An amount of ₹ 0.01 Crores (March 31, 2019: ₹ 0.07 Crores) and ₹ 0.34 Crores (March 31, 2019: ₹ 1.42 Crores) previously included in leasehold land and building respectively is reclassified to investment property.

# A net carrying amount of ₹ 0.91 Crores (March 31, 2019: ₹ 0.93 Crores) included in building is yet to be registered in the name of the company. For other properties yet to be registered in the name of the Company [Refer note 5].

Notes :

- i) Contractual obligations :  
Refer note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- ii) Capital work-in-progress :  
Capital work-in-progress mainly comprises of moulds and other routine infrastructure enhancements.
- iii) Working capital loans from banks are secured by second charge on the fixed assets of the Company located at Sinnar. (Refer note 23)

4A Right Of Use Assets

(₹ in Crores)

	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	As at April 1, 2019	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2020	As at March 31, 2020
Building	252.33	70.14	36.05	286.42	-	61.20	-	61.20	225.22
<b>Total</b>	<b>252.33</b>	<b>70.14</b>	<b>36.05</b>	<b>286.42</b>	<b>-</b>	<b>61.20</b>	<b>-</b>	<b>61.20</b>	<b>225.22</b>

5 Investment properties

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>Gross Carrying amount</b>		
Opening Gross Carrying amount	2.53	1.04
Additions	-	-
Disposals	-	-
Transfer (Net)	0.29	1.49
<b>Closing gross carrying amount</b>	<b>2.82</b>	<b>2.53</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	0.35	0.05
Depreciation charged	0.12	0.11
Disposals	-	-
Transfer	0.05	0.19
<b>Closing accumulated depreciation</b>	<b>0.52</b>	<b>0.35</b>
<b>Net Carrying amount #</b>	<b>2.30</b>	<b>2.18</b>

# A net carrying amount of ₹ 0.01 Crores (March 31, 2019: ₹ 0.01 Crores) included in freehold land, ₹ \* Crores (March 31, 2019: ₹ \* Crores) included in leasehold land and ₹ 0.93 Crores (March 31, 2019: ₹ 0.95 Crores) included in building is yet to be registered in the name of the Company.

\* Amount is below the rounding off norm adopted by the group.

(i) Amount recognised in statement of profit or loss for Investment properties

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Rental income	3.15	1.23
Direct operating expenses	0.65	0.13
<b>Profit from investment properties before depreciation</b>	<b>2.50</b>	<b>1.10</b>
Depreciation	0.12	0.11
<b>Profit from investment properties</b>	<b>2.38</b>	<b>0.99</b>

(ii) Fair Value

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Investment properties	76.93	73.96

Estimation of fair value

The group obtains independent valuations for its investment properties at least annually based on current prices in an active market for properties of similar nature or recent prices of similar properties. The fair values of investment properties have been determined by an independent valuer. The main inputs used are the rental growth rates and market rates bases on comparable transactions.

iii) Leasing Arrangements (Refer Note 39)

# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

## 6 Other Intangible assets

(₹ in Crores)

	Gross carrying amount				Amortisation				Net carrying amount
	As at April 1, 2019	Additions	Disposal/ Adjustments	As at March 31, 2020	As at April 1, 2019	Amortisation charge during the year	Disposal/ Adjustments	As at March 31, 2020	As at March 31, 2020
Computer software	5.40	2.41	(0.05)	7.86	2.53	1.37	(0.03)	3.93	3.93
Patent and trademarks	0.05	-	-	0.05	0.05	-	-	0.05	-
<b>Total</b>	<b>5.45</b>	<b>2.41</b>	<b>(0.05)</b>	<b>7.91</b>	<b>2.58</b>	<b>1.37</b>	<b>(0.03)</b>	<b>3.98</b>	<b>3.93</b>
<b>Intangible Assets under development</b>	<b>0.11</b>	<b>0.06</b>	<b>0.11</b>	<b>0.06</b>	-	-	-	-	<b>0.06</b>

	Gross carrying amount				Amortisation				Net carrying amount
	As at April 1, 2018	Additions	Disposal/ Adjustments	As at March 31, 2019	As at April 1, 2018	Amortisation charge during the year	Disposal/ Adjustments	As at March 31, 2019	As at March 31, 2019
Computer software	2.73	2.65	(0.02)	5.40	1.65	0.85	(0.03)	2.53	2.87
Patent and trademarks	0.05	-	-	0.05	0.05	-	-	0.05	0.00
<b>Total</b>	<b>2.78</b>	<b>2.65</b>	<b>(0.02)</b>	<b>5.45</b>	<b>1.70</b>	<b>0.85</b>	<b>(0.03)</b>	<b>2.58</b>	<b>2.87</b>
<b>Intangible Assets under development</b>	<b>0.54</b>	<b>0.08</b>	<b>0.51</b>	<b>0.11</b>	-	-	-	-	<b>0.11</b>

Contractual obligations : Refer note 42 for disclosure of contractual commitments for the acquisition of intangible assets.

## 7 Equity investments in joint ventures

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>Unquoted</b>		
<b>In joint venture (at cost) @</b>		
25,003 (March 31, 2019: 25,003) equity shares of BDT 1,000 each fully paid-up held in VIP Nitol Industries Limited	-	2.12
Less : Provision for diminution in value of investments	-	(2.12)
<b>Total Investment in Equity Instruments of joint ventures [Refer note 48(f)]</b>	<b>-</b>	<b>-</b>

@ During the year 2014 - 2015, an application had been filed for voluntary winding up of VIP Nitol Industries Limited and an application for disinvestment in joint venture had been filed with the Reserve Bank of India. Consequently, disinvestment in joint venture has been taken on record by the Reserve Bank of India on May 28, 2019.

## 8 Investments

	As at	
	March 31, 2020	March 31, 2019
<b>A) Non-Current Investments</b>		
<b>Investment in Equity Instruments (fully paid-up)</b>		
<b>a) Quoted (at FVOCI)</b>		
1,000 (March 31, 2019:1,000) equity shares of ₹ 2 each fully paid-up in Windsor Machines Limited	0.01	0.01
1,909 (March 31, 2019:1,909) equity shares of ₹ 10 each fully paid-up in Kemp and Company Limited [Refer note 48(f)]	0.09	0.12
2,250 (March 31, 2019: 2,250) equity shares of ₹ 10 each fully paid-up in Jindal South West Holdings Limited	0.32	0.64
<b>Total Quoted equity shares</b>	<b>0.42</b>	<b>0.77</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>b) Unquoted</b>		
<b>In other entities (at FVOCI)</b>		
2,000 (March 31, 2019: 2,000) equity shares of ₹ 10 each fully paid-up held in Saraswat Co-operative Bank Limited	*	*
100 (March 31, 2019: 100) equity shares of ₹ 25 each fully paid-up held in the Shamrao Vithal Co-operative Bank Limited	*	*
10 (March 31, 2019: 10) equity shares of ₹ 100 each fully paid-up held in Taluka Audyogik Sahakari Vasahat Maryadit, Sinnar	*	*
<b>Total Unquoted equity shares</b>	*	*
<b>Total Investment in Equity Instruments</b>	<b>0.42</b>	<b>0.77</b>
<b>Total Non-current investments</b>	<b>0.42</b>	<b>0.77</b>
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>0.42</b>	<b>0.77</b>
<b>Aggregate amount of unquoted investments</b>	*	*
*Amount is below the rounding off norm adopted by the group.		
<b>B) Current investments</b>		
<b>Investments in mutual funds (unquoted) (FVTPL)</b>		
399,291.586 Units (March 31, 2019: Nil) Aditya Birla Sun Life Liquid Fund	12.76	-
41,409.069 Units (March 31, 2019: Nil) Nippon India Liquid Fund- Direct Plan-Growth	20.09	-
69,431.355 Units (March 31, 2019: Nil) Aditya Birla Sun Life Overnight fund	7.50	-
<b>Total current investments</b>	<b>40.35</b>	-
<b>9 Loans</b>		
<b>A) Non-current</b>		
Security deposits	21.84	21.38
<b>Total non-current loans</b>	<b>21.84</b>	<b>21.38</b>
<b>B) Current</b>		
Security deposits	8.24	3.90
<b>Total current loans</b>	<b>8.24</b>	<b>3.90</b>
<b>Break-up of security details</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	30.08	25.28
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>30.08</b>	<b>25.28</b>
<b>Loss allowance</b>	-	-
<b>Total loans</b>	<b>30.08</b>	<b>25.28</b>
<b>10 Other financial assets</b>		
<b>A) Non-current</b>		
Margin money deposit	0.04	0.07
<b>Total non-current other financial assets</b>	<b>0.04</b>	<b>0.07</b>
<b>B) Current</b>		
Receivable against sale of property	2.00	2.85
Interest accrued on deposits	0.14	0.10
<b>Total current other financial assets</b>	<b>2.14</b>	<b>2.95</b>

# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>11 Deferred tax assets (net)</b>		
The balance comprises:		
<u>Deferred tax assets</u>		
Provision for doubtful debts	2.38	0.36
Expenses disallowed u/s 43B of the Income tax act, 1961	2.36	3.49
On account of voluntary retirement scheme	-	-
Depreciation and ammortisation	1.22	0.20
Lease	2.91	-
Others	-	1.07
<u>Deferred tax liabilities</u>		
FVOCI	(0.11)	(0.19)
Others	(1.26)	-
<b>Total deferred tax assets (net ) (Refer note 44a)</b>	<b>7.50</b>	<b>4.93</b>
<b>12 Current tax assets (net)</b>		
Advance income tax and income tax deducted at source (Net of provision for taxation)	8.78	5.16
<b>Total current tax assets</b>	<b>8.78</b>	<b>5.16</b>
<b>13 Other assets</b>		
<b>A) Non-current</b>		
Capital advances	1.08	0.73
Prepaid expenses	5.44	5.78
Balances with government authorities	2.13	2.42
<b>Total other non-current assets</b>	<b>8.65</b>	<b>8.93</b>
<b>B) Current</b>		
Prepaid expenses	12.03	9.08
Balances with government authorities	34.69	47.22
Advances to employees	0.22	0.30
Advance to suppliers	3.00	2.93
Export benefit receivable	0.25	0.40
Others	0.28	0.36
<b>Total other current assets</b>	<b>50.47</b>	<b>60.29</b>
<b>14 Inventories</b>		
Stores and spares	4.26	2.07
Packing material	6.99	5.39
Raw Materials	84.10	67.09
Raw Materials in transit	1.01	4.98
Work-in-progress	24.88	14.55
Finished goods	107.59	78.75
Stock-in-trade	188.31	251.61
Stock-in-trade in transit	34.22	102.91
<b>Total inventories</b>	<b>451.36</b>	<b>527.35</b>



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>15 Trade receivables</b>		
Trade receivables#	276.41	299.38
Receivables from related parties [Refer note 48(f)]	0.27	0.25
Less: Provision for doubtful debts	(9.24)	(1.02)
<b>Total receivables</b>	<b>267.44</b>	<b>298.61</b>
Current portion	267.44	298.61
Non-current portion	-	-
<b>Break-up of security details</b>		
Trade Receivable considered good - Secured	-	-
Trade Receivable considered good - Unsecured	276.68	299.63
Trade Receivable which have significant increase in credit risk	-	-
Trade Receivable credit impaired	-	-
<b>Total</b>	<b>276.73</b>	<b>299.63</b>
Provision for doubtful debts	(9.24)	(1.02)
<b>Total trade receivables</b>	<b>267.44</b>	<b>298.61</b>
# Trade receivables are disclosed net of expected sales returns aggregating to ₹ 5.31 crores [March 31, 2019 ₹ 5.27 crores], [Refer note 2(d) and note 25].		
<b>16 Cash and cash equivalents</b>		
Cash and cash equivalents		
Cash on hand	0.27	0.79
Balances with banks		
In current accounts	5.46	9.97
In EEFC accounts	1.12	0.05
<b>Total cash and cash equivalents</b>	<b>6.85</b>	<b>10.81</b>
<b>17 Bank balances other than cash and cash equivalents</b>		
Earmarked balances with banks (Unpaid/Unclaimed dividend account)	3.91	3.42
<b>Total bank balances other than cash and cash equivalents</b>	<b>3.91</b>	<b>3.42</b>
There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.		
<b>18 Equity share capital</b>		
<b>Authorised share capital:</b>		
246,500,000 (March 31, 2019: 246,500,000) equity shares of ₹ 2 each	49.30	49.30
1,000 (March 31, 2019: 1,000) 9% redeemable cumulative preference shares of Rs. 1,000 each	0.10	0.10
	49.40	49.40
<b>Issued, subscribed and fully paid up</b>		
141,317,315 (March 31, 2019: 141,317,315) equity shares of ₹ 2 each	28.26	28.26
<b>Total equity share capital</b>	<b>28.26</b>	<b>28.26</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### (a) Reconciliation of shares outstanding at the beginning and at the end of the year (₹ in Crores)

	Number of Shares	Amount
<b>Issued, subscribed and paid-up capital</b>		
<b>As at March 31, 2018</b>	14,13,17,315	28.26
Add : Issued during the year	-	-
<b>As at March 31, 2019</b>	<b>14,13,17,315</b>	<b>28.26</b>
Add : Issued during the year	-	-
<b>As at March 31, 2020</b>	<b>14,13,17,315</b>	<b>28.26</b>

### (b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### (c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	Number of shares	% Holding
<b>As at March 31, 2019</b>		
Equity Shares held by:		
DGP Securities Limited	36,893,755	26.11%
Vibhuti Investments Company Limited	22,532,585	15.94%
<b>As at March 31, 2020</b>		
Equity Shares held by:		
DGP Securities Limited	36,893,755	26.11%
Vibhuti Investments Company Limited	22,532,585	15.94%

## 19 Other equity

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
(i) Capital reserve	0.15	0.15
(ii) Capital redemption reserve	0.15	0.15
(iii) Securities premium	33.53	33.53
(iv) Employee Stock Appreciation Rights Reserve	2.93	1.31
(v) General reserve	208.76	208.76
(vi) Retained earnings	329.47	307.85
(vii) Other Reserves	6.86	1.37
<b>Total reserves and surplus</b>	<b>581.85</b>	<b>553.12</b>
<b>(i) Capital reserve</b>		
At the beginning and end of the year	0.15	0.15
<b>(ii) Capital redemption reserve</b>		
At the beginning and end of the year	0.15	0.15
<b>(iii) Securities premium</b>		
At the beginning and end of the year	33.53	33.53
<b>(iv) Employee Stock Appreciation Rights Reserve</b>		
At the beginning of the year	1.31	-
During the year	1.62	1.31
<b>Balance as at the end of the year</b>	<b>2.93</b>	<b>1.31</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>(v) General reserve</b>		
At the beginning and end of the year	208.76	208.76
<b>(vi) Retained earnings</b>		
At the beginning of the year	307.85	218.24
Add: Profit for the year	111.73	145.27
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefits obligation, net of tax	(3.52)	(1.41)
Less: Appropriations		
Dividends		
Interim dividend	45.25	16.96
Final dividend	28.26	28.26
Dividend distribution tax	13.08	9.03
<b>Closing balance</b>	<b>329.47</b>	<b>307.85</b>
<b>(vii) Other reserves</b>		
<b>FVOCI Equity instruments</b>		
At the beginning of the year	0.57	0.38
Changes in fair value of FVOCI equity instruments	(0.35)	0.27
Deferred tax	0.08	(0.08)
<b>As at March 31, 2020</b>	<b>0.30</b>	<b>0.57</b>
<b>Foreign currency translation reserve</b>		
At the beginning of the year	0.80	(0.38)
Exchange difference arising on translation of foreign operations	5.76	1.51
Income tax relating to above	-	(0.37)
Tax on Opening FCTR	-	0.04
<b>As at March 31, 2020</b>	<b>6.56</b>	<b>0.80</b>
<b>20 Other financial liabilities</b>		
<b>A) Non-current</b>		
Deposits received	2.88	2.43
<b>Total other non-current financial liabilities</b>	<b>2.88</b>	<b>2.43</b>
<b>B) Current</b>		
Unpaid/Unclaimed dividends (Refer note below)	3.91	3.42
Payable on capital purchases	0.61	0.57
Deposits received	0.28	0.57
<b>Total other current financial liabilities</b>	<b>4.80</b>	<b>4.56</b>
There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.		
<b>21 Provisions</b>		
<b>A) Non-current</b>		
Provision for sales tax disputes (Refer Note 37)	0.37	2.27
Provisions for warranties (Refer Note 37)	4.87	3.65
Provision for compensated absences (Refer Note 47)	7.21	5.95
<b>Total non-current provisions</b>	<b>12.45</b>	<b>11.87</b>
<b>B) Current</b>		
Provisions for warranties (Refer Note 37)	2.43	1.82
Provision for gratuity (Refer Note 47)	5.08	1.34
Provision for compensated absences (Refer Note 47)	3.25	1.78
<b>Total current provisions</b>	<b>10.76</b>	<b>4.94</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 22 A Other liabilities

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>A) Non-current</b>		
Unearned income on deposit received	0.10	0.13
<b>Total other non-current liabilities</b>	<b>0.10</b>	<b>0.13</b>
<b>B) Current</b>		
Employee benefits payable	1.33	19.93
Advances from customers	9.63	7.59
Statutory dues including provident fund and tax deducted at source	6.45	8.95
Unearned income on deposit received	0.06	0.04
Others	22.87	24.24
<b>Total other current liabilities</b>	<b>40.34</b>	<b>60.75</b>

### 22B Lease Liabilities

<b>A) Non-current</b>		
Lease Liabilities (Refer Note 39)	179.88	-
<b>Total Non Current Lease Liabilities</b>	<b>179.88</b>	<b>-</b>
<b>B) Current</b>		
Lease Liabilities (Refer Note 39)	57.30	-
<b>Total Current Lease Liabilities</b>	<b>57.30</b>	<b>-</b>

### 23 Borrowings (Current)

Secured:		
Working capital loans from banks	12.19	79.88
Unsecured:		
Working capital loans from banks	20.00	6.27
<b>Total current borrowing</b>	<b>32.19</b>	<b>86.15</b>

Secured borrowings : Working capital loans from banks are secured by hypothecation of inventories, receivables of the company and by second charge on the fixed assets of the Company located at Sinnar.

### 24 Trade Payables

(a) Total outstanding dues of micro enterprises and small enterprises and	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	2.54	5.42
(ii) Others	289.46	312.76
<b>Total</b>	<b>292.00</b>	<b>318.18</b>

Disclosure of Trade payable and payable on capital purchases to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous year.

