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CARLTON



VIP INDUSTRIES LIMITED

49th ANNUAL REPORT 2015-16



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STANDALONE FINANCIALS - 5 YEAR HIGHLIGHTS

(₹ in Crores)

Description	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
A. STATEMENT OF PROFIT & LOSS					
Sales (Income from operations)	1,216.45	1,047.69	972.82	837.66	827.09
EBIDTA	105.33	79.00	83.59	70.30	120.19
Depreciation	12.09	15.28	17.05	19.80	17.29
Interest	1.18	1.28	1.80	5.14	6.94
Profit before tax and Exceptional/Extraordinary Items	92.06	62.44	64.74	45.36	95.96
Exceptional/Extraordinary Items- Expense/(Income)	-	(4.32)	(15.76)	-	-
Tax Expense	28.65	18.90	22.11	13.84	28.27
Profit After Tax (PAT)	63.41	47.86	58.39	31.52	67.69
Dividend (Including dividend distribution tax)	34.02	25.49	28.11	16.53	26.28
B. BALANCE SHEET					
Assets Employed:					
Fixed Assets (Net)	52.70	56.53	68.40	78.42	83.64
Investments	20.17	18.26	9.55	3.55	0.36
Net assets (Current and Non Current)	273.57	260.14	224.44	216.23	244.56
	346.44	334.93	302.39	298.20	328.56
Financed by:					
Net Worth	336.35	307.00	287.75	257.52	242.58
Loan Funds	14.20	31.03	16.08	39.98	84.15
Deferred Tax Liabilities/(Assets) (Net)	(4.11)	(3.10)	(1.44)	0.70	1.83
	346.44	334.93	302.39	298.20	328.56
C. KEY RATIOS / PERCENTAGES					
EBIDTA/Sales %	8.66	7.54	8.59	8.39	14.53
Profit before Tax and Exceptional Items /Sales %	7.57	5.96	6.65	5.41	11.60
Profit after Tax/Net Worth (RONW) %	18.85	15.59	20.29	12.24	27.91
Return on Capital Employed (ROCE) %	18.85	15.31	19.88	11.20	23.21
Earnings per Equity share (₹) (EPS) including Extraordinary items	4.49	3.39	4.13	2.23	4.79
Book Value per share (₹)	23.80	21.72	20.36	18.22	17.17
Sales/ Fixed assets (Net)	23.09	18.53	14.22	10.68	9.89
Current Ratio %	2.00	2.08	2.11	1.98	1.73
Receivables (Days)	39	36	37	50	58
Inventory (Days)	135	124	109	119	116
Dividend including dividend distribution tax as % of PAT	54%	53%	48%	52%	39%
Dividend %	100%	75%	85%	50%	80%

Note: The Earnings per equity share and Book value per share for previous years is calculated considering the revised no of Shares after the split for comparison.

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BOARD OF DIRECTORS

Dilip G. Piramal (Chairman)	G. L. Mirchandani
Radhika Piramal (Managing Director)	Nabankur Gupta
Ashish K. Saha (Director – Works)	Rajeev Gupta
D. K. Poddar	Amit Jatia
Vijay Kalantri	

CHIEF FINANCIAL OFFICER

Jogendra Sethi

STATUTORY AUDITORS

M/s. M. L. Bhuwania & Co.,
Chartered Accountants
(for the Financial year 2015-16)
M/s. Price Waterhouse Chartered Accountants LLP
(proposed for Financial year 2016-17)

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

78 – A, MIDC Estate, Satpur,
Nashik – 422007, Maharashtra
Tel.: +91-253-2406700
Fax: +91-253-2350756
CIN L25200MH1968PLC013914
Website : www.vipindustries.co.in

FACTORIES

Nashik – 78 – A, MIDC Estate, Satpur, Nashik – 422007, Maharashtra
Sinnar – A-7, MIDC, Sinnar – 422103, Maharashtra
Haridwar – Plot No. 8, Sector 12, SIDCUL Area, Haridwar – 249403, Uttarakhand
Nagpur – L-4, MIDC, Hingna, Nagpur – 440016, Maharashtra
Paithan – D-4, Paithan Industrial Area, MIDC, Paithan – 431107, Maharashtra

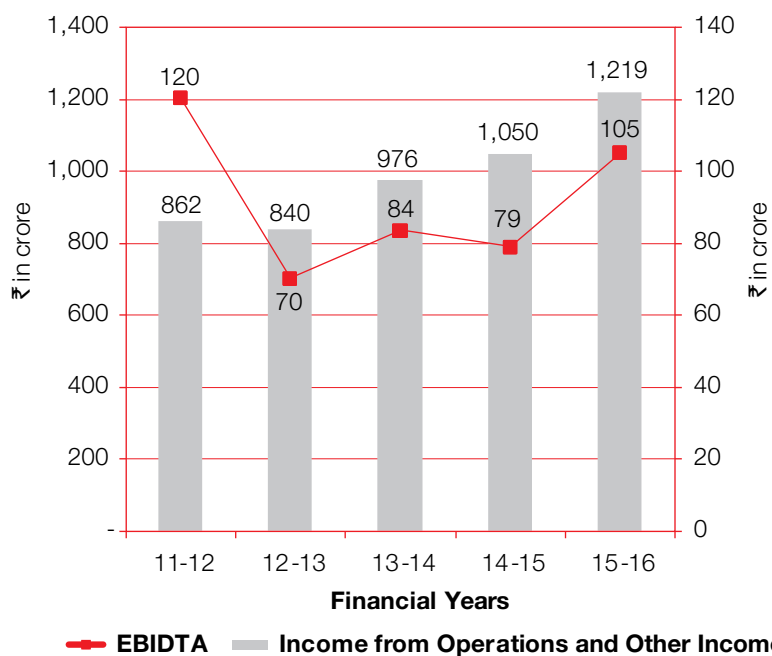
INVESTORS' SERVICES DEPARTMENT

DGP House, 5th Floor, 88 C, Old Prabhadevi Road, Mumbai – 400025, Maharashtra
Tel : +91-22-6653 9000, Fax : +91-22-6653 9089 Email: investor-help@vipbags.com

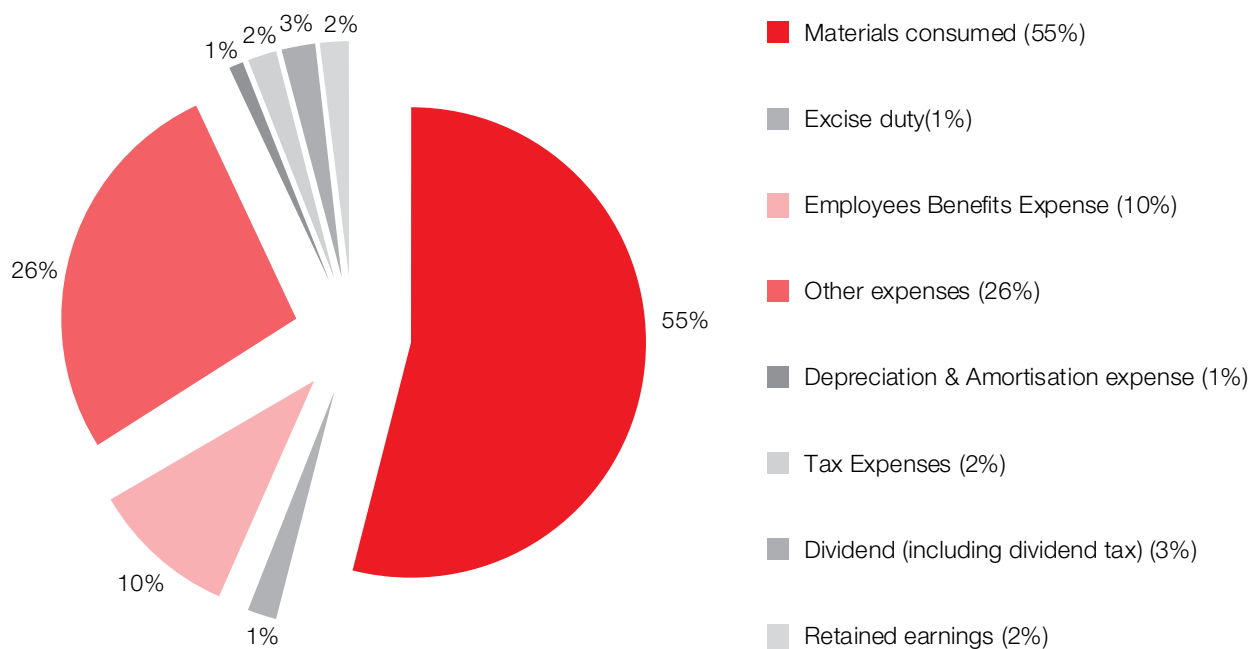
REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078, Maharashtra
Tel : +91-22-2596 3838, Fax : +91-22-2594 6969 Email: helpline@linkintime.co.in

Income from operations and other Income vs EBIDTA



Distribution of Earnings 2015-16



NOTICE is hereby given that the Forty Ninth Annual General Meeting of the Members of V.I.P. INDUSTRIES LIMITED will be held at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik-422 007, Maharashtra on Thursday, 28th July, 2016 at 3.00 p.m. 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 31st March, 2016 together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of interim dividend on equity shares for the financial year 2015-16.
3. To declare final dividend on equity shares for the financial year 2015-16.
4. To appoint a Director in place of Ms. Radhika Piramal (DIN- 02105221), who retires by rotation and being eligible, seeks re-appointment.
5. To appoint Statutory Auditors of the Company for a period of five years to hold office from the conclusion of this Meeting till the conclusion of 54th Annual General Meeting (AGM) to be held for the financial year 2020-21 and to fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder and pursuant to the recommendations of the Audit Committee, M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants having Registration No. 012754N/N500016, be and are hereby appointed as the Statutory Auditors of the Company for a term of five years from the conclusion of this Meeting till the conclusion of 54th AGM to be held for the financial year 2020-21, subject to ratification of appointment by Members at every AGM and that the Board of Directors of the Company be and are hereby authorized to fix their remuneration for the financial year 2016-17 in addition to the reimbursement of actual out of pocket expenses as may be incurred by them in the performance of their duties."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or enactment(s) thereof for the time being in force, consent of the Company be and is hereby accorded to keep the Register and Index of Members, Register and Index of Debenture Holders and copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents required to be annexed thereto or any other documents as may be required, at the Corporate Office of the Company at 5th Floor, DGP House, 88 C, Old Prabhadevi Road, Mumbai- 400025 or at the office of the Registrar and Share Transfer Agent (RTA) of the Company viz. Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400078 or at such other office or place within the city of Mumbai with effect from 28th July, 2016 instead of the Registered Office of the Company.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof of the Company be and are hereby authorized to do all such things and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto."

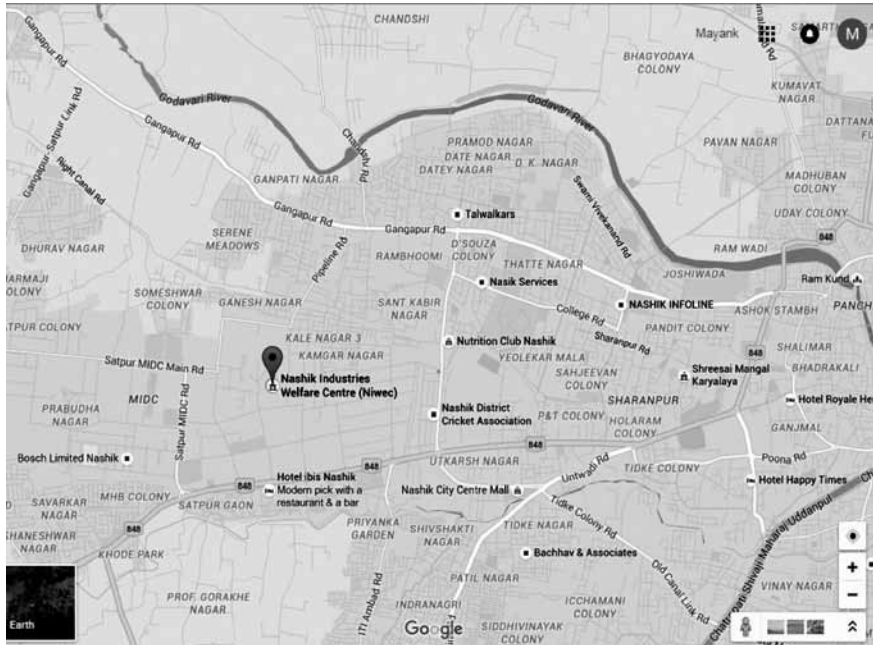
By Order of the Board of Directors

Radhika Piramal
Managing Director
(DIN- 02105221)

Place : Mumbai
 Dated : 25th May, 2016

Registered Office:
 78-A, MIDC Estate, Satpur,
 Nashik – 422007.

Route Map to venue of AGM as per the requirements of Secretarial Standards (SS-2)



Landmark: MIDC Pumping Station

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

ITEM No. 6

The Register of Members and other Registers>Returns under Section 94 of the Companies Act, 2013 is presently required to be maintained at the registered office. In terms of proviso to Section 94(1) and Rule 5(2) of the Companies (Management and Administration) Rules, 2014, Register and Index of Members, Register and Index of Debenture Holders and copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents required to be annexed thereto or any other documents as may be required to be maintained at the registered office can be maintained at any other place in India, in which more than One-tenth of the total members reside, if so authorized by way of a special resolution. As substantial number of shareholders of the Company are in Mumbai and the Company has its Corporate Office in Mumbai, It is proposed to keep the Register of Members and other Registers>Returns at the Company's Corporate office at 5th Floor, DGP House, 88 C, Old Prabhadevi Road, Mumbai- 400025 or at the office of the Registrar and Share Transfer Agent (RTA) of the Company viz. Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400078 or at such other office or place within the city of Mumbai. Accordingly, consent of the members is sought for approving the Special Reolution as set out at item No. 6.

Your Directors recommend the resolution for your approval. None of the Director, Key Managerial Personnel or their relatives are in any way concerned or interested in passing this Resolution.

By Order of the Board of Directors

Radhika Piramal
Managing Director
(DIN- 02105221)

Place : Mumbai
 Dated : 25th May, 2016

Registered Office:
 78-A, MIDC Estate, Satpur,
 Nashik – 422007.

NOTES:

(a) The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under item No. 6 as set out under special business of the Notice and the details in respect of the Director proposed to be re-appointed at the Annual General Meeting are annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours (i.e. by 3.00 p.m. on 26th July, 2016) before the commencement of the meeting. A Proxy form is annexed to this report.