### 25A Current tax liabilities (net)

Provision for income tax (net)	1.17	0.67
<b>Total current tax liabilities</b>	<b>1.17</b>	<b>0.67</b>

### 25B Deferred Tax Liabilities (Net)

Provision for doubtful debts (Deferred Tax Liabilities)	0.78	-
Leases (Deferred Tax asset)	(0.02)	-
<b>Total current tax liabilities (Refer note 44b)</b>	<b>0.76</b>	<b>-</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>26 Revenue from operations</b>		
Revenue from contracts with customers [Sale of product]		
Manufactured goods	838.58	646.18
Traded goods	877.45	1,134.59
	<b>1,716.03</b>	<b>1,780.77</b>
Other operating revenues		
Scrap sales	1.57	3.00
Export incentive	0.72	0.89
<b>Total revenue from operations</b>	<b>1,718.32</b>	<b>1,784.66</b>
<b>Reconciliation of revenue from operations with contract price</b>		
<b>Contract Price</b>	1,761.84	1,813.25
<b>Less adjustments for :</b>		
Sales Returns	1.52	(4.72)
Discounts and rebates	43.24	33.03
Others	1.05	4.17
	<b>1,716.03</b>	<b>1,780.77</b>
<b>27 Other income</b>		
Interest Income on financial assets at amortised cost		
On security Deposits	0.14	0.13
On bank deposits	0.01	0.12
Others	0.15	0.24
Unwinding of interest on security deposits (paid)	2.85	1.69
Dividend income		
From mutual funds investments measured at FVTPL	-	3.31
Other non-operating income		
Rental income	3.15	1.23
Liabilities written back to the extent no longer required	3.56	1.42
Miscellaneous Income	1.76	0.10
Other gains and losses		
Net gain arising on sale of Investment	0.64	0.05
Net gain arising on sale of property, plant and equipment	0.24	0.03
<b>Total other income</b>	<b>12.50</b>	<b>8.32</b>
<b>28(A) Cost of materials consumed</b>		
<b>Raw material consumed (Refer Note 34)</b>		
Opening inventory	72.74	34.76
Add: Purchases (net)	345.54	318.30
Less: Inventory at the end of the year	82.29	72.50
	<b>335.99</b>	<b>280.56</b>
<b>Packing material consumed (Refer Note 34)</b>		
Opening inventory	5.39	3.67
Add: Purchases (net)	22.74	27.93
Less: Inventory at the end of the year	6.88	5.39
	<b>21.25</b>	<b>26.21</b>
<b>Total cost of materials consumed</b>	<b>357.24</b>	<b>306.77</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>28(B) Purchases of stock-in-trade</b>		
Stock-in-trade (Net)	382.01	767.70
<b>Total purchase of stock-in-trade</b>	<b>382.01</b>	<b>767.70</b>
<b>28(C) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Stock at the end of the year: (Refer Note 34)		
Finished goods	106.93	78.84
Work-in-progress	23.97	14.61
Stock-in-trade	222.54	354.52
	<b>353.44</b>	<b>447.97</b>
Stock at the beginning of the year		
Finished goods	78.89	44.73
Work-in-progress	14.65	11.23
Stock-in-trade	354.53	221.80
	<b>448.07</b>	<b>277.76</b>
Less: Reclassification to Exceptional items (Refer Note 51)	<b>27.96</b>	-
	<b>420.11</b>	<b>277.76</b>
<b>Total changes in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>66.67</b>	<b>(170.21)</b>
<b>29 Employee benefits expense</b>		
Salaries, wages and bonus	186.55	181.96
Contribution to provident fund and other funds (Refer Note 47)	9.96	8.76
Employee share-based payment expense (Refer Note 49)	1.62	1.31
Gratuity (Refer Note 47)	3.71	1.10
Staff welfare expenses	8.65	7.94
<b>Total employee benefits expense</b>	<b>210.49</b>	<b>201.07</b>
<b>30 Finance costs</b>		
Unwinding of interest on security deposits	0.06	-
Interest expense	2.51	1.02
Interest on Lease Liabilities	20.29	-
Interest on income tax	-	0.31
Other finance costs	0.14	0.16
<b>Total finance costs</b>	<b>23.00</b>	<b>1.49</b>
<b>31 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (Refer note 4)	21.18	15.65
Amortisation of intangible assets (Refer note 6)	1.37	0.85
Depreciation on investment property (Refer note 5)	0.12	0.11
Depreciation of Right Of Use Asset (Refer note 4A)	61.20	-
<b>Total depreciation and amortisation expense</b>	<b>83.87</b>	<b>16.61</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>32 Other expenses</b>		
Consumption of stores and spare parts	3.87	3.96
Job Work Charges	23.52	17.16
Power and fuel	16.40	14.73
Electricity Expenses	4.65	4.44
Rent (Refer Note 39)	7.11	59.52
Repairs and maintenance		
Buildings	0.36	1.03
Plant and machinery	0.43	0.40
Others	10.81	8.98
Insurance	5.32	2.23
Rates and taxes	4.29	2.60
Travelling expenses	22.12	27.64
Directors fees	0.24	0.12
Payment to auditors (Refer Note 33A)	0.48	0.46
Expenditure towards corporate social responsibility (CSR) activities (Refer Note 33B)	3.31	2.72
Professional fees	5.52	9.51
Communication expenses	3.92	4.80
Advertisement and publicity expenses	91.62	99.36
Freight, handling and octroi	100.72	100.27
Commission on sales	0.46	0.54
Bank charges and commission	2.23	2.37
Human resource procurement	62.02	54.60
Allowance for doubtful debts (net)	8.71	(0.49)
Bad debts written off during the year	0.49	0.31
Less: Provision for doubtful debts	(0.49)	(0.31)
Net loss on foreign currency transactions and translation	6.67	6.04
Obsolescence of fixed assets	0.04	-
Miscellaneous expenses	25.81	31.62
<b>Total</b>	<b>410.63</b>	<b>454.61</b>

### 33A Details of payment to auditors

#### As auditor :

Audit fee	0.41	0.38
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#### In other capacities

Certification fees	0.06	0.07
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Re-imburement of expenses	0.01	0.01
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<b>Total payment to auditors</b>	<b>0.48</b>	<b>0.46</b>
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The above fee includes the fees of statutory auditors of subsidiary companies who are different from auditors of the holding company.

### 33B Corporate social responsibility expenditure

Amount required to be spent as per section 135 of the Act	3.28	2.59
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Amount spent during the year on		
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(i) Construction/ acquisition of an asset	-	-
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(ii) on purpose other than (i) above	3.31	2.72
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<b>Total</b>	<b>3.31</b>	<b>2.72</b>
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For promotion of education for girl child, support for running schools in tribal villages, Rural Development, Women Empowerment, restoration and redevelopment of schools, Medical camps, providing medical facility and education to students.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

- 34 Closing stock of inventory of subsidiaries, included in statement of profit and loss and balance sheet has been translated at average rate of exchange and closing rate of exchange respectively. Consequently, Gain of ₹ 4.50 crores (previous year Loss of ₹ 0.59 crores) has been credited to foreign currency translation reserve. Opening stock of Inventory of the subsidiaries has been translated at an average rate of exchange prevailing during the year. Consequently, Loss of ₹ 0.35 crores (Previous year Loss of ₹ 0.89 ) has been debited to the statement of profit and loss.

### 35 Income tax expense

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	38.41	69.13
Adjustments for current tax of prior periods	-	0.51
<b>Total current tax expense</b>	<b>38.41</b>	<b>69.64</b>
<b>Deferred tax</b>		
Decrease /(increase) in deferred tax assets	(1.73)	0.03
<b>Total Deferred tax expense/(benefit)</b>	<b>(1.73)</b>	<b>0.03</b>
<b>Total income tax expense</b>	<b>36.68</b>	<b>69.67</b>
<b>b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before tax	148.41	214.94
Enacted Income tax rate in India applicable to the Company	25.626%	34.944%
Tax expenses on profit before tax calculated at the rate above	38.03	75.11
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Exempted Income	-	(1.16)
Difference in overseas tax rate	(3.26)	(4.96)
Expenses disallowed	0.74	0.63
Adjustments for tax of prior periods	-	0.08
Change in tax rate	1.36	-
Others	(0.19)	(0.03)
<b>Total income tax expense</b>	<b>36.68</b>	<b>69.67</b>
<b>c) Tax on items of OCI</b>		
Deferred Tax on fair valuation of equity instruments	0.08	(0.06)
Current Tax on remeasurement of defined benefit plans	1.14	0.77
Deferred Tax exchange difference arising on translation of foreign operations	-	(0.37)
	<b>1.22</b>	<b>0.34</b>

The company intends to exercise the option of lower tax rate under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Consequently, during the quarter ended September 30, 2019, the Company has recognized the full impact of remeasurement of the current tax charge and deferred tax income accrued as on June 30, 2019. This has resulted in reversal of Current Tax charge and net Deferred Tax income of ₹ 5.26 crores and ₹ 0.56 crores respectively accrued in quarter ended June 30, 2019 and reversal of net deferred tax income of ₹ 1.36 crores on account of remeasurement of net deferred tax asset as at March 31, 2019.



(₹ in Crores)

## 36 Basic earnings per share

	Year ended	
	March 31, 2020	March 31, 2019
Profit after tax attributable to equity shareholders	111.73	145.27
Weighted average number of shares outstanding during the year (numbers)	141,317,315	141,317,315
Earnings per share (Basic) (₹)	7.91	10.28
Nominal value per share (₹)	2	2
<b>Diluted earnings per share</b>		
Profit after tax attributable to equity shareholders	111.73	145.27
Effect of dilution due to issue of Employee stock appreciation rights	-	0.85
Profit after tax attributable to equity shareholders after dilution impact	111.73	146.12
Weighted average number of shares outstanding during the year (numbers)	141,317,315	141,355,045
Earnings per share (Diluted) (₹) #	7.91	10.28
Nominal value per share (₹)	2	2

# Note: Since the Employee Stock Appreciation Rights are anti-dilutive, the basic earnings per share are shown as diluted earnings per share.

## 37 Provision for warranty and sales tax dispute

### Warranty provision

Balance as at the beginning of the year	5.47	4.54
Additions	6.60	6.29
Amounts used	4.44	4.08
Amounts reversed	0.33	1.28
<b>Balance as at the end of the year</b>	<b>7.30</b>	<b>5.47</b>
Classified as non-current	4.87	3.65
Classified as current	2.43	1.82

### Provision for Sales Tax dispute

Balance as at the beginning of the year	2.27	1.87
Addition	0.01	0.69
Amounts used	1.91	0.29
Unused amounts reversed	-	-
<b>Balance as at the end of the year</b>	<b>0.37</b>	<b>2.27</b>
Classified as Non-Current	0.37	2.27
Classified as Current	-	-

**Sales Tax Provision:** The amounts in respect of sales tax represent the best possible estimates arrived on the available information. The uncertainties are dependent on the outcome of the different legal processes. The timing of the future cash flows will be determinable only on receipt of judgements/ decisions pending with various forums/ authorities. The said provisions primarily relate to subjudice matters under the erstwhile local sales tax acts, value added tax acts of respective states and the central sales tax act 1961.

**Warranty:** A provision for warranty has been recognised for the expected warranty claims on product sold based on past experience. It is expected that the majority of this expenditure will be incurred in the next 2-5 years.

## 38 COVID-19

COVID-19 pandemic is having an unprecedented impact on people and the economy. At V.I.P. Industries Limited, we have moved fast to support our multiple stakeholders and sustain our operations through this crisis and prepare for revival in a new normal. We have structured our immediate priorities into four areas: supporting our people; protecting customer & vendor relationships, maintaining our financial strength & contributing to society. The COVID pandemic has induced lockdown in many of the States/Union Territories across the country. Due to the lockdown, operations in most of our locations including manufacturing plants, warehouses, offices, etc, had to be scaled down or shut down and are being operated as per the local guidelines of social distancing and high hygiene standards, wherever permitted. The resumption of operations will depend upon directives issued by the respective Government authorities.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

While the current situation has adversely impacted the economy at large, the travel industry has been among the most affected segments. We continue to closely monitor the situation and have been taking appropriate actions for both sustenance and revival. As per our current assessment, other than some specific provisional impacts considered, no significant impact on the financial position of the group is expected. Considering the strength of its brands and robust financials, the management is confident of seeing through this crisis and restoring its performance as soon as the external economic environment is favorable.

### 39 Leases

#### Lease adoption impact - disclosure

The group has adopted IND AS 116 Accounting for Leases from April 1, 2019, with the modified retrospective approach therefore recognised lease liabilities and Right-of-use assets in the opening balance sheet on April 1, 2019. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. Right-of use assets were measured at the amount equal to the lease liability. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 8.00%.

#### (a) In applying IND AS 116 for the first time, the group has used the following practical expedients permitted by the standard

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at April 1, 2019
- the group has relied on its previous assessment under IND AS 17 to determine a lease for contracts existing as on the transition date
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases

#### (b) Measurement of lease liabilities

(₹ in Crores)

	As At March 31, 2020
Operating lease commitments disclosed as at March 31, 2019	23.49
Add/less: adjustments as a result of a different treatment of extension and termination options	233.10
Discounted using the lessee's incremental borrowing rate - at the date of initial application including short term Leases	<b>256.59</b>
Less : short-term leases not recognised as a liability	4.26
<b>Lease liability recognised as at April 1, 2019</b>	<b>252.33</b>
Of which are:	
Current lease liabilities	63.52
Non-current lease liabilities	188.81
	252.33

#### (c) Measurement of Right-of-use assets

The associated right-of-use assets for property leases were measured on a an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

#### (d) Adjustments recognised in Balance Sheet on April 1, 2019

(₹ in Crores)

- Right of Use Assets	252.33
- Lease Liabilities	252.33

(e) Amounts recognised in profit or loss (Refer note 4A) (₹ in Crores)

Depreciation charge of right-of-use of assets	Year ended
	March 31, 2020
Buildings	61.20

Interest expense (included in finance cost) on lease liability for the year ended March 31, 2020 is ₹ 20.29 crores. The group incurred ₹ 4.26 crores for the year ended March 31, 2020 towards expenses relating to short-term leases, leases of low-value assets and variable lease payments. The total cash outflow for leases is ₹ 72.44 crore for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets.

(f) Lease Commitment as on March 31, 2019

Future minimum lease rentals payable towards non-cancellable period of the lease agreements for not later than one year ₹ 16.83 crores and for later than one year and not later than five years ₹ 6.66 crores

(g) Lessor accounting

The group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IND AS 116.

40 Contingent Liabilities (₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
Claims against the group not acknowledged as debts	0.04	0.04
Income tax matters	1.83	1.36
Sales tax matters	245.41	183.31
Excise and customs matters	0.55	0.55

The group has implemented the decision given in the Supreme Court Judgement in case of "The Regional Provident Fund Commissioner (II) West Bengal Vs Vivekananda Vidyamandir & Ors, Civil Appeal Number 6221 of 2011" dated February 28, 2019 for inclusion of certain allowances within the scope of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 w.e.f. March 01, 2019. Basis the assessment of the management, which is supported by legal advice, the aforesaid matter is not likely to have significant impact in respect of earlier periods.

41 Interests in other entities

i Subsidiaries

The group's subsidiaries at March 31, 2020 are set out below. They have share capital consisting of equity shares and Preference shares that are held directly by the parent company, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
		%	%	%	%	
VIP Industries Bangladesh Private Limited	Bangladesh	100	100	-	-	Luggage manufacturers
VIP Industries BD Manufacturing Private Limited	Bangladesh	100	100	-	-	Luggage manufacturers
VIP Luggage BD Private Limited	Bangladesh	100	100	-	-	Luggage manufacturers
VIP Accessories BD Private Limited	Bangladesh	100	100	-	-	Luggage manufacturers
Blow Plast Retail Limited	India	100	100	-	-	Marketing of Luggage

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### ii Interests in joint ventures

Set out below was the joint venture of the Group as at March 31, 2020. The entity listed below have share capital consisting solely of equity shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying amount	
					March 31, 2020	March 31, 2019
VIP Nitol Industries Limited #	Bangladesh	50%	Joint ventures	Equity	-	-

# During the year 2014 - 2015, an application had been filed for voluntary winding up of VIP Nitol Industries Limited. Consequently, VIP Nitol Industries Limited dissolved on May 28, 2019.

### 42 Capital and other commitments

#### i) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
Property, plant and equipment	4.47	4.96

#### ii) Other commitments

For lease commitments, refer note 39

### 43 Segment reporting

In accordance with Accounting Standard Ind AS- 108 "Segmental Reporting", the group has determined its business segment as manufacturing and marketing of luggage, bags and accessories. Since more than 99% of business is from manufacturing and marketing of luggage, bags and accessories, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as is reflected in the financial statements as at and for the year ended March 31, 2020.

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
<b>Revenue from external customer</b>		
India	1,667.55	1,717.85
Outside India	50.77	66.81
<b>Total Revenue</b>	<b>1,718.32</b>	<b>1,784.66</b>
<b>Non Current Assets</b>		
India	331.54	113.81
Outside India	66.16	39.83
<b>Total Non Current Assets</b>	<b>397.70</b>	<b>153.64</b>

There are transactions with one external customer which amount to 10% or more of the Company's revenue.

### 44-a Movement in deferred tax assets (Net)

(₹ in Crores)

	Depreciation	Voluntary retirement scheme	Provision for doubtful debts	Expenses disallowed u/s 43B of the Income tax act, 1961	FVTPL	FVOCI	IND AS 116	Others	Total
<b>At March 31, 2018</b>	<b>1.62</b>	<b>0.14</b>	<b>0.63</b>	<b>2.52</b>	<b>(0.01)</b>	<b>(0.11)</b>	<b>-</b>	<b>0.60</b>	<b>5.40</b>
(charged)/credited:									
- to profit or loss	(1.42)	(0.14)	(0.27)	0.97	0.01	-	-	0.84	(0.02)
- to other comprehensive income						(0.08)	-	(0.37)	(0.45)
<b>At March 31, 2019</b>	<b>0.20</b>	<b>-</b>	<b>0.36</b>	<b>3.49</b>	<b>-</b>	<b>(0.19)</b>	<b>-</b>	<b>1.07</b>	<b>4.93</b>
(charged)/credited:									
- to profit or loss	1.02	-	2.02	(1.13)	-	-	2.91	(2.34)	2.49
- to other comprehensive income	-	-	-	-	-	0.08	-	-	0.08
<b>At March 31, 2020</b>	<b>1.22</b>	<b>-</b>	<b>2.38</b>	<b>2.36</b>	<b>-</b>	<b>(0.11)</b>	<b>2.91</b>	<b>(1.26)</b>	<b>7.50</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 44-b Movement in deferred tax Liabilities (Net)

(₹ in Crores)

	Depreciation	Voluntary retirement scheme	Provision for doubtful debts	Expenses disallowed u/s 43B of the Income tax act, 1961	FVTPL	FVOCI	IND AS 116	Others	Total
<b>At March 31, 2018</b>	-	-	-	-	-	-	-	-	-
(charged)/credited:									
- to profit or loss	-	-	-	-	-	-	-	-	-
- to other comprehensive income	-	-	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	-	-	-	-	-	-	-	-	-
(charged)/credited:									
- to profit or loss	(0.78)	-	-	-	-	-	0.02	-	(0.76)
- to other comprehensive income	-	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>(0.78)</b>	-	-	-	-	-	<b>0.02</b>	-	<b>(0.76)</b>

### 45 Fair value measurements

(₹ in Crores)

Financial instruments by category	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
<b>Investments</b>						
- Equity instruments <sup>#</sup>	-	0.42	-	-	0.77	-
- Mutual Funds	40.35	-	-	-	-	-
Trade receivables	-	-	267.44	-	-	298.61
Cash and cash equivalents	-	-	6.85	-	-	10.81
Bank balances other than cash and cash equivalents	-	-	3.91	-	-	3.42
Loans	-	-	30.08	-	-	25.28
Other financial assets	-	-	2.18	-	-	3.02
<b>Total Financial assets</b>	<b>40.35</b>	<b>0.42</b>	<b>310.46</b>	<b>-</b>	<b>0.77</b>	<b>341.14</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	32.19	-	-	86.15
Trade Payables	-	-	292.00	-	-	318.18
Other financial liabilities	-	-	7.68	-	-	6.99
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>331.87</b>	<b>-</b>	<b>-</b>	<b>411.32</b>

<sup>#</sup>The group has made an irrevocable election at initial recognition, to recognise changes in fair value of equity securities which are not held for trading, through OCI, rather than profit and loss as these are strategic investments and the group considered this to be more relevant.