(c) Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on behalf of the Company.

(d) Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Books of the Company will be closed from Monday, 18th July, 2016 to Thursday, 28th July, 2016 (both days inclusive) for the purpose of payment of final dividend.

(e) The dividend as recommended by the Board of Directors, if approved by the Members at the ensuing AGM will be paid on or after 2nd August, 2016 as under:

i) to Members holding shares in physical form, whose names appear in the Company's Register of Members as on 28th July, 2016.

ii) to Beneficial Owners, whose names appear in the beneficial owners list to be furnished for this purpose by the National Securities Depository Limited and the Central Depository Services (India) Limited as on the close of business hours on 17th July, 2016.

(f) Members desirous of obtaining any information in respect of Annual Accounts and operations of the Company are requested to write to the Company at least one week before the Meeting, to enable the Company to make available the required information at the Meeting.

(g) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, (Unit - V.I.P. Industries Limited), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078, Tel. No.: +91-22-2596 3838, Fax No.: +91-22-2594 6969 (RTA).

(h) Electronic copy of the Annual Report for the year 2015-16 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2015-16 are being sent through the permitted mode.

(i) The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA) has allowed companies to send official documents to their shareholders electronically. The Company has already started sending documents like Notice convening the general meetings, Directors' Report, Auditors' Report, Financial Statements etc to the email address provided by Members with their depositories.

The Company requests the Members to expeditiously update their email address with their respective depository participant or the RTA to ensure that the annual report and other documents reach them on their preferred email.

Those members who have shares in physical form are requested to expeditiously inform their email address to the Company at DGP House, 5th Floor, 88-C, Old Prabhadevi Road, Mumbai-400025, Tel.: +91-22-6653 9000 Fax: +91-22-6653 9089 Email: investor-help@vipbags.com or the Company's RTA.

(j) In case of joint shareholders attending the meeting, only such joint shareholder whose name appears higher in order of names as mentioned in the Register of Members of the Company will be entitled to vote.

NOTICE

- (k) Members are requested to notify immediately, any change in their address registered with the Company or to the RTA for equity shares held in physical form and to their respective Depository Participants (DPs) in respect of equity shares held in electronic form.
- (l) Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their share(s) in the Company, shall vest after his/ her/their lifetime. Members who are holding share(s) in physical form and are interested in availing this nomination facility are requested to write to the Company or the Company's RTA and those Members who are holding share(s) in electronic form, are requested to write to their respective Depository Participants (DPs).
- (m) Consequent to Sections 124 and 125 of the Companies Act, 2013, the amount remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. As stipulated by the Ministry of Corporate Affairs (MCA) through its various circulars, the Company has uploaded, on its website as also on the website of the MCA, the information regarding unpaid and unclaimed amount of dividend, fixed deposit and interest accrued thereon, lying with the Company upto the financial year ended 31st March, 2015 updated till the date of 48th AGM i.e. 24th July, 2015. Members who have not yet encashed their dividend warrants for the years 2008-2009 onwards are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year 2008-09 is due for transfer to the Fund on 30th September, 2016.
- (n) In order to render better and efficient services, Members are requested to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable for the same. In case any Member(s) decide to consolidate his/her/their folios, he/ she/they is/are requested to forward his/her/their share certificates, along with a request letter, to the Company or the Company's RTA.
- (o) Electronic copy of the Notice of the 49th AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 49th AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is annexed to this report.

Members may also note that the Notice of the 49th AGM and the Annual Report for 2015–16 will also be available on the Company's website www.vipindustries.co.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on any working day except Saturdays, upto the date of the 49th AGM of the Company.

- (p) In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies Management and Administration, Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to its Members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services Limited (CDSL). The facility for voting through ballot paper will be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are given below.

The instructions for shareholders voting electronically are as under:

- (i) The "cut-off-date" for determining the eligibility for voting either through electronic voting system or ballot is fixed as Thursday the 21st July, 2016. The voting period begins on 25th July, 2016 at 9.00 a.m. and ends on 27th July, 2016 at 5.00 p.m. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. In case the shareholder(s) cast their votes through both the modes, votes casted by remote e-voting shall prevail and votes casted through Ballot form shall be treated as invalid.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.

- (iv) Now Enter your User ID
 - a. For the shareholders holding shares with CDSL: 16 digits beneficiary ID,
 - b. For the shareholders holding shares with NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number as it is registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use sequence number (as printed on the label on the envelope) in the PAN field.
Dividend Bank Details OR Date of Birth	Enter the Dividend Bank Details or DOB (dd/mm/yyyy) as recorded in your demat account or in the Company records in order to login. * If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

NOTICE

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (q) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 21st July, 2016.
- (r) Those shareholders who have become the shareholders after 24th June, 2016 the cut-off date for sending the Annual Report may refer to the Notice which is available on the Company's website www.vipindustries.co.in and also on the website of CDSL i.e. www.evotingindia.com.
- (s) Ms. Ragini Chokshi, Company Secretary in practice (Membership No. 2390) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (t) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (u) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.vipindustries.co.in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
- (v) As an austerity measure, copies of Annual Report will not be distributed at the AGM. Members are requested to bring their own copies to the Meeting.
- (w) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

DETAILS OF THE DIRECTOR /WHOLE-TIME DIRECTOR (Managing Director) SEEKING RE-APPOINTMENT

	Director seeking re-appointment
Name of the Director	Ms. Radhika Piramal
Date of Birth	27.05.1978
Date of Appointment	13.07.2009
Qualification	Graduate from Oxford University and MBA from the Harvard Business School
Experience in special functional area	Industrialist with rich business experience
Chairman / Director of other companies	1. DGP Securities Limited 2. Blow Plast Retail Limited 3. Kiddy Plast Limited 4. Mirc Electronics Limited
Chairman/ Member of Committees of other Companies	1. Mirc Electronics Limited. - Audit Committee
No. of shares held in the Company	2,22,000

Your Directors are pleased to present the 49th Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Revenue from operations and other income	1218.75	1050.29
Gross profit before depreciation and amortisation expenses, exceptional items, finance cost and Tax expenses	105.33	79.00
Finance cost	1.18	1.28
Depreciation and Amortisation expenses	12.09	15.28
Profit before exceptional items and tax	92.06	62.44
Exceptional items - Income	-	4.32
Profit before tax after exceptional items	92.06	66.76
Tax expenses	28.65	18.90
Profit for the year	63.41	47.86
Profit brought forward from previous year	36.11	36.11
Appropriations		
Transferred to general reserve	-	22.37
Interim Dividend	8.48	7.07
Proposed Dividend	19.79	14.13
Tax on Dividend	5.75	4.29
Balance carried forward to Balance Sheet	65.50	36.11

OVERALL PERFORMANCE AND OUTLOOK

During the financial year ended 31st March, 2016, revenue from Operations & Other Income was ₹1218.75 crores as against ₹ 1050.29 crores during previous year, registering a growth of 16%. Profit before exceptional items and tax was at ₹ 92.06 crores as against ₹ 62.44 crores in the previous year. Profit after Tax for the year under review was at ₹ 63.41 crores against ₹ 47.86 crores in the previous year. As on 31st March, 2016, Reserves and Surplus of your Company were at ₹308.09 crores.

Your Directors confirm that there has been no material change and commitments affecting the financial position of your Company occurred between the end of the financial year to which the Financial Statements relate and the date of this Annual Report.

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

DIVIDEND

Your Directors are pleased to recommend for your consideration, a final dividend of ₹ 1.40 (One Rupee and Forty Paise only) per equity share of ₹ 2 each (previous year ₹ 1 per equity share of ₹ 2 each) for the financial year 2015-16. Your Company had paid in February, 2016, an interim dividend of ₹ 0.60 (Sixty paise only) per equity share of ₹ 2 each for the financial year 2015-16. Accordingly, the total dividend declared/recommended by your Company for the financial year 2015-16 is ₹ 2 (Rupees Two only) per equity share of ₹ 2 each (previous year ₹ 1.50 per equity share of ₹ 2 each). Your Company proposes a higher dividend compared to previous year as your Company has earned a good profit during the financial year 2015-16.

EXPORTS AND INTERNATIONAL OPERATIONS

Due to subdued market conditions in UK, Europe and Asia Pacific, the International Business of the Company declined during the year. While sale of private label business has grown, branded goods sales declined in select geographies in Europe.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- the applicable accounting standards have been followed in the preparation of the annual accounts along with proper explanation relating to material departures;
- such accounting policies have been 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 31st March, 2016 and of the profit and loss of your Company for the financial year ended 31st March, 2016;

DIRECTORS' REPORT

- (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 your Company and for preventing and detecting fraud and other irregularities;
- (d) annual accounts for the financial year ended 31st March, 2016 have been prepared on a 'Going Concern' basis.
- (e) internal financial controls have been followed by your Company which are adequate and operating effectively.
- (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.

MANAGEMENT DISCUSSION & ANALYSIS REPORT, SECRETARIAL AUDIT REPORT AND REPORT ON CORPORATE GOVERNANCE

As provided under Section 134 of the Companies Act, 2013 and Rules framed thereunder and pursuant to Regulation 34(2) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, along with the Management Discussion and Analysis Report, the Report on Corporate Governance and the Certificate in respect of compliance of requirements of Corporate Governance, Secretarial Audit Report and other reports and information are annexed to this Report and forms part of this Annual Report.

SUBSIDIARIES

The Consolidated Financial Statements of your Company include the financial results of VIP Industries Bangladesh Private Limited and Blow Plast Retail Limited for the financial year 2015-16. The annual accounts of VIP Industries Bangladesh Private Limited and Blow Plast Retail Limited are available for inspection by any Member at the Registered Office of your Company, during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, upto the date of Annual General Meeting of the Company, a copy of which can also be sought by any Member on making a written request to the Secretarial Department of your Company in this regard.

INSURANCE

All the assets of your Company including Plant & Machinery, Buildings and Equipment are adequately insured.

DEPOSITORY

Your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

ELECTRONIC VOTING

Your Company has entered into an agreement with NSDL and CDSL for providing facility of e-voting to its shareholders. For the year 2015-16 your Company has availed services of CDSL for providing facility of remote e-voting to its shareholders for casting their vote electronically.

PUBLIC DEPOSITS

During the year under review your Company has not accepted any deposits. Your Company does not have any unclaimed deposit as at 31st March, 2016.

DIRECTORS

Ms. Radhika Piramal, Managing Director of your Company retires by rotation and being eligible offers herself for re-appointment.

BOARD EVALUATION

Pursuant to Section 134(3) of the Act read with Schedule IV thereto and in terms of Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has set up a policy for the performance evaluation of all Directors, which is available on the website of your Company.

The Board of Directors has put in place a process to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis. Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out during the financial year 2015-16.

Performance of each of your Directors is evaluated on the basis of several factors by the entire Board excluding the Director being evaluated. Your Company has also set up Performance Evaluation Policy for its Independent Directors and Executive Directors inter-alia which includes independent view on Key appointments and strategy formulation, safeguard of stakeholders interest, raising concerns, if any to the Board, updation of skills and knowledge, strategic planning for finance and business related, operational performance level of the Company, qualification and leadership skills. The Board of Directors of your Company discusses and analyses its own performance on an annual basis, together with suggestion for improvements thereon based on the performance objectives set for the Board as a whole. The Board approved the evaluation results. Your Company has formulated a separate Evaluation Policy for its Board members, which is available on the website of your Company.

None of the independent directors are due for re-appointment

TRAINING OF INDEPENDENT DIRECTORS

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.

Every new independent director of the Board attends 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.

Further at the time of appointment of an independent director, your Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The format of letter of appointment is available on the website of your Company. Your Company has set up a separate Familiarisation program for newly appointed Independent Directors and the same is available on the website of your Company.

CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS/ MANAGEMENT PERSONNEL

The Code of Business Conduct and Ethics for Directors/Management Personnel ('the Code'), as adopted by the Board, is a comprehensive Code applicable to Directors and Senior Management Personnel of your Company. The Code, while laying down in detail, the standards of business conduct and ethics also deals with governance aspects. A copy of the Code has been uploaded on your Company's website www.vipindustries.co.in. The Code has been circulated to Directors and Senior Management Personnel and its compliance is affirmed by them regularly on an annual basis.

A declaration signed by your Company's Managing Director is published in this Report.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

Your Company's Board of Directors met four times during the financial year under review. A calendar of Meetings is prepared and circulated in advance to your Directors. During the year under report, four Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of your Company are Ms. Radhika Piramal, Managing Director and Mr. Jogendra Sethi, Chief Financial Officer. Mr. Shreyas Trivedi designated as General Manager- Legal & Company Secretary has resigned w.e.f. 29th April, 2016 and therefore ceases to be a Key Managerial Personnel of the Company appointed in terms of Section 203 of the Companies Act, 2013.

AUDITORS

Statutory Auditors

The tenure of M/s. M.L.Bhuwania & Co., Chartered Accountants, is completing at the forthcoming Annual General Meeting. Pursuant to completion of the term of M/s. M.L.Bhuwania & Co., the Board on the recommendation of Audit Committee proposes to appoint M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants, bearing Firm Registration No. 012754N/N500016 as the Statutory Auditors of your Company for a term of 5 years commencing from the conclusion of 49th Annual General Meeting till the conclusion of 54th Annual General Meeting subject to ratification by Members in each Annual General Meeting. As required under the provisions of Section 139 and Section 141 of the Companies Act, 2013, your Company has received a written certificate from the Statutory Auditors proposed to be appointed, to the effect that their appointment, if made, would be in conformity with the limits specified in the said Section.

DIRECTORS' REPORT

The Report Received from M/s. M.L. Bhuwania & Co. for the financial year 2015-16 does not contain any qualifications, reservations or adverse remarks.

A proposal seeking appointment of M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants, as the statutory Auditor of your Company is provided as a part of the Notice convening the ensuing Annual General Meeting.

Internal Auditors

M/s. Suresh Surana & Associates LLP, Chartered Accountants, was the Internal Auditors of your Company for the financial year 2015-16. Based on the recommendation of the Audit Committee of your Company, the Board of Directors of your Company has re-appointed M/s. Suresh Surana & Associates LLP, Chartered Accountants, as the Internal Auditors of your Company for the financial year 2016-17.

Secretarial Auditors

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., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of your Company for the financial year 2016-17. The Secretarial Audit Report for the financial year 2015-16 forms part of this Annual Report and is appended as Annexure 'B' to the Board's report.