### 45 Fair value measurements

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial investments at FVTPL					
- Mutual funds - Dividend plan	8B	-	40.35	-	<b>40.35</b>
Financial investments at FVOCI					
- Listed equity investments - steel sector	8A (a)	0.32	-	-	<b>0.32</b>
- Listed equity investments - others	8A (a)	0.10	-	-	<b>0.10</b>
- Unquoted equity investments	8A (b)	-	-	*	*
<b>Total Financial assets</b>		<b>0.42</b>	<b>40.35</b>	-	<b>40.77</b>
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2020</b>					
<b>Financial assets</b>					
Trade receivables	15	-	-	267.44	267.44
Cash and cash equivalents	16	-	-	6.85	6.85
Bank balances other than cash and cash equivalents	17	-	-	3.91	3.91
Loans	9A,9B	-	-	30.08	30.08
Other financial assets	10A,10B	-	-	2.18	2.18
<b>Total financial assets</b>		-	-	<b>310.46</b>	<b>310.46</b>
<b>Financial liabilities</b>					
Borrowings	23	-	-	32.19	32.19
Trade Payables	24A	-	-	292.00	292.00
Other financial liabilities	20A,20B	-	-	7.68	7.68
<b>Total financial liabilities</b>		-	-	<b>331.87</b>	<b>331.87</b>
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019</b>					
<b>Financial assets</b>					
Financial investments at FVTPL					
- Mutual funds - Dividend plan	8B	-	-	-	-
Financial investments at FVOCI					
- Listed equity investments - steel sector	8A (a)	0.64	-	-	<b>0.64</b>
- Listed equity investments - others	8A (a)	0.13	-	-	<b>0.13</b>
- Unquoted equity investments	8A (b)	-	-	*	*
<b>Total financial assets</b>		<b>0.77</b>	-	-	<b>0.77</b>
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2019</b>					
<b>Financial assets</b>					
Trade receivables	15	-	-	298.61	298.61
Cash and cash equivalents	16	-	-	10.81	10.81
Bank balances other than cash and cash equivalents	17	-	-	3.42	3.42
Loans	9A,9B	-	-	25.28	25.28
<b>Other financial assets</b>	10A,10B	-	-	3.02	3.02
<b>Total financial assets</b>		-	-	<b>341.14</b>	<b>341.14</b>

<b>Financial liabilities</b>					
Borrowings	23			86.15	86.15
Trade Payables	24A	-	-	318.18	318.18
Other financial liabilities	20A,20B	-	-	6.99	6.99
<b>Total financial liabilities</b>		-	-	<b>411.32</b>	<b>411.32</b>

#### 45 Fair value measurements

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Company has mutual funds for which all significant inputs required to fair value an instrument falls under level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and unlisted preference shares are included in level 3.

There are no transfers between levels 1, 2 and 3 during the year.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Investments in quoted equity instruments are valued using the closing price at Bombay Stock Exchange (BSE) at the reporting period.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates as at the balance sheet date, prevailing with Authorised Dealers dealing in foreign exchange.
- the use of Net Assets Value ('NAV') for valuation of mutual fund investment. NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.
- the fair value of the preference shares is determined based on present values and the discount rates used were adjusted for counterparty risk and country risk.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

(₹ in Crores)

	Unquoted equity share
As at April 1, 2018	0.01
(Disposal)	(0.01)
Gain recognised in other comprehensive income	*
As at March 31, 2019	*
Gain recognised in other comprehensive income	*
As at March 31, 2020	*
Unrealised gain recognised in profit or loss related to assets held	-
Year ended March 31, 2020	*
Year ended March 31, 2019	*

\*Amount is below the rounding off norm adopted by the group.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

See (ii) above for the valuation technique adopted.

	Fair Value		Significant unobservable inputs	Probability weighted range		Sensitivity
	As at March 31, 2020	As at March 31, 2019		As at March 31, 2020	As at March 31, 2019	
Unquoted equity investments	*	*	Risk adjustment discount rate	10%	10%	The estimated fair value would increase / (decrease) if - Discount rate were lower / (higher)

\*Amount is below the rounding off norm adopted by the group.

### (v) Valuation process

The fair value of unlisted preference shares are determined using discounted cash flow analysis by independent valuer.

### (vi) Fair value of financial assets and liabilities measured at amortised cost (₹ in Crores)

	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Trade receivables	267.44	267.44	298.61	298.61
Cash and cash equivalents	6.85	6.85	10.81	10.81
Bank balances other than cash and cash equivalents	3.91	3.91	3.42	3.42
loans	30.08	30.08	25.28	25.28
Other financial assets	2.18	2.18	3.02	3.02
<b>Total financial assets</b>	<b>310.46</b>	<b>310.46</b>	<b>341.14</b>	<b>341.14</b>
<b>Financial Liabilities</b>				
Borrowings	32.19	32.19	86.15	86.15
Trade payables	292.00	292.00	318.18	318.18
Other financial liabilities	7.68	7.68	6.99	6.99
<b>Total financial liabilities</b>	<b>331.87</b>	<b>331.87</b>	<b>411.32</b>	<b>411.32</b>

- The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, borrowings and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.
- The fair values and carrying value for security deposits, other financial assets and other financial liabilities are materially the same.

### 46A Financial risk management

The group's activities expose it to market risk, liquidity risk, credit risk and interest risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

The group has a robust risk management framework comprising risk governance structure and defined risk management processes. The risk governance structure of the group is a formal organisation structure with defined roles and responsibilities for risk management.



Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other financial liabilities	Sensitivity analysis	Availability of committed credit lines and borrowing facilities
Market risk - foreign currency risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity analysis	Forward foreign exchange contracts
Market risk - Interest rate risk	Borrowings	Sensitivity analysis	Monitoring the movement in market interest rates closely
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

The group's risk management is carried out by a central treasury department under the guidance from the board of directors. group's treasury identifies, evaluates and hedges financial risks in close co-ordination with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. There is no change in objectives and process for managing the risk and methods used to measure the risk as compared to previous year.

### 1) Credit risk :

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The Credit risk mainly arises receivables from customers, investments securities, cash and cash equivalents, and deposits with banks and financial institutions.

#### a) Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 267.44 Crores as at March 31, 2020 (March 31, 2019– ₹ 298.61 Crores). Trade receivables are typically unsecured and are derived from revenue earned from customers located in India as well as outside India. The group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, the country and the state in which the customer operates, also has an influence on credit risk assessment.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business.

The management continuously monitors the credit exposure towards the customers outstanding at the end of each reporting period to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the group have not undergone any substantial change, the group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade receivables during the year was as follow:

## Movement in expected credit loss allowance on trade receivables

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Opening provision	1.02	1.82
Add: Additional provision made	8.71	-
Less: Provision write off	0.49	0.31
Less: Provision reversed	-	0.49
Closing provision	<b>9.24</b>	<b>1.02</b>

The average credit period on sales of products is less than 120 days. Credit risk arising from trade receivables is managed in accordance with the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. For trade receivables, as a practical expedient, the group computes credit loss allowance based on a provision table as above.

### b) Cash and cash equivalents:

As at the year end, the group held cash and cash equivalents of Rs.6.85 crores (March 31, 2019: Rs.10.81 crores). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating. 12-months expected credit losses is used as basis for recognition of loss provision

### c) Other Bank Balances:

Other bank balances are held with bank and financial institution counterparties with good credit rating. 12-months expected credit losses is used as basis for recognition of loss provision

### d) Investment in mutual funds:

The group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The group does not expect any losses from non-performance by these counter-parties. 12-months expected credit losses is used as basis for recognition of loss provision.

### e) Other financial assets:

Other financial assets are neither past due nor impaired. 12-months expected credit losses is used as basis for recognition of loss provision

### f) Investments in debt instruments:

Investments in debt instruments are neither past due nor impaired. Majority of the debt instruments are held within the group i.e. in subsidiaries of the group.

## 2) Liquidity risk :

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

### (i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at	
	March 31, 2020	March 31, 2019
<b>Floating Rate</b>		
Expiring within one year (bank overdraft and other facilities)	101.81	13.85

**(ii) Maturity pattern of financial liabilities**

The amounts of trade payables and Payables related to capital goods disclosed in the table are undiscounted contractual cash flows, where as other financial liabilities are at discounted cash flows.

(₹ in Crores)

As at March 31, 2020	Not Due	0-6 months	6 - 12 months	More than 12 months
Borrowings	-	32.19	-	-
Trade Payable	153.33	132.95	5.72	-
Payable related to Capital goods	0.05	0.56	-	-
Leases	-	30.86	26.44	179.88
Other financial liabilities (current and non-current)	-	4.07	0.12	2.88

(₹ in Crores)

As at March 31, 2019	Not Due	0-6 months	6 - 12 months	More than 12 months
Borrowings	-	86.15	-	-
Trade Payable	239.36	74.30	4.52	-
Payable related to Capital goods	0.41	0.17	-	-
Other financial liabilities (current and non-current)	-	3.98	-	2.43

**3) Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of risks namely interest rate risk, currency risk and other price risk, such as commodity risk.

**A) Market Risk- Foreign currency risk.**

The group operates internationally and portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The group also uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the group's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the group's risk management policy and procedures.

**Unhedged foreign currency exposure**

**(a) Particulars of unhedged foreign currency exposures as at the reporting date**

The group's exposure to foreign currency risk at the end of the reporting period expressed in equivalent in INR Rupees is as follows:  
(₹ in Crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD	Others	USD	Others
<b>Financial assets</b>				
Trade receivables	10.94	-	13.41	-
Other assets	2.31	0.39	2.50	0.38
Cash and Cash equivalents	4.44	0.26	4.16	0.54
Net exposure to foreign currency risk (assets)	<b>17.69</b>	<b>0.65</b>	<b>20.07</b>	<b>0.92</b>
<b>Financial liabilities</b>				
Trade payables	127.03	0.23	170.45	0.75
Net exposure to foreign currency risk (liabilities)	<b>127.03</b>	<b>0.23</b>	<b>170.45</b>	<b>0.75</b>
Net unhedge foreign currency exposure	<b>109.34</b>		<b>150.38</b>	

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

- (b) As at balance sheet date, following foreign currency exposure (including non financial assets and liabilities) is not hedged by a derivative instrument or otherwise

(₹ in Crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD	Others	USD	Others
<b>Financial assets</b>				
Trade receivables	10.94	-	13.41	-
Other assets	2.31	0.39	2.50	0.38
Cash and Cash equivalents	4.44	0.26	4.16	0.54
Net exposure to foreign currency risk (assets)	<b>17.69</b>	<b>0.65</b>	<b>20.07</b>	<b>0.92</b>
<b>Financial liabilities</b>				
Trade payables	127.03	0.23	170.45	0.75
Net exposure to foreign currency risk (liabilities)	<b>127.03</b>	<b>0.23</b>	<b>170.45</b>	<b>0.75</b>
Net unhedge foreign currency exposure	<b>109.34</b>		<b>150.38</b>	

The group is mainly exposed to USD. The below table demonstrates the sensitivity to 1% increase or decrease in the USD against INR with all other variables held constant. The sensitivity analysis is prepared on the unhedged exposure of the group as at the reporting date.

	Effect on Profit after Tax	
	For year ended March 31, 2020	
	1% increase	1% decrease
USD	(0.81)	0.81
Increase / (decrease) in profit or loss	<b>(0.81)</b>	<b>0.81</b>

### B) Market Risk- Other price risk.

#### (a) Exposure

The group is mainly exposed to the price risk due to its investment in mutual funds and investment in equity instruments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. The price risk arises due to uncertainties about the future market values of these investments. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. The majority of the group's equity investments are publicly traded.

#### (b) Sensitivity

The table below summarizes the impact of increases/decreases of the BSE index on the group's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5% or decreased by 5% with all other variables held constant, and that all the group's equity instruments moved in line with the index.

	Impact on other components of equity	
	For year ended March 31, 2020	For year ended March 31, 2019
BSE Index - Increase 5%	0.02	0.04
BSE Index - Decrease 5%	(0.02)	(0.04)

### C) Market Risk- Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations with floating interest rates. The group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for debt obligations at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment.

	As at 31.03.2020	As at 31.03.2019
50 bps increase - effect on profit before taxes	(0.16)	(0.25)
50 bps decrease - effect on profit before taxes	0.16	0.25

**46B Capital management**

**(a) Risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the following gearing ratio: (₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Net debt (total borrowings including lease liabilities net of cash and cash equivalents)	262.53	75.34
Total equity	610.11	581.38
Net debt equity ratio	43.03%	12.96%

"The net debt to equity ratio for the current year increased by 38.88% following the adoption of Ind AS 116 on Leases. The net debt to equity ratio without lease liabilities is 4.15%."

**(b) Dividends**

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>i) Equity Share</b>		
Final dividend	28.26	28.26
Interim dividend	45.25	16.96
Dividend distribution tax on above dividend	13.08	9.03
<b>ii) Dividend not recognised at the end of the reporting period</b>		
Proposed dividend	-	28.26
Dividend distribution tax on proposed dividend	-	5.82

**47 Employee benefits obligations**

**A) Defined contribution plan**

(₹ in Crores)

	Year ended	
	March 31, 2020	March 31, 2019
Amount recognised in the statement of profit and loss		
(i) Employer Contribution to Provident Fund & Inspection Charges (including foreign employees)	6.05	5.58
(ii) Employer Contribution to Provident Fund (under Pension Plan)	3.07	2.04
(iii) EDLI Charges & Admin Charges	0.14	0.14
(iv) Employer Contribution to ESIC	0.70	1.00
<b>Total</b>	<b>9.96</b>	<b>8.76</b>

**B) Defined benefit plan**

**a) Gratuity:**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for fifteen days salary multiplied by the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to the "VIP Industries Limited Employees Gratuity Fund Trust". The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

- i) The amounts recognised in the balance sheet and the movement of net defined benefit obligation over the years are as follows

<b>Parent company Plan (Funded)</b>	<b>(₹ in Crores)</b>		
	<b>Present value of obligations</b>	<b>Fair value of plan assets</b>	<b>Net amount</b>
<b>April 1, 2018</b>	<b>17.56</b>	<b>(16.78)</b>	<b>0.78</b>
Current service cost	1.34	-	1.34
Interest expense/(income)	1.35	(1.29)	0.06
Past Service Cost	(0.30)	-	(0.30)
<b>Total amount recognised in profit or loss</b>	<b>2.39</b>	<b>(1.29)</b>	<b>1.10</b>
<b>Remeasurements</b>			
Return on plan assets excluding amount included in interest income	-	(0.14)	(0.14)
Experience losses	1.24	-	1.24
Loss from change in demographic assumptions	-	-	-
Loss from change in financial assumptions	1.10	-	1.10
<b>Total amount recognised in other comprehensive income</b>	<b>2.34</b>	<b>(0.14)</b>	<b>2.20</b>
Employer's contribution	-	(2.74)	(2.74)
Benefits paid directly by the employer	-	-	-
Benefits paid from the fund	(2.78)	2.78	-
<b>March 31, 2019</b>	<b>19.51</b>	<b>(18.17)</b>	<b>1.34</b>
<b>April 1, 2019</b>	<b>19.51</b>	<b>(18.17)</b>	<b>1.34</b>
Current service cost	1.64	-	1.64
Interest expense/(income)	1.46	(1.36)	0.10
Past service costs	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>3.10</b>	<b>(1.36)</b>	<b>1.74</b>
<b>Remeasurements</b>			
Return on plan assets excluding amount included in interest expense	-	1.29	1.29
Experience losses	2.05	-	2.05
Loss from change in demographic assumptions	-	-	-
Gain from change in financial assumptions	0.85	-	0.85
<b>Total amount recognised in other comprehensive income</b>	<b>2.90</b>	<b>1.29</b>	<b>4.19</b>
Employer's contribution	-	(4.72)	(4.72)
Benefits paid directly by the employer	-	-	-
Benefits paid from the fund	(3.40)	3.40	-
<b>March 31, 2020</b>	<b>22.11</b>	<b>(19.56)</b>	<b>2.55</b>
<b>Subsidiary Plan (Unfunded)</b>			
<b>April 1, 2019</b>	-	-	-
Current service cost	0.45	-	0.45
Interest expense/(income)	0.05	-	0.05
Past service costs	1.47	-	1.47
<b>Total amount recognised in profit or loss</b>	<b>1.97</b>	<b>-</b>	<b>1.97</b>
<b>Remeasurements</b>			
Return on plan assets excluding amount included in interest expense	-	-	-
Experience losses	0.43	-	0.43
Loss from change in demographic assumptions	-	-	-
Gain from change in financial assumptions	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>0.43</b>	<b>-</b>	<b>0.43</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	Present value of obligations	Fair value of plan assets	Net amount
Employer's contribution	-	-	-
Benefits paid directly by the employer	-	-	-
Exchange difference on Foreign Plans	0.13	-	0.13
Benefits paid from the fund	-	-	-
<b>March 31, 2020</b>	<b>2.53</b>	-	<b>2.53</b>

ii) The net liabilities disclosed above relating to funded plans are as follows:

### Parent Company Plan

	As at	
	March 31, 2020	March 31, 2019
Present value of funded obligations	22.11	19.51
Fair value of plan assets	(19.56)	(18.17)
<b>Deficit of gratuity plan</b>	<b>2.55</b>	<b>1.34</b>
The net liabilities disclosed above relating to unfunded plans are as follows:		
<b>Subsidiary Plan</b>		
Present value of unfunded obligations	2.53	-
Fair value of plan assets	-	-
<b>Deficit of gratuity plan</b>	<b>2.53</b>	-

iii) The principal assumptions used in determining gratuity benefit obligations are shown below:

### Parent Company Plan

	As at	
	March 31, 2020	March 31, 2019
Discount rate	6.59%	7.48%
Expected return on plan assets	6.59%	7.48%
Salary escalation rate	11% p.a. for next 1 Year, 8% p.a. for next 2 Year, 5% p.a. thereafter starting from 4th year	11% p.a. for next 1 Year, 8% p.a. for next 2 Year, 5% p.a. thereafter starting from 4th year
Employee Turnover Rate	For Service 2 years and below 20% p.a., For Service 3 years to 4 years 15% p.a., For Service 5 years and above 10% p.a.	For Service 2 years and below 20% p.a., For Service 3 years to 4 years 15% p.a., For Service 5 years and above 10% p.a.
<b>Subsidiary Plan</b>		
Discount rate	7.50%	-
Expected return on plan assets	7.50%	-
Salary escalation rate	10.00%	-

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### iv) Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