The Report does not contain any qualifications, reservations or adverse remarks.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) expenditure incurred by your Company during the financial year 2015-16 was ₹ 1.20 crores which was higher than the statutory requirement of 2% of the average profit for the last three financial years.

The CSR initiatives of your Company and various activities undertaken in this regard are detailed in Annexure 'C'.

The annual report on CSR activities undertaken during the financial year 2015-16 is in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and is appended as Annexure 'C' to this Report.

VIGIL MECHANISM

Your Company has established a Vigil Mechanism Policy for your Directors and employees to safeguard against victimisation of persons who use vigil mechanism and report genuine concerns. The Audit Committee oversees the vigil mechanism complaints. During the year, complaints are received under vigil mechanism policy and necessary actions are being taken as per policy.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). During the year, no complaints with allegations of sexual harassment has been received by ICC.

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.

MATERIAL SUBSIDIARIES

Your Company has established a Policy for determining Material Subsidiaries and the same is available on the website of your Company viz. www.vipindustries.co.in

RELATED PARTY TRANSACTIONS

Your Company has established a Policy for determining related party transactions. The Audit Committee oversees the related party transactions. The Related Party Transaction Policy is available on the website of your Company.

None of the transactions with any of related parties were in conflict with your Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 32 of Standalone Financial Statements, forming part of the Annual Report.

Your Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialisation and your Company's long-term strategy and capital resources of subsidiaries and associates.

All related party transactions are negotiated on arms length basis and are intended to further your Company's interests.

PARTICULARS OF EMPLOYEES & EMPLOYEE STOCK OPTION SCHEME

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 at the registered office of your Company during working hours 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.

During the year under review, no fresh stock options have been granted by your Company. Accordingly, no new equity shares have been allotted under the Employee Stock Option Scheme of your Company. Hence, no disclosure under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 have been made during the year under review.

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.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125 of the Companies Act, 2013, any unclaimed or unpaid Dividend relating to the financial year 2008-09 is due for remittance to the Investor Education and Protection Fund established by the Central Government on 30th September, 2016.

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

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in the prescribed Form MGT-9 is annexed herewith as Annexure 'D'.

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:

Sr. No	Name	Designation	Remuneration paid for the Financial Year 2015-16 (Amount in ₹)
1	Mr. Dilip G. Piramal	Chairman	1,97,06,800
2	Ms. Radhika Piramal	Managing Director	2,58,28,578
3	Mr. Ashish K Saha	Director - Works	64,83,248
4.	Mr. Jogendra Sethi	Chief Financial Officer	1,20,30,825
5.	Mr. Shreyas Trivedi	General Manager - Legal & Company Secretary	43,42,940

1. A brief write up on the Human Resource Department and initiatives taken during the year 2015-16

The Human Resources department of your Company has effectively partnered the business in the year under review to register good growth in line with the Company's targets. Through structured Human Resource processes your Company has been able to attract and retain the right talent at all levels.

The Company embarked on a journey last year to become a Great Place to Work where employees trust the Company they work for, take pride in what they do and enjoy the company of the people they work with. The Company strongly believes that an engaged workforce is critical in achieving its business goals and building a sustainable organization. Under this initiative, over the last one year your Company did considerable work around Rewards & Recognition, Training & Development, Compensation & Benefits and Work Life Balance. A positive work environment, employee driven initiatives and exciting career prospects have helped keep attrition under control, inspite of aggressive external market factors.

Your Company had been in a long drawn dispute with workers over the retirement age in your Company being 56 years and the matter was referred to Industrial Tribunal, Nashik. The court has given the ruling in your Company's favour.

The employee strength as on 31st March, 2016 is 2744.

DIRECTORS' REPORT

2. Your Directors' Remuneration (including commission and variable pay) to the median remuneration of the employees of your Company for the year 2015-16 was as under:

Director's Name	Ratio of remuneration of each Director to the median employees' remuneration
Mr. Dilip G. Piramal	90X
Ms. Radhika Piramal	117X
Mr. Ashish K. Saha	29X

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

Name	Designation	Increase
Mr. Dilip G. Piramal	Chairman	15.88%
Ms. Radhika Piramal	Managing Director	28.66%
Mr. Ashish K. Saha	Director – Works	6.59 %
Mr. Jogendra Sethi	Chief Financial Officer	9.51%
Mr. Shreyas Trivedi	General Manager – Legal & Company Secretary	5.21%

4. The percentage increase in the median remuneration of employees for the financial year 2015–16 is at 14.47%. The percentage increase in the median remuneration is calculated for comparable employees and does not include employees who were not eligible.
5. Your Company considered the following factors while recommending increase in the compensation.
1. Financial performance of the Company.
 2. Sales growth of your Company during the year under review.
 3. Salary Benchmarking against peer companies.
 4. Industry benchmarks.
6. Your Company provided an average increase in remuneration of 13.17% to Key Managerial Personnel against an overall average increase in median salaries of 14.47%.
7. The comparison of remuneration of each of the Key Managerial Personnel against the performance of your Company is as below:
Managing Director: 4.07% of net profits for the year 2015-16.
Chief Financial Officer: 1.90% of net profits for the year 2015-16.
General Manager – Legal & Company Secretary: 0.68% of net profits for the year 2015-16.
8. The variable payout for Directors is linked with the Company performance as well as individual performance. In the year 2015–16, your Company had met the profitability targets, hence the Company linked variable pay was paid.
9. There are no employees of your Company who receive remuneration in excess of the highest paid Director of the Company.

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 'A' as attached to this report.

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

DILIP G. PIRAMAL
Chairman
(DIN No 00032012)

Place: Mumbai

Dated: 25th May, 2016

ANNEXURE – A

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:
- Timer control system installed for lighting at plastic processing shops.
 - Replacement of motorized sheet cutter unit with hydraulic shearing machine.
 - Improved the power factor and thereby reduced the maximum demand by 50 KVA of the plant.
 - Optimisation of plant utility usage like cooling tower , air compressor & street lighting.
 - Replacement of outdated & Old Air Compressor with modern Energy Efficient Compressor.
 - Consolidation of Extruder & all Vacuum forming machines at one Shed and synchronization of load of compressors.

(B) TECHNOLOGY ABSORPTION:

- a) Research and Development (R&D):
- i) Specific areas in which R&D carried out by your Company:
- REACH compliance and compliance of regulation for Cadmium, Phthalates, PAH & SCCP in PC and PP luggage's.
 - In-house development of Plastic logos.
 - Indigenization of Zippered locks.
 - Indigenization of PC Roller texturing facility.
 - Development of light weight & low cost wheels, handle & Trolley.
 - Indigenization of T-Die, Gear pump and roller temperature of extrusion machine.
 - Development of a test ramp for straight wheel test of 4 wheel luggage.
- ii) Benefits derived as a result of above R&D:
- World Class products offered to consumers at low price considering durability & reliability.
 - Increased potential for OEM orders.
- iii) Future plan of action:
- Research on polymeric materials, blends and finishes.
 - Alternate material development for luggage shells.
 - Development of light weight luggage.
- iv) Expenditure on R&D: (Amount ₹. in Crores)
- | | |
|-----------|------|
| Recurring | 1.39 |
|-----------|------|
- R & D expenditure as a percentage of total turnover is 0.11%
- b) Technology Absorption, Adaption and Innovation:
- i) Efforts taken for technology absorption, adaption and innovation:
- Technology absorption from:
- Technical Journals.
 - Training of personnel on powerful CAD/CAM tools.
 - National and International exhibitions / seminars.

- Joint projects with major raw material suppliers to develop innovative technology.
 - Training on safety & 'poka yoke' in tools and process to avoid accidents.
 - Information from internet.
- ii) Benefits derived as a result of the above efforts:
- Enhancement of value to customer.
 - Manufacturing of large moulds in-house of International quality, specific to customer requirements.
 - 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	2 station vacuum forming facility	2014	Yes	-
2	Multilayer extrusion in PC	2014	Yes	-

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during the year:

(Amount ₹ in Crores)

Used	428.71
Earned	87.24

By Order of the Board of Directors

Place : Mumbai
Dated : 25th May, 2016

DILIP G. PIRAMAL
Chairman

FORM No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE PERIOD 01-04-2015 TO 31-03-2016

To,
The Members
VIP INDUSTRIES LIMITED
78-A MIDC Estate Satpur,
Nasik-422007
Maharashtra

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VIP 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 1st April, 2015 to 31st March, 2016, 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 period 1st April, 2015 to 31st March, 2016 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 the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable)
- (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period); presently (Share Based Employees Benefits) Regulations, 2014.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (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.
 - (g) The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

(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.

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 and other local municipal Authorities & Act framed thereunder
3. Legal Metrology Act, 2009
4. Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices (Amendment) Act, 1997
5. Negotiable Instruments Act, 1881
6. Works Contract rules, 2007
7. Industrial Disputes Act, 1947
8. Employee State Insurance Act
9. Environment (Protection) Act, 1986
10. Water (Prevention and Control of Pollution) Act, 1981
11. Air (Prevention and Control of Pollution) Act, 1974
12. Hazardous Waste (Management and handling) Rules, 1989
13. Minimum Wages Act, 1948

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 the 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.

For Ragini Chokshi & Associates.

Mrs. Ragini Chokshi
C.P.NO. 1436
FCS NO. 2390

Place: Mumbai
Date: May 25, 2016.

ANNEXURE – C

ANNUAL REPORT ON CSR ACTIVITIES

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

VIP 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. The Company endeavors to make CSR a key business process for sustainable development. The Company undertakes various activities relating to:

- (i) eradicating extreme hunger and poverty;
- (ii) promotion of education;
- (iii) promoting gender equality and empowering women;
- (iv) reducing child mortality and improving maternal health;
- (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vi) ensuring environmental sustainability;
- (vii) employment enhancing vocational skills;
- (viii) social business projects;
- (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- (x) other matters as may be decided from time to time

1. The CSR Committee consists of the following Members:

- Mr. Vijay Kalantri
- 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)
2012-13	45.87
2013-14	63.21
2014-15	64.60
Average net profits of last three years	57.89
2% of the average net profits of last three years	1.16

3. Prescribed CSR Expenditure: The Company spent ₹ 1.20 Crores as against prescribed 2% of the average net profit of last three years of ₹ 1.16 Crores.

4. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year;
- (b) Amount unspent, if any;

(c) Manner in which the amount spent during the financial year is detailed below.

Manner in which the amount spent during the financial year is detailed below.									
Sr No	Projects/ Activities	Sector	Locations District (State)	Amount Outlay (Budget) Project or Programs wise (₹)	Amount spent on the Project or Programs (₹)	Cumulative Expenditure upto reporting period (₹)	Amount disbursed by VIP (Rs)	Amount Spent:Direct or through implementing agency (₹)	Amount unspent (₹)
1	Promotion of Education	Education and medical facility	Within the local vicinity of Udaipur, Rajasthan	80,00,000	1,20,00,000	1,20,00,000	1,20,00,000	Amount spent through Tirupati Balaji Educational Trust	Nil
2	Promotion of Education	Education and medical facility	Within the local vicinity of Maharashtra	40,00,000				Amount spent through Mahatma Gandhi Mission	Nil
			Total:	1,20,00,000					

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.

Sd/-

Radhika Piramal
(Managing Director)

Sd/-

Vijay Kalantri
(Chairman, CSR Committee)

ANNEXURE – D

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

As on financial year ended on 31st March, 2016

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	27.1.1968
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	78 A, MIDC ESTATE, SATPUR, NASHIK – 422 007 TEL: 91-253-2406700 FAX: 91-253-2350756 Email: investor-help@vipbags.com
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-13 PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (WEST) MUMBAI-400 078 TEL: 91-22-25963838 FAX: 91-22-25946969 EMAIL: helpline@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Hard Luggages	22205	27%
2	Soft Luggages	15121	69%

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	Name- BLOW PLAST RETAIL LIMITED Add- 88-C, DGP House, Old Prabhadevi Road, Mumbai-400 025	U74999MH2007PLC169105	Subsidiary	100	2(87)
2	Name- VIP Industries Bangladesh Private Limited Add- 61, Motijheel C/A, 2 nd Floor, GPO Box 115, Dhaka-1000, Bangladesh	N.A.	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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	803270	0	803270	0.57	1091910	0	1091910	0.77	0.20
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	73293250	0	73293250	51.86	73393250	0	73393250	51.94	0.07
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	74096520	0	74096520	52.43	74485160	0	74485160	52.71	0.28
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	15070524	21750	15092274	10.68	22372266	21750	22394016	15.85	5.17
b) Banks / FI	70670	3500	74170	0.05	73559	3500	77059	0.05	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	500	500	0	0	500	500	0	0
g) FIs	2971780	34000	3005780	2.13	2405784	34000	2439784	1.73	(0.40)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	18112974	59750	18172724	12.86	24851609	59750	24911359	17.63	4.77
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4408372	16250	4424622	3.13	4114220	15250	4129470	2.92	(0.21)
ii) Overseas	0	35000	35000	0.02	0	35000	35000	0.02	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	16045406	4926531	20971937	14.84	13547198	4649236	18196434	12.88	(1.96)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17064665	0	17064665	12.08	12409405	0	12409405	8.78	(3.30)
c) Others (specify)									
Non Resident Indians (Repat)	532012	710125	1242137	0.88	578060	686875	1264935	0.90	0.02
Non Resident Indians (Non Repat)	199590	1000	200590	0.14	237758	1000	238758	0.17	0.03
Market Maker	27307	0	27307	0.02	46261	0	46261	0.03	0.01
Foreign Portfolio Investor (Corporate)	4691736	0	4691736	3.32	4783320	34000	4817320	3.40	0.08
Foreign Nationals	0	0	0	0	500	0	500	0	0.00
Clearing Members	225631	0	225631	0.16	256197	0	256197	0.18	0.02
Trusts	160	0	160	0	160	0	160	0	0
Directors/Relatives	92750	0	92750	0.07	92750	0	92750	0.07	0
Hindu Undivided Family	70036	1500	71536	0.05	432106	1500	433606	0.31	0.26
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0

ANNEXURE – D

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B)(2):-	43357665	5690406	49048071	34.71	36497935	5422861	41920796	29.66	(5.05)
Total Public Shareholding (B)=(B)(1)+(B)(2)	61470639	5750156	67220795	47.57	61349544	5482611	66832155	47.29	(0.28)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	135567159	5750156	141317315	100	135834704	5482611	141317315	100	0