#### Domestic Plan

(₹ in Crores)

Assumption	Impact on defined benefit obligation							
	Changes in Assumption (%)		Increase in Assumption	March 31, 2020	March 31, 2019	Decrease in Assumption	March 31, 2020	March 31, 2019
	March 31, 2020	March 31, 2019						
Discount Rate	1%	1%	Decreased by	0.95	0.75	Increased by	1.05	0.83
Salary Increase	1%	1%	Increased by	1.01	0.80	Decreased by	0.93	0.74
Employee Turnover	1%	1%	Increased by	0.03	0.06	Decreased by	0.04	0.07

#### Foreign Plan

Assumption	Impact on defined benefit obligation							
	Changes in Assumption (%)		Increase in Assumption	March 31, 2020	March 31, 2019	Decrease in Assumption	March 31, 2020	March 31, 2019
	March 31, 2020	March 31, 2019						
Discount Rate	1%	1%	Decreased by	0.77	-	Increased by	0.57	-
Salary Increase	1%	1%	Increased by	0.75	-	Decreased by	0.56	-
Employee Turnover	1%	1%	Increased by	-	-	Decreased by	-	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

### vi) The Major category of plan assets of the fair value of the total plan assets are as follows: (₹ in Crores)

	As at			
	March 31, 2020		March 31, 2019	
	Amount	in %	Amount	in %
Government securities (Central and State)	0.12	1%	0.27	1%
Special deposit scheme	0.38	2%	0.38	2%
Cash and cash equivalents	0.30	1%	0.11	1%
Insurance fund	18.69	96%	17.36	96%
Others	0.05	0%	0.05	0%
<b>Total</b>	<b>19.54</b>	<b>100%</b>	<b>18.17</b>	<b>100%</b>

### vi) Risk exposure

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk:	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest risk:	A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.
Salary risk:	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.



**vii) Defined benefit liability and employer contributions**

The company expects to make a contribution for the year ending March 31, 2021 is ₹ 4.65 Crores (March 31, 2020 is ₹ 2.97 Crores) to the defined benefit plans during the next financial year.

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years. The expected maturity analysis of undiscounted gratuity benefits is as follows:

	Less than a year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
March 31, 2020					
Defined benefit obligations - Gratuity	3.46	2.63	9.28	16.60	31.97
March 31, 2019					
Defined benefit obligations - Gratuity	3.47	2.73	8.65	13.74	28.59

**b) Provident Fund**

Provident fund for eligible employees is managed by the Company through the "VIP Industries Limited Employees Provident Fund Trust", in line with the Provident fund and Miscellaneous Provisions Act 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement whichever is earlier. The benefits vest immediately on rendering the services by the employee. The Company does not currently have any unfunded plans.

In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at March 31, 2020. The Company has contributed ₹ 4.18 Crores (March 31, 2019: ₹ 3.43 Crores) towards VIP Industries Limited Employees Provident Fund Trust during the year ended March 31, 2020.

**i) Amount recognised in the Balance Sheet**

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Present value of benefit obligation	81.50	67.37
Plan assets at period end, at fair value, restricted to present value of benefit obligation	81.50	67.37
Asset recognised in Balance Sheet	-	-

**ii) Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):**

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Discounting Rate	6.59%	7.48%
Expected Guaranteed interest rate	8.50%	8.65%

\* Rate mandated by EPFO for there FY 2019-20 and the same is used for valuation purpose.

**c) Other long term employee benefits:**

**Leave obligation**

The leave obligation cover the company's liability for privilege leave and sick leave.

Based on the past experience, the group does not expect all employees to avail full amount of accrued leave or require payment for such leave within the next 12 months.

(₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
Leave obligations expected to be settled within the next 12 months	3.25	1.78
Leave obligations not expected to be settled within the next 12 months	7.21	5.95

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 48 Related party disclosures as per Ind AS 24:

#### a) List of related parties:

Relationships	Country	As at	
		March 31, 2020	March 31, 2019
<b>Joint ventures</b>			
VIP Nitol Industries Limited	Bangladesh	NA	50%

#### b) Key management personnel

Name	Nature of relationship
Mr Dilip G. Piramal	Chairman
Ms. Radhika Piramal	Executive Vice Chairperson
Mr. Sudip Ghose	Managing Director (w.e.f. April 1, 2019)
Mr. Ashish K Saha	Director Works (upto June 30, 2019)

#### c) List of entities over which key management personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year:

##### Name

- (i) Kemp & Company Limited
- (ii) Vibhuti Investments Company Limited

#### d) Trust

- (i) VIP Industries Limited Employees Gratuity Fund Trust
- (ii) VIP Industries Limited Employees Provident Fund Trust

#### e) Disclosure in respect of transactions with related parties during the year:

(₹ in Crores)

Transaction	Year ended	
	March 31, 2020	March 31, 2019
<b>1) Sale of product**</b>		
1. Kemp & Company Limited	1.34	1.29
<b>Total sale of product</b>	<b>1.34</b>	<b>1.29</b>
<b>2) Rent paid</b>		
1. Vibhuti Investments company limited	4.02	1.87
<b>Total reimbursement of expenses (paid)/ recovered</b>	<b>4.02</b>	<b>1.87</b>
<b>3) Deposit paid</b>		
1. Vibhuti Investments company limited	1.96	-
<b>Total deposit repaid</b>	<b>1.96</b>	<b>-</b>
<b>4) Key management personnel compensation</b>		
a) Remuneration***		
1. Mr. Dilip G. Piramal	0.37	1.80
2. Ms. Radhika Piramal	2.56	3.37
3. Mr. Sudip Ghose	2.95	2.63
4. Mr. Ashish Saha	1.66	1.07
b) Commission		
1. Mr. Dilip G. Piramal	-	4.22
2. Ms. Radhika Piramal	-	4.22
<b>Total key management personnel compensation</b>	<b>7.54</b>	<b>17.31</b>
<b>5) Contribution to Trust</b>		
1. VIP Industries Limited Employees Gratuity Fund Trust	4.72	2.78
2. VIP Industries Limited Employees Provident Fund Trust (includes employees share and contribution)	12.48	9.85
<b>Total contribution to trust</b>	<b>17.20</b>	<b>12.63</b>

\*\* Including applicable taxes

\*\*\* Key Management personnel who are under the employment of the group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS-19-'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

f) Disclosure of closing balances: (₹ in Crores)

	As at	
	March 31, 2020	March 31, 2019
<b>1) Trade receivables</b>		
1. Kemp & Company Limited	0.27	0.25
<b>Total trade receivables</b>	<b>0.27</b>	<b>0.25</b>
<b>2) Other current liabilities - commission payable</b>		
1. Mr Dilip G. Piramal	-	4.22
2. Ms. Radhika Piramal	-	4.22
<b>Total other current liabilities - commission payable</b>	<b>-</b>	<b>8.44</b>
<b>3) Non Current Investment</b>		
1. Kemp & Co Limited	0.09	0.12
<b>Total Non Current Investment</b>	<b>0.09</b>	<b>0.12</b>
<b>4) Equity investments in joint ventures</b>		
1. VIP Nitol Industries Limited (net of Provision for diminution in value of investment)#	-	-
<b>Total Equity investments and joint ventures</b>	<b>-</b>	<b>-</b>
<b>5) Loans-Securtiy Deposit</b>		
1. Vibhuti Investments Company Limited	1.96	-
<b>Total Loans- Security Deposit</b>	<b>1.96</b>	<b>-</b>

# During the year 2014 - 2015, an application had been filed for voluntary winding up of VIP Nitol Industries Limited and an application for disinvestment in joint venture had been filed with the Reserve Bank of India. Consequently, disinvestment in joint venture has been taken on record by the Reserve Bank of India on May 28, 2019.

g) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are payable in cash.

**49 Employee Stock Appreciation Rights**

In July 2019 the remuneration committee decided to further grant 170,000 employee stock appreciation rights (ESAR) to designated employees for their contribution to the performance of the group. The rights entitle the employees, equity shares of the group on exercise of the rights. The number of equity shares to be issued shall be determined based on the difference between the base price as per the scheme and the share price on the date of exercise.

The fair value of the ESAR's (Tranche II grant date July 30, 2019) was determined using the Black Scholes model using the following inputs at the grant date

Particulars	Vesting Period				
	Year 1	Year 2	Year 3	Year 4	Year 5
Market Price	<b>364.40</b>	<b>364.40</b>	<b>364.40</b>	<b>364.40</b>	<b>364.40</b>
Expected Life	3.51	4.51	5.51	6.51	7.51
Expected volatility (%)	40.18	40.16	41.66	43.16	43.01
Risk-free interest rate (%)	6.15	6.27	6.37	6.46	6.53
Exercise Price	400	400	400	400	400
Dividend Yield (%)	0.88	0.88	0.88	0.88	0.88

Particulars	Number of Grant
<b>Outstanding at the beginning of the period</b>	<b>220,000</b>
Granted During the year	170,000
Forfeited during the period	55,000
Exercised during the period	-
Expired during the period	-
<b>Outstanding at the end of the period</b>	<b>335,000</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### Expense arising from Employee stock appreciation rights

Total expenses arising from stock based payment transactions recognised in Profit and Loss as part of employee benefit expense were as follows :

	(₹ in Crores)	
	Year ended	
	March 31, 2020	March 31, 2019
Employee stock appreciation rights	1.62	1.31
Carrying amount of liability- included in Employee Stock Appreciation Rights Reserve (Refer note 19)		

### 50 Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	(₹ in Crores)	
	As at	
	March 31, 2020	March 31, 2019
Cash and cash equivalents	6.85	10.81
Liquid investments	40.35	-
Current borrowings	(32.19)	(86.15)
Lease Liabilities	(237.18)	-
<b>Net debt</b>	<b>(222.17)</b>	<b>(75.34)</b>