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	36581765	25.89	NIL	36581765	25.89	NIL	No Change
2	Vibhuti Investments Company Ltd	21862645	15.47	NIL	21862645	15.47	NIL	No Change
3	Kiddy Plast Ltd	4749340	3.36	NIL	4804340	3.40	NIL	0.04
4	Kemp and Company Ltd	3299980	2.34	NIL	3299980	2.34	NIL	No Change
5	Alcon Finance and Investments Ltd	2743355	1.94	NIL	2768355	1.96	NIL	0.02
6	DGP Enterprises Pvt Ltd	2388500	1.69	NIL	2388500	1.69	NIL	No Change
7	DGP Capital Management Ltd	1667665	1.18	NIL	1687665	1.19	NIL	0.01
8	Shalini Dilip Piramal	233500	0.17	NIL	233500	0.17	NIL	No Change
9	Radhika D Piramal	222000	0.16	NIL	222000	0.16	NIL	No Change
10	Dilip G Piramal	203020	0.14	NIL	491660	0.34	NIL	0.20
11	Aparna D Piramal	144750	0.10	NIL	144750	0.10	NIL	No Change

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

Sr. No.	Name of Promoter Particulars	KIDDY PLAST LTD			
		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	At the beginning of the year	4749340	3.36	4749340	3.36
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	*55000	0.04	4804340	3.40
3	At the end of the year	4804340	3.40	4804340	3.40

*Reason for change: Increase of 55000 Shares held by Kiddy Plast Ltd. pursuant to transfer of shares, on 25th August, 2015

Sr. No.	Name of Promoter Particulars	ALCON FINANCE AND INVESTMENTS LTD.			
		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	At the beginning of the year	2743355	1.94	2743355	1.94
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	*25000	0.02	2768355	1.96
3	At the end of the year	2768355	1.96	2768355	1.96

*Reason for change: Increase of 25000 Shares held by ALCON FINANCE AND INVESTMENTS LTD. pursuant to transfer of shares, on 25th August, 2015

Sr. No.	Name of Promoter Particulars	DGP CAPITAL MANAGEMENT LTD.			
		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	At the beginning of the year	1667665	1.18	1667665	1.18
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	*20000	0.01	1687665	1.19
3	At the end of the year	1687665	1.19	1687665	1.19

*Reason for change: Increase of 20000 Shares held by DGP CAPITAL MANAGEMENT LTD. pursuant to transfer of shares, on 25th August, 2015

Sr. No.	Name of Promoter Particulars	Dilip G. Piramal			
		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	At the beginning of the year	203020	0.14	203020	0.14
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	*288640	0.20	491660	0.34
3	At the end of the year	491660	0.34	491660	0.34

*Reason for change: Mr. Dilip G. Piramal, w.e.f. 21st March, 2016 holds 288640 shares in beneficial interest of Lalita Charitable Trust, being the Trustee of the said Trust.

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 - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		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	ICICI Prudential Value Fund Series 2	6652893	4.7078			6652893	4.7078
	Transfer			10.4.2015	63249	6716142	4.7525
	Transfer			17.4.2015	199771	6915913	4.8939
	Transfer			24.4.2015	260755	7176668	5.0784
	At the end of the year					7176668	5.0784
2	SBI Magnum Midcap Fund	2308116	1.6333			2308116	1.6333
	Transfer			10.4.2015	70000	2378116	1.6828
	Transfer			1.5.2015	65391	2443507	1.7291
	Transfer			15.5.2015	30000	2473507	1.7503
	Transfer			19.6.2015	450000	2923507	2.0688
	Transfer			21.8.2015	14116	2937623	2.0787
	Transfer			28.8.2015	269896	3207519	2.2697
	Transfer			4.9.2015	32617	3240136	2.2928
	Transfer			11.9.2015	83371	3323507	2.3518
	Transfer			18.9.2015	26500	3350007	2.3706
	Transfer			30.9.2015	40000	3390007	2.3989
	Transfer			30.10.2015	1500000	4890007	3.4603
	Transfer			20.9.2015	166172	5056179	3.5779
	Transfer			27.11.2015	459619	5515798	3.9031
	Transfer			11.12.2015	200000	5715798	4.0447
	Transfer			18.12.2015	68741	5784539	4.0933
	Transfer			22.1.2016	343814	6128353	4.3366
	Transfer			29.1.2016	202173	6330526	4.4797
	Transfer			5.2.2016	18859	6349385	4.4930

ANNEXURE – D

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		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
	Transfer			12.2.2016	104810	6454195	4.5672
	Transfer			19.2.2016	96687	6550882	4.6356
	Transfer			26.2.2016	145283	6696165	4.7384
	Transfer			4.3.2016	184731	6880896	4.8691
	Transfer			18.3.2016	153852	7034748	4.9780
	Transfer			25.3.2016	23252	7058000	4.9944
	At the end of the year					7058000	4.9944
3	Rakesh Jhunjhunwala (PAN - AAHFR8059H)	6315000	4.4687			6315000	4.4687
	Transfer			30.10.2015	(1100000)	5215000	3.6903
	At the end of the year					5215000	3.6903
4	Sudhir Mohanlal Jatia	5735000	4.0582			5735000	4.0582
	Transfer			10.4.2015	(570000)	5165000	3.6549
	Transfer			17.4.2015	(4800)	5160200	3.6515
	Transfer			1.5.2015	(630000)	4530200	3.2057
	Transfer			19.6.2015	(6300)	4523900	3.2012
	Transfer			10.7.2015	(593000)	3930900	2.7816
	Transfer			24.7.2015	(60000)	3870900	2.7392
	Transfer			23.10.2015	(85000)	3785900	2.6790
	Transfer			4.3.2016	(25900)	3760000	2.6607
	Transfer			25.3.2016	(10000)	3750000	2.6536
	At the end of the year					3750000	2.6536
5	HDFC Trustee Company Limited - HDFC Capital Builder Fund	3380471	2.3921			3380471	2.3921
	Transfer			1.5.2015	6400	3386871	2.3966
	Transfer			29.5.2015	16700	3403571	2.4085
	Transfer			26.6.2015	(82100)	3321471	2.3504
	Transfer			3.7.2015	(34700)	3286771	2.3258
	Transfer			10.7.2015	(183200)	3103571	2.1962
	Transfer			16.10.2015	100000	3203571	2.2669
	At the end of the year					3203571	2.2669
6	Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund	1519770	1.0754			1519770	1.0754
	Transfer			25.12.2015	138711	1658481	1.1736
	Transfer			31.12.2015	861210	2519691	1.7830
	Transfer			4.3.2016	65855	2585546	1.8296
	Transfer			18.3.2016	151500	2737046	1.9368
	Transfer			25.3.2016	368491	3105537	2.1976
	Transfer			31.3.2016	35556	3141093	2.2227
	At the end of the year					3141093	2.2227
7	Ramgopal Textiles Ltd	2000000	1.4153			2000000	1.4153
	At the end of the year					2000000	1.4153
8	EM Resurgent Fund	0	0.0000			0	0.0000
	Transfer			17.4.2015	574800	574800	0.4067
	Transfer			1.5.2015	630000	1204800	0.8525
	Transfer			19.6.2015	6300	1211100	0.8570
	Transfer			17.7.2015	593000	1804100	1.2766
	Transfer			31.7.2015	60000	1864100	1.3191
	Transfer			9.10.2015	15000	1879100	1.3297
	Transfer			30.10.2015	(29100)	1850000	1.3091

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		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
	At the end of the year					1850000	1.3091
9	Religare Invesco Trustee Company Ltd A/C Religare Invesco Mid N Small Cap Fund	1196024	0.8463			1196024	0.8463
	Transfer			15.5.2015	(4908)	1191116	0.8429
	Transfer			26.6.2015	100250	1291366	0.9138
	Transfer			10.7.2015	138319	1429685	1.0117
	Transfer			24.7.2015	14510	1444195	1.0220
	Transfer			31.7.2015	71386	1515581	1.0725
	Transfer			14.8.2015	92999	1608580	1.1383
	Transfer			21.8.2015	147558	1756138	1.2427
	Transfer			28.8.2015	226971	1983109	1.4033
	Transfer			18.9.2015	30856	2013965	1.4251
	Transfer			25.9.2015	30140	2044105	1.4465
	Transfer			30.9.2015	91881	2135986	1.5115
	Transfer			09.10.2015	180979	2316965	1.6395
	Transfer			19.2.2016	84882	2401847	1.6996
	Transfer			26.2.2016	140250	2542097	1.7989
	Transfer			18.3.2016	(492968)	2049129	1.4500
	Transfer			25.3.2016	(189611)	1859518	1.3158
	Transfer			31.3.2016	(69834)	1789684	1.2664
	At the end of the year					1789684	1.2664
10	Rakesh Jhunjhunwala (PAN - AAEFR8176J)	0	0.0000			0	0.0000
	Transfer			07.8.2015	600000	600000	0.4246
	Transfer			25.9.2015	560000	1160000	0.8208
	Transfer			30.9.2015	(580000)	580000	0.4104
	Transfer			12.2.2016	550000	1130000	0.7996
	At the end of the year					1130000	0.7996

Note: The details of holding has been clubbed based on PAN

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	Ms. Radhika Piramal	222000	0.16	222000	0.16
2	Mr. Dilip G. Piramal	203020	0.14	491660	0.34
3	Mr. Ashish K. Saha	1	0.00	1	0.00
4	Mr. D. K. Poddar	Nil	Nil	Nil	Nil
5	Mr. G. L. Mirchandani	Nil	Nil	Nil	Nil
6	Mr. Vijay Kalantri	Nil	Nil	Nil	Nil
7	Mr. Nabankur Gupta	Nil	Nil	Nil	Nil
8	Mr. Rajeev Gupta	Nil	Nil	Nil	Nil
9	Mr. Jogendra Sethi	1	0.00	1	0.00
10	Mr. Shreyas Trivedi	1	0.00	1	0.00

ANNEXURE – D

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

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	27.15	3.88	0	31.03
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	27.15	3.88	0	31.03
Change in Indebtedness during the financial year		0		
* Addition	0	0	0	0
* Reduction	12.95	3.88	0	16.83
Net Change	12.95	3.88	0	16.83
Indebtedness at the end of the financial year		0		
i) Principal Amount	14.20	0	0	14.20
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	14.20	0	0	14.20

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No.	Particulars of Remuneration	Name of Managing Director/Whole-time Director			Total Amount (in ₹)
		Mr. Dilip G. Piramal	Ms. Radhika Piramal	Mr. Ashish K. Saha	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	99,58,000	1,52,22,978	61,48,448	3,13,29,426
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800	39,600	32,400	1,00,800
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	97,20,000	97,20,000	NIL	1,94,40,000
5	Others, please specify (Company Contribution to PF)	NIL	8,46,000	3,02,400	11,48,400
	Total (A)	1,97,06,800	2,58,28,578	64,83,248	5,20,18,626
	Ceiling as per the Act (@10% of profits calculated under section 198 of the Companies Act, 2013)	-	-	-	9,74,35,357

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (in ₹)
		Mr. Vijay Kalantri	Mr. D. K. Poddar	Mr. G. L. Mirchandani	Mr. Nabankur Gupta	Mr. Rajeev Gupta	Mr. Amit Jatia	
1	Independent Directors							
	Fee for attending Board, Committee and Independent Directors' meetings	1,40,000	1,90,000	1,90,000	85,000	40,000	60,000	7,05,000
	Commission	0	0	0	0	0		0
	Others, please specify	0	0	0	0	0		0
	Total (1)	1,40,000	1,90,000	1,90,000	85,000	40,000	60,000	7,05,000

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (in ₹)
2	Other Non-Executive Directors/Promoters	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0	0
	Total Managerial Remuneration	1,40,000	1,90,000	1,90,000	85,000	40,000	60,000	7,05,000
	Ceiling as per the Act (@1% of profits calculated under section 198 of the Companies Act, 2013)	-	-	-	-	-	-	97,43,536

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. Shreyas Trivedi, Company Secretary	Total Amount (in ₹)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,14,87,225	41,08,940	1,55,96,165
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32,400	32,400	64,800
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil
5	Others, please specify (Company Contribution to PF)	5,11,200	2,01,600	7,12,800
	Total	1,20,30,825	43,42,940	1,63,73,765

VII. 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)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

ANNEXURE TO THE DIRECTORS' REPORT

COMPANY'S PHILOSOPHY

The Company is committed to adopt the best Corporate Governance practices and endeavours 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 any way in complying with the 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 endeavours 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 board papers, comprising of the agenda backed by comprehensive background information are circulated to the Directors in advance.

Composition of the Board:

The Board of Directors of the Company (the Board) consisted of nine Directors as on 31st March, 2016 out of which Mr. Dilip G. Piramal and Ms. Radhika Piramal are the Promoters of the Company, Mr. Ashish Saha is the Executive Director and the remaining six are Non-executive Independent Directors in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors on the Board are a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors as per the requirement of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year 2015-16, four Board Meetings were held on the following dates:

1. 14th May, 2015;
2. 24th July, 2015;
3. 23rd October, 2015 and
4. 1st February, 2016.

The details of the Directors on the Board of the Company as on 31st March, 2016 are given below:

Name	Category/ Designation	No. of shares held	Attendance Particulars		No. of Outside Directorships (*)	No. of outside Committee positions held @	
			Board Meetings	Last AGM		Chairman	Member
Mr. Dilip G. Piramal	Chairman (Executive Director)	4,91,660	3	No	5	-	-
Ms. Radhika Piramal	Managing Director	2,22,000	4	Yes	4	-	1
Mr. A. K. Saha	Director - Works	1	4	Yes	2	-	-
Mr. D. K. Poddar	Independent, Non-Executive Director	-	4	Yes	8	1	2
Mr. Vijay Kalantri	Independent, Non-Executive Director	-	3	No	6	-	1
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	4	Yes	5	-	1

REPORT ON CORPORATE GOVERNANCE

Name	Category/ Designation	No. of shares held	Attendance Particulars		No. of Outside Directorships (*)	No. of outside Committee positions held @	
			Board Meetings	Last AGM		Chairman	Member
Mr. Nabankur Gupta	Independent, Non-Executive Director	-	3	No	7	2	3
Mr. Rajeev Gupta	Independent, Non-Executive Director	-	2	Yes	7	-	5
Mr. Amit Jatia	Independent, Non-Executive Director	-	2	No	2	-	3

NOTE:

* Excludes Directorship in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013 and membership of Managing Committees of various bodies.

@ Only chairmanship / membership of Audit Committee and Stakeholders' Relationship Committee are considered.

As of 31st March, 2016, none of the Directors are related to each other except Ms. Radhika Piramal, Managing Director who is related to Mr. Dilip G. Piramal, Chairman, being his daughter.