	Other Assets		Liabilities from financing activities		Total
	Cash and Bank Overdraft	Liquid Investments	Current Borrowings	Lease Liabilities	
<b>Net debt as at April 1, 2018</b>	<b>20.22</b>	<b>71.37</b>	-	-	<b>91.59</b>
Cash Flow	(9.41)	(71.37)	(86.15)	-	(166.93)
<b>Net debt as at March 31, 2019</b>	<b>10.81</b>	-	<b>(86.15)</b>	-	<b>(75.34)</b>
Recognised on adoption of Ind AS 116	-	-	-	(252.33)	(252.33)
Acquisitions – leases	-	-	-	(70.14)	(70.14)
Disposals	-	-	-	37.40	37.40
Interest expense- Leases	-	-	-	(20.29)	(20.29)
Cash Flow	(3.96)	40.35	53.96	68.18	158.53
<b>Net debt as at March 31, 2020</b>	<b>6.85</b>	<b>40.35</b>	<b>(32.19)</b>	<b>(237.18)</b>	<b>(222.17)</b>

- 51 The Exceptional Item disclosed in Statement of profit and loss of ₹ 48.50 Crores relates to loss of property, plant and equipment and inventories that were destroyed due to a fire at the company's regional warehouse at Ghaziabad on April 03, 2019. The company has initiated its insurance claim process and considering the company's insurance policy, it expects the loss to be adequately covered.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

### Note 52: Additional information required by Schedule III

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in Other Comprehensive income		Share in Total Comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
VIP Industries Limited								
March 31, 2020	90	547.02	79	88.73	(166)	(3.33)	75	85.40
March 31, 2019	94	546.59	89	128.81	1,525	(1.22)	88	127.59
<b>Subsidiaries (group's share)</b>								
<b>Foreign</b>								
VIP Industries Bangladesh Private Limited								
March 31, 2020	5	33.46	6	6.43	154	3.09	8	9.52
March 31, 2019	6	32.77	6	8.30	(1,450)	1.16	7	9.46
VIP Industries BD Manufacturing Private Limited								
March 31, 2020	6	36.39	21	23.19	107	2.15	22	25.34
March 31, 2019	2	11.06	7	10.26	38	(0.03)	7	10.23
VIP Luggage BD Private Limited								
March 31, 2020	1	2.72	3	3.46	3	0.05	3	3.51
March 31, 2019	(1)	(0.80)	(1)	(0.77)	-	-	(1)	(0.77)
VIP Accessories BD Private Limited								
March 31, 2020	-	1.09	1	1.33	2	0.05	1	1.38
March 31, 2019	-	(0.29)	-	(0.30)	(13)	0.01	-	(0.29)
Blow Plast Retail Limited								
March 31, 2020	-	0.02	-	*	-	-	-	*
March 31, 2019	-	0.02	-	*	-	-	-	*
Inter-company eliminations and consolidation adjustments								
March 31, 2020	(2)	(10.59)	(10)	(11.41)	-	-	(9)	(11.41)
March 31, 2019	(1)	(7.97)	(1)	(1.03)	-	-	(1)	(1.03)
<b>Total- March 2020</b>	<b>100</b>	<b>610.11</b>	<b>100</b>	<b>111.73</b>	<b>100</b>	<b>2.01</b>	<b>100</b>	<b>113.74</b>
<b>Total- March 2019</b>	<b>100</b>	<b>581.38</b>	<b>100</b>	<b>145.27</b>	<b>100</b>	<b>(0.08)</b>	<b>100</b>	<b>145.19</b>

\*Amount is below the rounding off norm adopted by the group.

### 53 Previous year figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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As per our attached report of even date.

#### For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

#### Alpa Kedia

Partner

Membership Number: 100681

Place: Mumbai

Date: May 26, 2020

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

#### Dilip G. Piramal

Chairman

(DIN: 00032012)

#### Neetu Kashiramka

Chief Financial Officer

Place: Mumbai

Date: May 26, 2020

#### Sudip Ghose

Managing Director

(DIN: 08351249)

#### Anand Daga

Company Secretary

FCS: F5141

## Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

### Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

#### Part A Subsidiaries

(₹ in Crores)

1	Name of the subsidiary	VIP Industries Bangladesh Private Limited	VIP Industries BD Manufacturing Private Limited	VIP Luggage BD Private Limited	VIP Accessories BD Private Limited	Blow Plast Retail Limited
2	The date since when subsidiary was acquired/ incorporated	05-04-2012	28-09-2017	21-03-2018	05-08-2018	23-03-2007
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020
4	Reporting currency	BDT	BDT	BDT	BDT	INR
	Exchange Rate	0.8860 (BDT/INR)	0.8860 (BDT/INR)	0.8860 (BDT/INR)	0.8860 (BDT/INR)	1.00
5	Share capital	8.04	0.01	0.01	0.01	0.05
6	Reserves and surplus	25.41	36.38	2.71	1.08	(0.03)
7	Total Liabilities	33.29	35.82	59.71	4.21	*
8	Total assets	66.74	72.21	62.43	5.3	0.02
9	Investments	-	-	-	-	-
10	Turnover	66.08	114.71	45.26	6.62	-
11	Profit before taxation	9.02	23.19	3.46	1.33	*
12	Provision for taxation	2.59	-	-	-	-
13	Profit after taxation	6.43	23.19	3.46	1.33	*
14	Proposed Dividend	-	-	-	-	-
15	Extent of shareholding (in percentage)	100%	100%	100%	100%	100%

\*Amount is below the rounding off norm adopted by the Company

## Part B Associates and Joint Ventures

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1	Name of Associates or Joint Ventures	NA
2	Latest audited Balance Sheet Date	NA
3	Date on which the Associate or Joint Venture was associated or acquired	NA
4	Shares of Associate or Joint Ventures held by the company on the year end i. Numbers ii. Amount of Investment in Associates or Joint Venture iii. Extent of Holding (in percentage)	NA
5	Description of how there is significant influence Reason why the associate/joint venture is not consolidated Net worth attributable to shareholding as per latest audited Balance Sheet Profit or Loss for the year Considered in Consolidation Not Considered in Consolidation	NA

Note: During the year 2014 - 2015, an application had been filed for voluntary winding up of VIP Nitol Industries Limited and an application for disinvestment in joint venture had been filed with the Reserve Bank of India. Consequently, disinvestment in joint venture has been taken on record by the Reserve Bank of India on May 28, 2019. Hence the above disclosure is not applicable.

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

**Dilip G. Piramal**  
Chairman  
(DIN : 00032012)

**Sudip Ghose**  
Managing Director  
(DIN : 08351249)

**Neetu Kashiramka**  
Chief Financial Officer

**Place: Mumbai**  
**Date: May 26, 2020**

**Anand Daga**  
Company Secretary  
FCS: F5141







## CONSOLIDATED FINANCIALS - 5 YEAR HIGHLIGHTS

(₹ in Crores)

Description	IND AS			IGAAP	
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
<b>A. STATEMENT OF PROFIT &amp; LOSS</b>					
Revenue from operations	1,718.32	1,784.66	1,416.34	1,282.57	1,234.25
Earning Before Interest, Depreciation & Tax (EBIDTA)	303.78	233.04	202.68	139.89	110.47
Depreciation and amortisation expense	83.87	16.61	12.85	13.61	14.18
Interest and Finance Cost	23.00	1.49	0.30	0.68	1.18
Profit before tax and Exceptional/Extraordinary Items	196.91	214.94	189.53	125.60	95.11
Exceptional/Extraordinary Items- Expense	48.50	-	-	-	-
Tax Expense	36.68	69.67	62.78	40.39	28.65
Profit After Tax (PAT)	111.73	145.27	126.75	85.21	66.46
*Dividend (Including Proposed dividend and dividend distribution tax)	54.49	54.30	50.80	40.45	34.02
<b>B. BALANCE SHEET</b>					
<b>Assets Employed:</b>					
Fixed Assets (Net)	366.75	122.49	80.24	61.63	67.65
Investments	0.42	0.77	71.87	68.27	0.01
Net assets (Current and Non Current)	268.39	539.34	331.58	272.75	281.82
Deferred Tax Assets/(Liabilities) (Net)	6.74	4.93	5.40	5.25	4.11
	642.30	667.53	489.09	407.90	353.59
<b>Financed by:</b>					
Net Worth	610.11	581.38	489.09	407.90	339.31
Loan Funds	32.19	86.15	-	-	14.28
	642.30	667.53	489.09	407.90	353.59
<b>C. KEY RATIOS / PERCENTAGES</b>					
EBIDTA/Revenue from operations%	17.68	13.06	14.31	10.91	8.95
Profit before Tax and Exceptional Items /Revenue from operations %	11.46	12.04	13.38	9.79	7.71
Profit after Tax/Net Worth (RONW) %	18.31	24.99	25.92	20.89	19.59
Return on Capital Employed (ROCE) %	19.71	25.29	28.31	22.50	19.49
Earnings per Equity share (Rs) (EPS)	7.91	10.28	8.97	6.03	4.70
Book Value per share (₹)	43.17	41.14	34.61	28.86	24.01
Revenue from operations/ Fixed assets (Net)	4.69	14.57	17.65	20.81	18.24
Current Ratio %	1.89	1.91	2.42	2.71	2.05
Receivables (Days)	60	49	38	38	39
Inventory (Days)	222	170	156	154	142
Dividend including Proposed dividend and dividend distribution tax as % of PAT	49	37*	40*	48*	51
Dividend including Proposed dividend %	160	160*	150*	120*	100

Note: \* Includes proposed final dividend and dividend distribution tax thereon and will be accounted for as and when declared by the Company.

[www.vipindustries.co.in](http://www.vipindustries.co.in)