None of the Non-executive Independent Director hold 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.

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. This information is enumerated in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Companies Act, 2013.

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 www.vipindustries.co.in under investor relations/ corporate governance / terms & conditions of appointment of Independent Directors are also issued to each Independent Director upon his/her appointment once approved by Members.

Performance Evaluation of Non-executive and Independent Directors

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors 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 and Stakeholders Relationship Committees. A structured questionnaire was prepared after taking into consideration 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 judgement, 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.

Separate Meeting of the Independent Directors

The Independent Directors had held a Separate Meeting on 1st February, 2016, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors except Mr. Rajeev Gupta, who had asked for Leave of absence were present at the meeting wherein inter-alia, the following items were discussed in detail:

- I. To review and rate the performance of the Board as a whole.
- II. To review and rate the performance of non-independent Directors.
- III. To review the performance of the Chairman of the Company taking into account the views of Executive Directors and Non-executive Directors.
- IV. To assess 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.

3. Review of the Program

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

4. Disclosure of the Policy

This Policy is uploaded on the Company’s website, viz. www.vipindustries.co.in. For public information and easy accessibility of investors the web link <http://www.vipindustries.co.in/corporate-governance.php> is provided herein.

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 Non-executive Directors including Independent Directors to such extent as may be applicable to them depending upon their roles and responsibilities. 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.

A copy of the Code has been uploaded on the Company’s website www.vipindustries.co.in. 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 requirements is published in this Report.

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.

Composition and Attendance at meetings:

The Audit Committee comprises of four members all of whom are financially literate as prescribed under the Listing Regulations. Other than Mr. Dilip G. Piramal, who was appointed as the Whole-time Director with effect from 15th May, 2013, all the Committee Members are Non-Executive Independent Directors.

Mr. D. K. Poddar, Independent Director is the Chairman of the Committee. The Managing Director, the 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 2015-16 and are re-appointed for the financial year 2016-17. 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 on 14th May, 2015, 24th July, 2015, 23rd October, 2015 and 1st February, 2016.

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

Name of the Member	Position	No. of Meetings held	No. of meetings Attended
Mr. D. K. Poddar	Chairman	4	4
Mr. Dilip G. Piramal	Member	4	3
Mr. Vijay Kalantri	Member	4	3
Mr. G. L. Mirchandani	Member	4	4

Mr. D. K. Poddar, Member, authorised by the Committee was present at the 48th Annual General Meeting of the Company held on 24th July, 2015 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.

AUDIT QUALIFICATION

The Report Received from M/s. M.L. Bhuwania & Co. for the financial year 2015-16 does not contain any qualifications, reservations or adverse remarks.

NOMINATION AND REMUNERATION COMMITTEE

The Committee's constitution and terms of reference are in compliance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

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 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.

Composition and Attendance at Meetings:

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

Name of the Member	Position	No. of Meetings held	No. of meetings Attended
Mr. D. K. Poddar	Chairman	2	2
Mr. Dilip G. Piramal	Member	2	1
Mr. Nabankur Gupta	Member	2	1
Mr. G. L. Mirchandani	Member	2	2

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, all the Committee Members are Non-Executive Independent Directors.

The Nomination and Remuneration Committee met twice during financial year 2015-16 i.e. on 14th May, 2015 and 24th July, 2015.

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.

i) Non-Executive Directors' Remuneration

The Non-Executive Independent Directors are paid remuneration by way of sitting fees. The Company pays sitting fees of ₹ 20,000/- for attending each meeting of the Audit Committee, ₹ 5,000/- for attending each meeting of the Nomination and Remuneration Committee, ₹ 20,000/- for attending Independent Directors Meeting and ₹ 20,000/- 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 31st March, 2016 are as follows:

(Amount in ₹)

Name	Sitting Fees	Commission	Total	Shareholding
Mr. Vijay Kalantri	1,40,000	-	1,40,000	Nil
Mr. D. K. Poddar	1,90,000	-	1,90,000	Nil
Mr. G. L. Mirchandani	1,90,000	-	1,90,000	Nil
Mr. Nabankur Gupta	85,000	-	85,000	Nil
Mr. Rajeev Gupta	40,000	-	40,000	Nil
Mr. Amit Jatia	60,000	-	60,000	Nil

ii) Executive Directors' Remuneration:

a) Executive Chairman

Mr. Dilip G. Piramal was appointed as the Executive Chairman of the Company with effect from 15th May, 2013 to 14th May, 2018 (both days inclusive). The contract for such appointment between the Company and the Executive Chairman may be terminated by either party by giving the other party 3 months notice or the Company paying notice pay equal to the amount due to the Executive Chairman on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Executive Chairman (Whole-time Director). Salary is paid within the limits approved by the Members.

REPORT ON CORPORATE GOVERNANCE

Details of remuneration paid to the Chairman as Whole-time Director for the year ended 31st March, 2016 are as follows:

(Amount in ₹)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Dilip G. Piramal	-	99,86,800	97,20,000	-	1,97,06,800

b) Managing Director

Ms. Radhika Piramal was re-appointed as the Managing Director of the Company with effect from 13th July, 2012 to 12th July, 2017 (both days inclusive). The contract for such appointment between the Company and the Managing Director may be terminated by either party by giving the other party, 3 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.

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Managing Director. Salary is paid within the limits approved by the Members.

Details of remuneration of Managing Director for the year ended on 31st March, 2016 are as follows:

(Amount in ₹)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal	-	1,61,08,578	97,20,000	-	2,58,28,578

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 from 1st February, 2015 to 31st January, 2018 (both days inclusive). The contract for such appointment between the Company and the Director - Works may be terminated by either party by giving the other party, 3 months notice or the Company paying notice pay equal to the amount due to the Director-Works on account of salary for such notice period. There is no separate provision for payment of severance fees.

The Company pays remuneration by way of salary, perquisites and allowances to the Director-Works.

Details of remuneration of Director-Works for the year ended on 31st March, 2016 are as follows:

(Amount in ₹)

Name	Sitting Fees	Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Ashish K. Saha	-	64,83,248	-	-	64,83,248

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Company as on 31st March, 2016 had the following Key Managerial Personnel viz., Ms. Radhika Piramal as the Managing Director, Mr. Jogendra Sethi as the Chief Financial Officer and Mr. Shreyas Trivedi as the Company Secretary. However, Mr. Shreyas Trivedi designated as Company Secretary of the Company resigned w.e.f. 29th April, 2016 and accordingly ceases to be a Key Managerial Personnel appointed in terms of Section 203 of the Companies Act, 2013.

Details of remuneration of Key Managerial Personnel for the year ended on 31st March, 2016 are as follows:

(Amount in ₹)

Name	Gross Remuneration	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal Managing Director	Details given in para (ii) (b) above		
Mr. Jogendra Sethi Chief Financial Officer	1,20,30,825	-	1,20,30,825
Mr. Shreyas Trivedi General Manager – Legal & Company Secretary	43,42,940	-	43,42,940

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition:

The Stakeholders' Relationship Committee comprises of three members viz. Mr. Vijay Kalantri- Chairman, Mr. Dilip G. Piramal- Member and Mr. Ashish K Saha- Member.

Mr. Shreyas Trivedi, General Manager- Legal and Company Secretary was acting as Compliance Officer of the Committee till 29th April, 2016.

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.

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 approximately 45,871 shareholders as on 31st March, 2016. During the year under Report, the Company processed 60 share transfers in the physical form comprising of 48,967 equity shares. The Company received 182 investors complaints during the year, all of which have been attended to within a period of fifteen days from the date of receipt of the same. There was no Complaint(s) which was pending unresolved as on 31st March, 2016.

The Stakeholders' Relationship Committee generally meets once in a week 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.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the Corporate Social Responsibility Committee as at 31st March, 2016 and the details of Member's participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the CSR Meeting held on 1 st February, 2016
Mr. Vijay Kalantri	Chairman	Yes
Mr. Dilip G. Piramal	Member	Yes
Ms. Radhika Piramal	Member	Yes

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.

DISCLOSURES

Subsidiary Companies

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year.

However, as stipulated under erstwhile clause 49 of the Listing Agreement, the Company has formulated a policy on material subsidiaries. A copy of the Policy for determining Material Subsidiaries is uploaded on the website of the Company, www.vipindustries.co.in

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.

• 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 arms 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 Accounting Standards (AS17) 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 the Company's website i.e. www.vipindustries.co.in

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 2015-16. The details of transaction between the Company and the related parties are given for information under Note No. 32 of the Notes to Accounts to the Balance Sheet as at 31st March, 2016.

RIGHTS TO THE SHAREHOLDERS

The Company believes in protecting the rights of the shareholders. It ensures adequate and timely disclosure of all information to the shareholders in compliance with the applicable laws. Shareholders are furnished with sufficient and timely information concerning the general meetings, issues to be discussed thereat and rules regarding holding and conducting the General Meetings. All shareholders are treated equitably.

GENERAL BODY MEETINGS:

Particulars of General Meetings held during last three years:

Annual General Meeting (AGM)	Date	Venue	Time
46 th AGM (2012-13)	28 th June, 2013	"NIWEC", Satpur, Nashik – 422 007	12.00 noon
47 th AGM (2013-14)	10 th July, 2014	"NIWEC", Satpur, Nashik – 422 007	12.00 noon
48 th AGM (2014-15)	24 th July, 2015	"NIWEC", Satpur, Nashik – 422 007	3.30 p.m.

There were no Special resolutions passed by the members during the last three years' General Meetings.

Postal Ballot

During the year ended 31st March, 2016, no resolution was passed through Postal Ballot:

In the preparation of the financial statements, the Company follows Accounting Standards as prescribed under the Companies (Accounting Standards) Rules, 2006.

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority for any matters related to capital markets during the last three years.

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 framed the following policies, as required under erstwhile clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges and pursuant to Companies Act, 2013:

1. Vigil Mechanism Policy
2. Policy For Determining Material Subsidiaries
3. Performance Evaluation Policy
4. Related Party Transactions Policy
5. Corporate Social Responsibility Policy
6. Policy on Prevention of Sexual Harassment
7. Policy on Preservation of Documents
8. Policy on Disclosure of Material Events or Information
9. Policy on obligations of Directors & Senior Management
10. Nomination & Remuneration 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 seeking re-appointment is provided as part of the Notice convening the ensuing Annual General Meeting.

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

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 Directors and the designated employees 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.

Means of Communication:

Quarterly/Half-yearly/ Annually financial results are published in widely circulating national and local daily newspapers, such as Economic Times, Free Press Journal and Navashakti. These are not sent individually to the shareholders.

The Company's results and official news releases are displayed on the Company's website www.vipindustries.co.in. As stipulated by the Ministry of Corporate Affairs (MCA) through its various circulars, the Company has uploaded, on its website as also on the website of the MCA, the information regarding unpaid /unclaimed dividend, fixed deposits and interest accrued thereon, lying with the Company upto the last AGM i.e. 24th July, 2015.

Website: The Company's website www.vipindustries.co.in contains a separate dedicated section 'Investor Relations' wherein shareholders' information 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 Annual Accounts, Consolidated Financial Statements, Directors' 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

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 hard copies of the said disclosures and correspondence are also filed with Stock Exchanges.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. 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 corporates. 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 centralised web-based complaints redress system. The salient features of this system are: Centralised 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 exclusively for investor servicing.

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

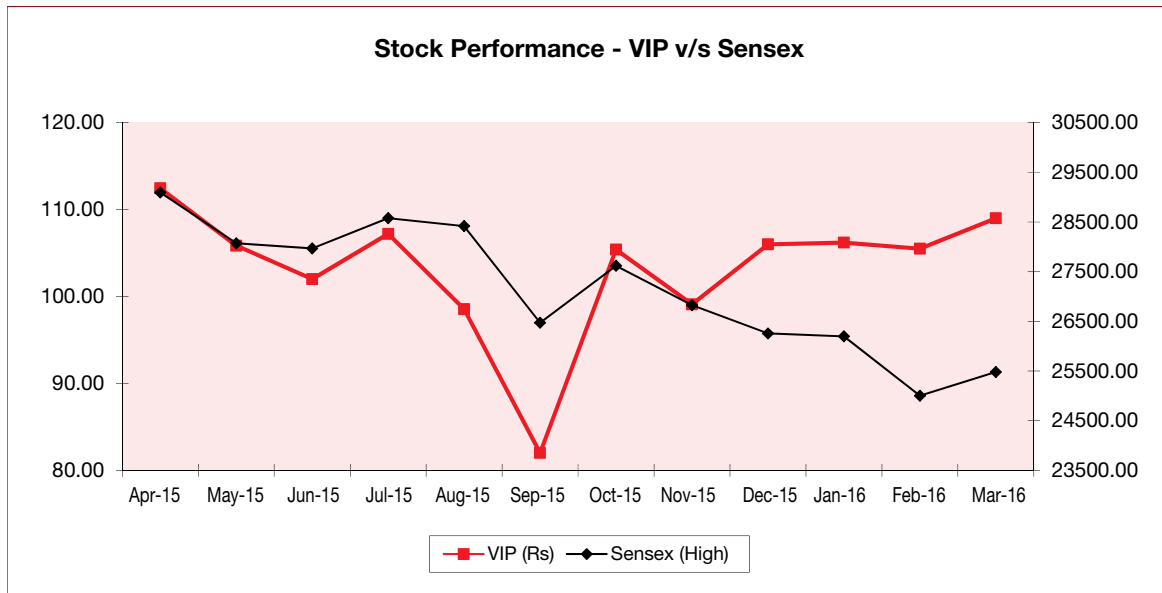
M/s. Ragini Chokshi & Associates, a Practicing Company Secretary firm has carried our Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and in physical form and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with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

REPORT ON CORPORATE GOVERNANCE

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:
 - Day, Date and Time : 28th July, 2016, Thursday at 3.00 pm
 - Venue : "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik – 422 007
2. Tentative Financial Calendar : The financial year of the Company is for the period from 1st April every year to 31st March of the following year.
 - a. Publication of Audited Results : By 30th May or immediately upon its adoption by the Board each year
 - b. First Quarter Results : By 14th August of each year
 - c. Second Quarter Results : By 14th November of each year
 - d. Third Quarter Results : By 14th February of each year
3. Date of Book Closure : 18th July, 2016 to 28th July, 2016 (both days inclusive)
4. Cut-off date : 21st July, 2016
5. Dividend Payment Date (2015-16) : On or after 2nd August, 2016
6. Listing on Stock Exchange :
 1. BSE Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023
 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
7. Listing Fees : Listing fees of both the Stock Exchanges for the year 2015-16 have been paid.
8. Stock Code
 - BSE : 507880
 - NSE : VIPIND
 - International Securities Identification Number (ISIN) : INE054A01027
9. 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	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Sensex	High	Low	Nifty
(Year 2015- 16)	(₹)	(₹)	(High)	(₹)	(₹)	(High)
April 2015	112.45	91.65	29094.61	112.40	91.00	8844.80
May 2015	105.85	92.65	28071.16	105.70	92.30	8489.55
June 2015	102.00	93.90	27968.75	102.40	93.65	8467.15
July 2015	107.20	93.15	28578.33	107.30	93.00	8654.75
August 2015	98.55	76.05	28417.59	98.60	76.10	8621.55
September 2015	82.00	70.80	26471.82	81.95	70.80	8055.00
October 2015	105.40	79.40	27618.14	105.40	79.60	8336.30
November 2015	99.10	86.00	26824.30	99.00	85.50	8116.10
December 2015	107.45	88.90	26256.42	107.50	89.00	7979.30
January 2016	106.20	88.45	26197.27	106.20	88.30	7972.55
February 2016	105.50	85.00	25002.32	105.75	84.50	7600.45
March 2016	109.00	94.40	25479.62	109.15	94.65	7777.60



10. Distribution Schedule and shareholding Pattern as on 31st March, 2016.

DISTRIBUTION SCHEDULE		
Category	Number of Shares	No. of Shareholders
	Up to 1000	41003
	1001 – 2000	2772
	2001- 4000	1328
	4001- 6000	329
	6001- 8000	113
	8001- 10000	85
	10001-20000	105
	20001 and Above	136
	TOTAL	45871
		141317315

SHAREHOLDING PATTERN		
Category of Shareholders	No. of Shares	%
Promoter	74485160	52.71
Mutual Funds and UTI	22394016	15.85
Banks, Financial Institution and Insurance Companies	77559	0.05
Foreign Financial Investors	4817820	3.41
Bodies Corporate	4129470	2.92
Indian Public/Trust/HUF	33479389	23.69
Non Resident Individuals/ Overseas Corporate Bodies	1538693	1.09
Others – Directors and their Relative	92750	0.07
Market Maker/Clearing members	302458	0.21
TOTAL	141317315	100.00

11. Registrars and Share Transfer Agents : Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W), Mumbai - 400 078,
Tel. No.: +91 22-25963838, Fax No.: +91 22-25946969
12. Dematerialisation of shares and liquidity : 96.12% of the paid-up capital of the Company has been dematerialized as on 31st March, 2016. The equity shares of the Company are actively traded on the BSE and the NSE in the dematerialized form.
13. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments : NIL
14. Plant Locations : (i) Nashik - 78 A, MIDC Estate, Satpur, Nashik – 422 007.
(ii) Sinnar - A-7, MIDC, Sinnar – 422 103
(iii) Haridwar - Plot No 8, Sector 12, SIDCUL Area, Haridwar – 249 403
(iv) Nagpur - L-4, MIDC, Hingna, Nagpur – 440 016
(v) Paithan – D/4 Paithan Industrial Area, MIDC, Paithan – 431 107
15. Address for correspondence : i) Link Intime India Pvt. Ltd.
(Unit – V.I.P. Industries Limited)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai – 400 078.
Tel. No. +91 22- 25963838, Fax No.: +91 22-25946969
ii) The Company Secretary
V.I.P. Industries Ltd.
5th Floor, DGP House, 88-C, Old Prabhadevi Road
Mumbai – 400 025
Tel No.+91 22 - 66539000, Fax No.: +91 22 – 66539089
16. 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 etc. to the designated officials of your Company. The transactions required for 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.
17. Commodity price risk or foreign exchange risk and hedging activities : The Company is exposed to a Commodity Price Risk in relation 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.

18. Designated E-mail ID for registering Complaints by the investors : investor-help@vipbags.com
19. Compliance Certificate by Auditors : The Company has obtained a Certificate from the Statutory Auditors regarding compliance of Corporate Governance as stipulated in Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, which is given as annexure to this Report
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DECLARATION UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

In accordance with the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, I, Radhika Piramal, 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 31st March, 2016.

For V.I.P. INDUSTRIES LIMITED

Place: Mumbai
Date : 25th May, 2016

RADHIKA PIRAMAL
Managing Director
(DIN 02105221)

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 SEBI (LODR) Regulations, 2015]

We, Radhika Piramal, Managing Director and Jogendra Sethi, 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 year ended March 31, 2016 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**

RADHIKA PIRAMAL
Managing Director
(DIN - 02105221)

JOGENDRA SETHI
Chief Financial Officer

Place : Mumbai

Date : 25th May, 2016

ANNEXURE TO THE DIRECTORS' REPORT

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by V.I.P Industries Limited ('the Company'), for the year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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 compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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 **M.L.BHUWANIA & CO.**
Chartered Accountants
Firm Registration No. 101484W

Place: Mumbai
Date : 25th May, 2016

Ashish Bairagra
Partner
Membership No. 109931

A. INDUSTRY STRUCTURE AND DEVELOPMENT

DOMESTIC LUGGAGE

The Luggage industry kept up its growth trajectory this year, due to continued increase in travel, new luggage and backpacks advertising campaigns, strong new product launches and new distribution schemes. Travel expenditure among households has risen which also fuels growth. Branded bags and luggage are gaining customer preference around the world including India. The key growth drivers are increasing disposable incomes, increasing fashion consciousness and aspiration levels. Bags and luggage are becoming status symbols as they are considered lifestyle products helping wider acceptance of fashionable and high end luggage.

Soft luggage uprights, polycarbonate uprights and backpacks have registered growth whereas traditional categories like hard luggage suitcases continue to decline. This shift is due to change in consumer preferences towards the convenience of light and wheeled travel products, away from heavier products. This is happening across all geographies including the country's heartland, which used to be the stronghold of traditional luggage.

Backpacks and handbags both registered the fastest retail growth during the year. Backpacks are mainly targeted at people who travel frequently and college students who want to maintain a casual image. This category saw tremendous growth as the company increased its focus with new launches and advertising. Backpack sales have grown substantially in the last three years, strengthening overall short haul category sales and suggesting an increasing affinity of consumers towards young and youthful categories.

Hypermarket channel continues to witness the strongest growth amongst all channels suggesting that Indian consumers are showing preference towards affordable luggage and convenience of modern shopping formats which are clean and air conditioned. E-commerce is another channel to look for in the near future as it rapidly expands with Indian consumers.

Affordable luxury brands continue to grow well in India. Introduction to business accessories and leather collection through the "Carlton" brand did exceedingly well. Brand Carlton will keep expanding in this space going forward.

LADIES HAND BAGS

Caprese, the ladies handbags brand, has seen positive growth in line with the company vision to become the largest ladies handbags brand in India within few years. Robust advertising campaigns, along with differentiated and relevantly priced products tailored for each distribution channel have fueled the growth this year. Caprese is now available at more than 600 points of sale across the country across all meaningful distribution channels including select Company run stores, franchisee stores, multi brand dealers and leading Department store chains like Shoppers Stop, Lifestyle, Central and Pantaloons, as well as e-commerce platforms. Focus is continuing to expand distribution in meaningful locations and channels.

Caprese has established itself as a purveyor of international fashion and witnessed heightened brand awareness by delivering successful advertising campaigns with **Alia Bhatt**, the brand ambassador, that have resonated with Indian consumers. The brand will continue to introduce latest international fashion trends and to live up to the promise of delivering high quality and affordable fashion catering to the discerning Indian woman.

MOULDED FURNITURE

Moderna is perceived to have superior quality and premium image but the moulded furniture business is declining due to intense competitive pressure. Your Company's products continue to enjoy a preferred position in consumer segment particularly in Northern, Western and Southern India where it has a major share in Institutions and hire markets. The company is planning to restructure Moderna business to ensure that lower sales do not affect profits of the company.

SUPPLY OF PRODUCTS

The "Theory of Constraints" (TOC) is an overall inventory management philosophy introduced by Mr. Eliyahu M. Goldratt since the 1970s to help organizations continually achieve their goals by better availability of supplies in tandem with demand. TOC helps the entire supply chain from raw material vendors to manufacturing plants to central warehouse to sales points and end-consumers by improving availability and managing inventory. TOC has been successfully implemented in all manufacturing facilities of the company and is being gradually rolled out to selective vendors of the company. TOC has also been successfully implemented at Company run stores which has significantly improved availability of products at stores to minimize sales loss.

EXPORTS AND INTERNATIONAL OPERATIONS

Due to subdued market conditions in UK, Europe and Asia Pacific, the International Business of the Company declined during the year. While sale of private label business has grown, branded goods sales declined in select geographies in Europe.

B. OPPORTUNITIES AND THREATS

LUGGAGE

With six brands operating at various price points and categories, VIP industries now in an unique position to cater to all strata of society. With Carlton, we appeal to the young business travellers. Skybags today is fast becoming an iconic youth brand. Brand VIP remains the first choice of Indian family travel, while Aristocrat and Alfa are providing value to consumers in hyper markets and trade channels respectively. Hence, today if there is a true luggage company of the country, it has to be VIP Industries Ltd.

MOULDED FURNITURE

Moulded chairs may continue to experience sales and pricing pressure due to intense competition.

C. SEGMENT / PRODUCT WISE PERFORMANCE

LUGGAGE

Polycarbonate luggage has been the flavor of this year. Indian consumers have discovered the safe yet lighter mode of travel in a big way. Soft luggage continues to grow and traditional polypropylene suitcases continue to decline. Skybags today is the undisputed leader in the short haul category in this country. Youth of India has given a big Thumbs up to this brand. Skybags backpack advertisement featuring **Varun Dhawan** has become very popular. "Carlton" brand continues to do well in the top end of the segment. With latest brand ambassador **Hrithik Roshan** on board, brand VIP is all set to get a stylish makeover and we are positive that the prestigious brand of the country will keep performing the way it has done over the years.

D. OUTLOOK

Indian luggage and bag industry is large with plenty of opportunities. We would continue to separate the brands in terms of pricing, target consumer and channel so that minimal cannibalization happens between them and they keep growing by getting major share of the market.

E. RISKS AND CONCERNS

Weaker rupee against USD continued the pressure on sourcing costs for soft luggage including uprights, duffels and backpacks. Soft luggage across product categories is the highest contributor to sales of the Company. During FY 2015-16, rupee remained weak and the Company's buying costs of soft luggage products remained high in rupee terms although the company was able to negotiate and limit cost increases in dollar terms due to weakening of Chinese Yuan against USD, lower international raw material prices and scale of operations. Prices of main raw materials for hard luggage remained high during major part of year except last quarter of the financial year 2015-16. The strength of the Company's brands and its dominant market share position in the Indian luggage industry, enabled price rises which partially but not fully offset these high inputs costs.

F. INTERNAL CONTROL SYSTEMS

M/s. Suresh Surana & Associates LLP, Chartered Accountants, were appointed as the Internal Auditors of the Company for maintaining internal controls to safeguard Company's assets against losses from unauthorized use, to ensure proper authorization of financial transactions, to evaluate the current state and identify performance gaps, to prioritize improvement opportunities, to provide a high degree of assurance regarding the effectiveness and efficiency of operations, to assess the reliability of financial controls and compliance with laws and regulations. The Company has a budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

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 the 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 and Other Income of the Company for the year ended 31st March, 2016 was at ₹ 1218.75 Crores (Previous Year ₹ 1050.29 Crores).

EXPENDITURE:

The Company continued its focus on cost management initiatives.

PROFIT:

Profit after Tax for the year under review amounted to ₹ 63.41 Crores (Previous Year ₹ 47.86 Crores).

H. HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

The Human Resources department of your company has effectively partnered the business in the year under review to register good growth in line with the company's targets. Through structured Human Resource processes your Company has been able to attract and retain the right talent at all levels.

The company embarked on a journey last year to become a Great Place to Work where employees trust the Company they work for, take pride in what they do and enjoy the company of the people they work with. The Company strongly believes that an engaged workforce is critical in achieving its business goals and building a sustainable organization. Under this initiative, over the last one year your Company did considerable work around Rewards & Recognition, Training & Development, Compensation & Benefits and Work Life Balance. A positive work environment, employee driven initiatives and exciting career prospects have helped keep attrition under control, inspite of aggressive external market factors.

Your Company had been in a long drawn dispute with workers over the retirement age in your Company being 56 years and the matter was referred to Industrial Tribunal, Nashik. The court has given the ruling in your Company's favour.

The employee strength as on 31st March, 2016 is 2744.

TO THE MEMBERS OF VIP INDUSTRIES LIMITED**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of VIP INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 A, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. 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 purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and
 - 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 financial statements – Refer Note No. 19(a) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For and on behalf of
M. L. Bhuwania & Co.
Chartered Accountants
Firm's Registration No. 101484W

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 25th May, 2016

Annexure- A referred to in paragraph titled as "Report on other Legal and Regulatory Requirements" of Auditor's report to the members VIP Industries Limited for the year ended 31st March, 2016.

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanation given to us on our enquiries, we state that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three 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 discrepancies noticed between the book records and the physical inventories were not material and have been properly dealt with in the accounts.
- (c) According to information and explanations gives to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except are as mentioned hereunder:

1. In case of Land:

Total Number of Cases	Leasehold/ Freehold	Gross Block (Amount in ₹)	Net Block (Amount in ₹)	Remark
1	Leasehold	60,100	60,100	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.
1	Freehold	1,20,550	1,20,550	The Asset is registered in the name of Aristo Plast Limited. The said name of the company was changed to VIP Industries Limited vide certificate dated 16.06.1981. The change of name of the said asset is yet to be done.

2. In Case of Building:

Total Number of Cases	Gross Block (Amount in ₹)	Net Block (Amount in ₹)	Remark
5	32,941,085	20,200,689	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.

- (ii) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly 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 Companies Act, 2013 during the year. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans, has not made investments, has not provided any guarantees and security to directors or to any other parties during the year. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public during the year covered by the audit. In respect of unclaimed deposits, the company has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act or any other relevant provision of the Act and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

INDEPENDENT AUDITORS' REPORT

- (vi) The Central Government has not prescribed maintenance of cost records for the company under sub section (1) of section 148 of the Companies Act, 2013. Accordingly, clause 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities except Sales tax of ₹14,899,703. Further undisputed amounts were outstanding as on 31st March, 2016 for a period of more than six months from the date they became payable in respect of Works Contract ₹ 1,274, Sales Tax ₹ 210,277.
- (b) According to the records of the Company, there are no dues of Service Tax and Customs Duty which have not been deposited on account of any dispute.

The disputed amounts that have not been deposited in respect of Sales Tax, Value Added Tax, Income Tax and Excise Duty are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (₹)	Financial Year to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act, 1956 and Sales Tax Acts and Value Added Tax Acts of various states	Sales Tax/VAT and Entry Tax	732,804	Various years from 1996-97 to 2003-04	Assistant Commissioner of Sales Tax
			311,561	Various years from 1992-93 to 1994-95	Sales tax Officers
			20,641,030	Various years from 1990-91 to 2007-08, 2010-11 and 2011-12	Deputy/Sr. Deputy Commissioner of Sales Tax (Appeals)
			11,606,873	Various years from 1993-94 to 2011-12	Joint/Sr. Joint Commissioner of Sales Tax (Appeals)
			569,730	2008-09	Assistant Commissioner of Sales Tax (Appeals)
			39,931,531	1999-2000 to 2002-03	Joint Director of Industries
			17,755,110	2011-12 and 2012-13	Commissioner of Sales Tax
			760,358,155	Various years from 1983-84 to 2011-12	Sales Tax Tribunal
			3,245,512	Various years from 1999-2000 to 2005-06	Honourable High Court
2.	Income Tax Act, 1961	Income Tax	5,228,744	2004-05 and 2005-06	Honourable High Court
			661,204	2005-06 and 2012-13	Assessing Officer
3.	Central Excise Act, 1944	Excise duty on Cenvat dues	2,112,981	2000-01, 2004-05 and 2008-09	Honourable High Court
			2,265,827	1998-99 and 2002-03	Customs, Excise and Service Tax Appellate Tribunal
			1,742,162	2000-01 and 2001-02	Supreme Court

- (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 dues to banks during the year. The Company has not taken any loan or borrowing from government, financial institutions and has not issued debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and through term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sec 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) The company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) of the Order is not applicable to the Company.

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants
Firm Registration No. 101484W

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 25th May, 2016

Annexure- B referred to in paragraph titled as “Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013” (“the Act”)

We have audited the internal financial controls over financial reporting of VIP Industries Limited (“the Company”) as of 31st March, 2016 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

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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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, issued by ICAI and 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 Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, 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 31st March, 2016, 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.

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants
Firm Registration No. 101484W

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 25th May, 2016

BALANCE SHEET

(₹ in Crores)

	Note	As at 31 st March, 2016	As at 31 st March, 2015
I EQUITY AND LIABILITIES:			
(1) Shareholder's Funds			
(a) Share Capital	1	28.26	28.26
(b) Reserves & Surplus	2	308.09	278.74
		336.35	307.00
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	3	1.46	1.46
(b) Long Term Provisions	4	3.93	3.08
		5.39	4.54
(3) Current Liabilities			
(a) Short Term Borrowings	5	14.20	31.03
(b) Trade Payables	6	172.20	117.88
(c) Other Current Liabilities	7	26.44	20.13
(d) Short Term Provisions	8	26.99	18.62
		239.83	187.66
TOTAL		581.57	499.20
II ASSETS:			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		50.90	54.31
(ii) Intangible Assets		0.78	1.12
(iii) Capital Work - in - Progress		1.02	1.09
		52.70	56.52
(b) Non Current Investment	10	20.17	18.26
(c) Deferred Tax Assets (Net)	11	4.11	3.10
(d) Long Term Loans and Advances	12	20.36	25.64
(e) Other Non - Current Assets	13	4.00	4.50
		48.64	51.50
(2) Current Assets			
(a) Inventories	14	278.11	222.72
(b) Trade Receivables	15	149.33	111.10
(c) Cash & Bank Balances	16	6.92	7.18
(d) Short Term Loans and Advances	17	23.57	24.31
(e) Other Current Assets	18	22.30	25.87
		480.23	391.18
TOTAL		581.57	499.20
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS	1 to 48		

The notes referred above form an integral part of the Balance sheet

As per our report of even date.

for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd

Dilip G Piramal, Chairman

(DIN No 00032012)

Radhika Piramal, Managing Director

(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Note	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
INCOME:			
Revenue from Operations		1,234.25	1,063.53
Less :- Excise Duty		<u>17.80</u>	<u>15.84</u>
Net Revenue from Operations	20	1,216.45	1,047.69
Other Income	21	2.30	2.60
Total Revenue		<u><u>1,218.75</u></u>	<u><u>1,050.29</u></u>
EXPENSES:			
Cost of Materials Consumed	22	165.64	145.99
Purchases of Stock - in - Trade	23	563.16	483.13
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	24	(53.64)	(48.50)
Employee Benefits Expense	25	121.35	106.00
Finance Costs	26	1.18	1.28
Depreciation & Amortization Expenses	9	12.09	15.28
Other Expenses	27	316.91	284.67
Total Expenses		<u><u>1,126.69</u></u>	<u><u>987.85</u></u>
Profit before exceptional items and tax		92.06	62.44
Add :- Exceptional Items -Income /(Expenses)	28	-	4.32
Profit before tax and after Exceptional Items		92.06	66.76
<u>Less : Tax expense</u>			
(1) Current tax		29.11	19.69
(2) Deferred tax		(1.01)	(0.04)
(3) Short/(Excess) provision for Tax relating to prior year		<u>0.55</u>	<u>(0.75)</u>
		<u>28.65</u>	<u>18.90</u>
Profit for the year		<u><u>63.41</u></u>	<u><u>47.86</u></u>
Earning per equity share (EPS) of face value of ₹ 2 each :	29		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		4.49	3.39
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		4.49	3.39
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS	1 to 48		

The notes referred above form an integral part of the Statement of Profit and Loss

As per our report of even date.
for **M. L. BHUWANIA & CO.**
Chartered Accountants
Firm Registration Number : 101484W

Ashish Bairagra
Partner
Membership No. : 109931

Mumbai
Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd

Dilip G Piramal, Chairman
(DIN No 00032012)

Radhika Piramal, Managing Director
(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	92.06	66.76
Adjusted for:		
Depreciation/ Amortisation Expense	12.09	15.28
Wealth Tax	-	0.06
Dividend Income	(0.04)	(0.20)
Interest Expense	0.96	0.84
Interest Income	(0.08)	(0.20)
(Gain) /Loss on Exchange Rate Fluctuation	(0.65)	(0.04)
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence (Net)	(0.40)	(6.17)
	11.83	9.52
Operating profit before working capital changes	103.89	76.28
Adjusted for :		
Increase/(Decrease) in Other Long Term Liabilities	(0.00)	0.43
Increase/(Decrease) in Long Term Provisions	0.85	0.21
Increase/(Decrease) in Trade Payables	55.17	19.42
Increase/(Decrease) in Other Current Liabilities	6.09	0.38
Increase/(Decrease) in Short Term Provisions	(0.05)	(0.02)
(Increase)/Decrease in Long Term Loans and Advances	2.76	2.95
(Increase)/Decrease in Other non - current assets	0.50	(4.50)
(Increase)/Decrease in Inventories	(55.39)	(55.64)
(Increase)/Decrease in Trade Receivables	(38.44)	(15.85)
(Increase)/Decrease in Short Term Loans and Advances	(1.00)	3.02
(Increase)/Decrease in Other Current Assets	3.34	7.15
	(26.17)	(42.45)
Cash Generated from Operations	77.72	33.83
Direct Taxes Paid (Net of refund received)	(26.56)	(21.01)
NET CASH FROM OPERATING ACTIVITIES	51.16	12.82
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(9.78)	(9.87)
Intercompany deposits Received back	0.05	0.75
Purchase of Investments/ Share Application Money	(150.64)	(339.30)
Sale of Investments	150.64	338.40
Sale of Fixed Assets	2.50	7.30
Interest Income	0.32	0.30
Dividend Received	0.04	0.20
NET CASH USED IN INVESTING ACTIVITIES	(6.87)	(2.22)

CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(0.97)	(0.84)
Proceeds / (Repayments) from / of Borrowings (net)	(16.85)	14.94
Dividend paid (inclusive of Dividend Distribution Tax)	(26.96)	(27.97)
NET CASH USED IN FINANCING ACTIVITIES	(44.78)	(13.87)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	(0.49)	(3.27)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4.80	8.07
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	4.31	4.80
	0.49	3.27
Notes:		
(1) Cash and Cash Equivalents include (Refer Note No. 16) :		
Cash and Cheques on Hand	0.44	0.84
<u>Balances with Scheduled Banks in :</u>		
*Current Accounts	1.88	1.93
Remittance in Transit	1.99	2.03
Total	4.31	4.80

*Closing Balance includes exchange rate difference Loss of ₹ 0.02 Crores (previous year Loss of ₹ 0.04 Crores)

- (2) Previous year's figures have been regrouped and/or rearranged wherever considered necessary to make them comparable with those of the current year.

As per our report of even date.

for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd

Dilip G Piramal, Chairman

(DIN No 00032012)

Radhika Piramal, Managing Director

(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 st March, 2016	As at 31 st March, 2015
1 SHARE CAPITAL		
Authorized Share Capital		
246,500,000 Equity shares of ₹ 2/- each (Previous Year 246,500,000 Equity shares of ₹ 2/- each)	49.30	49.30
1,000, 9% Redeemable Cumulative Preference shares of ₹1,000/- each (Previous Year 1,000 Preference shares of ₹1,000/- each)	0.10	0.10
	49.40	49.40
Issued, Subscribed and Fully Paid Up Share Capital		
141,317,315 Equity shares of ₹ 2/- each (Previous year 141,317,315 Equity shares of ₹ 2/- each)	28.26	28.26
Total Issued, Subscribed and Fully paid Up Share Capital	28.26	28.26

Note No.1.1: The reconciliation of the number of Equity shares outstanding at the beginning and at the end of reporting period 31st March, 2016

	As at 31 st March, 2016		As at 31 st March, 2015	
	Number of Shares	₹ in Crores	Number of Shares	₹ in Crores
Number of Equity shares at the beginning of the year	141,317,315	28.26	141,317,315	28.26
Add :- Shares issued during the year	-	-	-	-
Less:- Shares Bought Back	-	-	-	-
Number of Equity shares at the end of the year	141,317,315	28.26	141,317,315	28.26

Note No. 1.2 :Terms/rights attached to equity shares:

The Company has only one class of Issued, subscribed and fully paid up shares referred to as Equity Shares having a par value of ₹ 2 each. Each holder of Equity Share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Note No. 1.3:- The details of shareholders holding more than 5% shares:

Name of the shareholders	As at 31 st March, 2016		As at 31 st March, 2015	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,581,765	25.89%
Vibhuti Investments Co. Ltd.	21,862,645	15.47%	21,862,645	15.47%

(₹ in Crores)

		As at 31 st March, 2016	As at 31 st March, 2015
2 RESERVES & SURPLUS			
Capital Reserve			
At the beginning and at the end of the year	(A)	0.15	0.15
Capital Redemption Reserve			
At the beginning and at the end of the year	(B)	0.15	0.15
Securities Premium Reserve			
At the beginning and at the end of the year	(C)	33.53	33.53
Capital Incentive			
At the beginning of the year		0.99	1.04
Less : Transferred to Statement of Profit & Loss		0.05	0.05
Less : Transferred to General Reserve		0.95	-
At the end of the year	(D)	-	0.99
General Reserve			
At the beginning of the year		207.81	188.51
Add: Transferred from surplus		-	22.37
Add: Transferred from Capital Incentive		0.95	-
Less : Adjustment of carrying amount (Net of Deferred Tax) as per Schedule II of Companies Act 2013 (Refer Note No 9.3)		-	-
Carrying Amount (Net of residual value)		-	4.70
Adjustment of Deferred Tax		-	(1.63)
At the end of the year	(E)	208.76	207.81
Surplus			
At the beginning of the year		36.11	36.11
Add: Net profit after tax transferred from Statement of Profit & Loss		63.41	47.86
Amount available for appropriation		99.52	83.97
Less : Appropriations			
Interim Dividend		8.48	7.07
Final Dividend		19.79	14.13
Total Dividend (Refer Note No 8.1)		28.27	21.20
Dividend Distribution Tax (Refer Note No 8.1)		5.75	4.29
Amount transferred to general reserve		-	22.37
At the end of the year	(F)	65.50	36.11
Total Reserves & Surplus (A+B+C+D+E+F)		308.09	278.74
3 OTHER LONG TERM LIABILITIES			
Others			
Deposits		1.46	1.46
		1.46	1.46
4 LONG TERM PROVISIONS			
Provisions for Employee Benefits			
Leave Encashment (Refer Note No. 33)		1.56	1.35
Compensated Absences - Sick leave (Refer Note No. 33)		1.02	0.66
Others			
Provision for Warranty (Refer Note No. 40)		1.35	1.07
		3.93	3.08

NOTES ON FINANCIAL STATEMENTS

		(₹ in Crores)	
		As at 31 st March, 2016	As at 31 st March, 2015
5	SHORT TERM BORROWINGS		
	Cash Credit and Demand loan from Banks		
	Secured (Refer Note No. 5.1)	14.20	27.15
	Unsecured	-	3.88
		<u>14.20</u>	<u>31.03</u>
	Note No. 5.1		
	Secured by hypothecation of Inventories & assignment of Book Debts ranking pari passu inter-se and by second charge on the fixed assets of the Company located at Nashik and Sinnar.		
6	TRADE PAYABLES		
	Sundry Creditors for Goods (Refer Note No. 6.1 & 6.2)	113.43	66.23
	Sundry Creditors for Expenses (Refer Note No. 6.1)	58.77	51.65
		<u>172.20</u>	<u>117.88</u>
	Note No. 6.1		
	The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this said Act have not been given.		
	Note No. 6.2 : Sundry Creditors for goods includes ₹ 4.02 Crores due to subsidiary (Previous Year ₹ 3.82 Crores).		
7	OTHER CURRENT LIABILITIES		
	Interest Accrued but not due on Borrowings	-	0.01
	Unpaid Dividend	2.52	2.27
	Unclaimed Matured Deposits	-	0.02
	Uncashed Matured Deposits and Interest Accrued thereon	0.01	0.02
	Other Liabilities		
	Sundry Creditors For Capital Goods	0.04	0.04
	Advances from Customers	5.35	3.84
	Statutory Liabilities	10.35	6.63
	Others	8.17	7.30
		<u>26.44</u>	<u>20.13</u>
8	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	For Leave Encashment (Refer Note No. 33)	0.32	0.34
	For Compensated Absences - sick leave (Refer Note No.33)	0.28	0.45
	Other Provisions		
	Provision For Income Tax (Net of Advance Tax)	1.90	0.29
	Proposed Dividend (Refer Note No. 8.1)	19.78	14.13
	Dividend Distribution Tax (Refer Note No. 8.1)	4.03	2.88
	Provision for Warranty (Refer Note No. 40)	0.68	0.53
		<u>26.99</u>	<u>18.62</u>

Note No. 8.1

The Board of Directors have recommended a final dividend of ₹ 1.40 (previous year ₹ 1) per share on par value of equity share of ₹ 2.0 each amounting to ₹ 19.79 Crores (previous year ₹ 14.13 Crores) for the financial year 2015-16. An interim dividend of ₹0.6 per share (previous year ₹ 0.5) amounting to ₹ 8.48 Crores (previous year ₹ 7.07 Crores) was paid during the financial year 2015-16. Hence, total dividend declared for the financial year 2015-16 would be ₹ 2.0 per share (previous year ₹ 1.5) amounting to ₹ 28.27 Crores (previous year ₹ 21.20 Crores) and Dividend Distribution Tax ₹ 5.75 Crores (previous year ₹ 4.29 Crores).

9. FIXED ASSETS

(₹ in Crores)

	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1st April, 2015	Additions	Deductions / Adjustments (Refer Note No. 9.2)	As at 31st March, 2016	As at 1st April, 2015	For the year	Deductions/ Adjustments (Refer Note No 9.2)	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Tangible Assets:										
Freehold Land	0.02	-	-	0.02	-	-	-	-	0.02	0.02
Leasehold Land	5.86	-	-	5.86	-	-	-	-	5.86	5.86
Buildings (Refer Note No. 9.1 & 30)	36.64	1.26	1.04	36.86	16.93	1.27	0.30	17.90	18.97	19.71
Plant and Machinery	78.37	1.92	5.22	75.07	70.15	2.14	5.20	67.09	7.98	8.22
Moulds and Dies	73.30	2.55	2.19	73.66	65.19	2.74	1.23	66.70	6.96	8.11
Furniture & Fixtures	29.18	1.83	0.44	30.57	23.58	3.17	0.26	26.49	4.08	5.60
Office Equipments	1.89	0.13	0.01	2.01	1.24	0.35	0.01	1.58	0.42	0.65
Data Processing Machines	10.66	0.64	0.31	10.99	9.45	0.88	0.31	10.02	0.97	1.22
Vehicles	6.96	1.88	0.33	8.51	2.03	0.98	0.14	2.87	5.64	4.93
Total Tangible Assets	242.88	10.21	9.54	243.55	188.57	11.53	7.45	192.65	50.90	54.31
Tangible Assets (Previous Year)	259.92	9.24	26.28	242.88	193.09	14.73	19.25	188.57	54.31	
Intangible Assets:										
Patents and Trademarks	9.08	-	-	9.08	9.00	0.03	-	9.03	0.05	0.08
Computer Software	6.46	0.22	0.02	6.66	5.42	0.53	0.02	5.93	0.72	1.04
Total Intangible Assets	15.54	0.22	0.02	15.74	14.42	0.56	0.02	14.96	0.78	1.12
Intangible Assets (Previous Year)	14.69	0.85	-	15.54	13.87	0.55	-	14.42	1.12	
Total Fixed Assets	258.42	10.43	9.56	259.29	202.99	12.09	7.47	207.61	51.68	
Total Fixed Assets (Previous Year)	274.61	10.10	26.29	258.42	206.96	15.28	19.25	202.99	55.43	
Capital Work- in-Progress	-	-	-	-	-	-	-	-	1.02	1.09

Note No 9.1: Building

Buildings include Original cost of ₹ 0.70 Crores(previous year ₹ 0.70 Crores) being the cost of ownership flats represented by 10 (previous year 10) shares of ₹ 50 each of Co-operative housing societies.

Note No 9.2: Obsolescence of Fixed Assets

Deduction/Adjustment includes Obsolescence of Fixed Assets done during the Year.

Note No 9.3:

Pursuant to Schedule II to the Companies Act, 2013 ('the Act') effective from 1st April, 2014, the Company had revised depreciation rates on tangible fixed assets except Moulds, Furniture & Fixtures and Computer Server as per useful life specified in Part 'C' of Schedule II of the Act.

Accordingly, the Company has re-worked depreciation with reference to the estimated economic lives of Fixed Assets prescribed by Schedule II of the Act. In case of an asset whose life is completed before 1st April, 2014, the carrying amount (Net of residual value) of ₹ 4.70 Crores has been adjusted to the Retained Earnings after adjusting impact of deferred tax of ₹ 1.63 Crores in the previous financial year.

NOTES ON FINANCIAL STATEMENTS

10 NON CURRENT INVESTMENT

Non Trade Investments (at cost)	Face Value per unit ₹	As at 31 st March, 2016		As at 31 st March, 2015	
		Number of Units	Amount (₹ in Crores)	Number of Units	Amount (₹ in Crores)
Quoted					
In Equity Instruments					
Windsor Machines Limited.	2	1,000	0.01	1,000	0.01
Kemp & Co Ltd.	10	1,909	-	1,909	-
Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
Total Value of Quoted Investments			0.01		0.01
Aggregate market value of Quoted Investments ₹ 0.32 Crores (previous year ₹ 0.32 Crores)					
Unquoted					
a) In Equity Instruments					
Dinnette Exclusive Club Pvt Ltd.	100	500	0.01	500	0.01
The Saraswat Co Op Bank Ltd.	10	2,000	-	2,000	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	100	-
<u>Investment in Wholly Owned Subsidiary Company</u>					
Blow Plast Retail Ltd.	10	50,000	0.05	50,000	0.05
VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)	-	9,070,475	6.44	9,070,475	6.44
<u>Investments in Joint Venture (Refer Note No 10.1)</u>					
VIP Nitol Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	25,003	2.12
b) In Preference Instruments					
<u>Investment in Wholly Owned Subsidiary Company</u>					
VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)	-	17,039,279	13.67	14,608,629	11.75
c) Others					
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	10	-
Total Value of Unquoted Investments			22.29		20.37
Total of Long Term Investments			22.29		20.38
Less : Provision for Diminution in the value of Investment			2.12		2.12
Net Value of Investment			20.17		18.26

Note No. 10.1:-

During the Previous year, application has been filed for voluntary winding up of the VIP Nitol Industries Limited. The company has already made provision for diminution in value of investment of ₹ 2.12 Crores in the accounts. Consequently, the disclosure under AS 27 "Joint Venture" is not applicable.

(₹ in Crores)

	As at 31 st March, 2016	As at 31 st March, 2015
11 DEFERRED TAX ASSETS (NET)		
On account of Expenses allowable under Income Tax Act on payment basis	1.61	1.09
On account of Voluntary Retirement Scheme	0.42	0.56
On account of Allowance for Bad & Doubtful Debts	0.37	0.38
On account of difference in depreciation as per books and income tax	1.71	1.07
	<u>4.11</u>	<u>3.10</u>
12 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	0.53	1.10
Security Deposits	15.78	15.68
With related party		
Share Application Money to Subsidiary (VIP Industries Bangladesh Pvt. Ltd.)	-	1.92
Other loans & Advances		
Advance Recoverable in Cash or in kind or for value to be received	0.01	0.59
Sales Tax Advance/Refund	3.10	5.38
Inter Corporate Deposits		0.05
Advance Income Tax and Income Tax Deducted at Source (Net of Provision for Taxation)	0.94	0.92
	<u>20.36</u>	<u>25.64</u>
13 OTHER NON-CURRENT ASSETS		
Others		
Receivable against Sale of Property	4.00	4.50
	<u>4.00</u>	<u>4.50</u>
14 INVENTORIES		
Raw Materials (Refer Note No 14.1)	18.72	16.93
Work-in-Progress	6.02	8.92
Finished Goods	40.39	34.61
Stock-in-Trade (Refer Note No 14.1)	212.09	161.33
Stores & Spares, Packing Material and others	0.89	0.93
	<u>278.11</u>	<u>222.72</u>

Note 14.1 : Goods in Transit

Raw Material inventory includes Goods-in transit ₹ 1.83 Crores
(Previous year ₹ Nil)

Stock-in-Trade inventory includes Goods-in transit ₹ 54.24 Crores (Previous year ₹ 12.52 Crores)

NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 st March, 2016	As at 31 st March, 2015
15 TRADE RECEIVABLES		
(Unsecured)		
Outstanding For a Period exceeding Six Months from the date they are due for payment		
Considered Good	5.12	2.85
Considered Doubtful	1.08	1.10
Others		
Considered Good	144.21	108.25
	<u>150.41</u>	<u>112.20</u>
Less : Allowance for Bad & Doubtful Debts	1.08	1.10
	<u>149.33</u>	<u>111.10</u>
16 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
Balances with Banks in:		
Current Accounts	1.88	1.93
Remittance in Transit	1.99	2.03
Cash on Hand	0.44	0.84
	(A) <u>4.31</u>	<u>4.80</u>
Other Bank Balances :		
Unclaimed dividend Accounts (Refer Note No. 16.1)	2.52	2.27
Unclaimed Matured Deposits (Refer Note No. 16.1)	-	0.02
Unencashed Matured Deposits and Interest accrued thereon (Refer Note No. 16.1)	0.01	0.02
Margin Money Account (Refer Note No. 16.2)	0.08	0.07
	(B) <u>2.61</u>	<u>2.38</u>
	(A+B) <u>6.92</u>	<u>7.18</u>
Note No. 16.1		
The Balances can be utilized only towards settlement of the unpaid dividend/ unpaid matured deposits.		
Note No. 16.2		
Margin money deposits amounting to ₹ 0.07 Crores (Previous Year ₹ 0.07 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
17 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
With related party		
Amount Recoverable from Subsidiary (VIP Industries Bangladesh Pvt. Ltd.)	0.30	0.25
Others		
Security Deposits	4.19	6.14
Advance Recoverable in Cash or in kind or for value to be received	4.63	2.03
Advance to Employees	0.22	0.26
Advance to Suppliers	3.24	4.31
Balance with Statutory Authorities	9.03	7.85
Advance Income Tax (Net of Provision for Taxation)	1.96	3.47
	<u>23.57</u>	<u>24.31</u>

(₹ in Crores)

	As at 31 st March, 2016	As at 31 st March, 2015
18 OTHER CURRENT ASSETS		
Interest receivable	0.11	0.35
Export Incentive Receivable	2.17	2.44
Receivable against Sale of Property	0.50	0.50
Others		
SAD Refund Receivable	18.57	14.47
Others (Refer Note No 18.1)	0.95	8.11
	<u>22.30</u>	<u>25.87</u>
Note No. 18.1		
Others include ₹ 0.33 Crores for Guarantee Commission Receivable from Subsidiary (VIP Industries Bangladesh Pvt. Ltd.) (Previous Year ₹ 0.31 Crores)		
19 a) CONTINGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.04	0.04
2) Disputed Income Tax Liability	1.55	2.23
3) Disputed Sales Tax Liability	88.03	115.44
4) Bonds issued under EPCG scheme	0.53	4.71
5) Disputed Excise duty liability	0.98	0.80
6) Disputed Employees state insurance corporation Liability.	-	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	1.62	0.48

NOTES ON FINANCIAL STATEMENTS

	(₹ in Crores)	
	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
20 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 20.1)	1,230.81	1,058.87
Income from Services (Refer Note No. 20.2)	1.17	1.22
<u>Other Operating Revenues</u>		
Sale of Scrap	1.06	0.73
Export Incentive	1.21	2.71
Less: Excise Duty	17.80	15.84
	<u>1,216.45</u>	<u>1,047.69</u>
Note No 20.1: Sale of Products:		
Soft Luggage and Bags	887.66	773.13
Hard Luggage	336.44	272.53
Furniture	6.71	13.11
Others	-	0.10
	<u>1,230.81</u>	<u>1,058.87</u>
Note No 20.2: Income from Services:		
Job Work	1.17	1.22
	<u>1.17</u>	<u>1.22</u>
21 OTHER INCOME		
Interest Income (Refer Note No. 21.1)	0.08	0.20
Dividend from Current Investment	0.04	0.20
Profit on Sale of Fixed Asset (Net)	0.42	-
Miscellaneous Income including Rent	1.76	2.20
	<u>2.30</u>	<u>2.60</u>
Note No. 21.1: Break-up of Interest received		
Interest Income on Deposits with Banks	0.01	0.06
Interest Income on Inter Corporate Deposits	-	0.03
Interest Income on Others	0.07	0.11
	<u>0.08</u>	<u>0.20</u>
22 COST OF MATERIALS CONSUMED		
Cost of Materials Consumed (Refer Note No.22.1, 35 & 46)	<u>165.64</u>	<u>145.99</u>
Note No. 22.1: Cost of Materials Consumed		
Polycarbonate	15.28	9.64
Aluminium Sections	6.28	9.09
Polypropylene	23.86	30.04
Components & Other Materials	120.22	97.22
	<u>165.64</u>	<u>145.99</u>
23 PURCHASES OF STOCK IN TRADE		
Soft Luggage	563.16	483.13
	<u>563.16</u>	<u>483.13</u>

NOTES ON FINANCIAL STATEMENTS

		(₹ in Crores)	
		For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
24	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
	Finished Goods		
	Opening Stock	34.61	37.76
	Closing Stock	<u>40.39</u>	<u>34.61</u>
		(5.78)	3.15
	Work-in-Progress		
	Opening Stock	8.92	8.90
	Closing Stock	<u>6.02</u>	<u>8.92</u>
		2.90	(0.02)
	Stock-in-Trade		
	Opening Stock	161.33	109.70
	Closing Stock	<u>212.09</u>	<u>161.33</u>
		(50.76)	(51.63)
		<u>(53.64)</u>	<u>(48.50)</u>
25	EMPLOYEE BENEFITS EXPENSE		
	Salaries & Wages	106.79	96.27
	Contribution to Provident Fund & Other Funds	10.03	5.53
	Staff Welfare Expenses	<u>4.53</u>	<u>4.20</u>
		<u>121.35</u>	<u>106.00</u>
26	FINANCE COSTS		
	Interest Expense (Refer Note No. 26.1)	0.96	0.84
	Other Borrowing Costs	0.22	0.43
	Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	-	0.01
		<u>1.18</u>	<u>1.28</u>
	Note No. 26.1: Break-up of Interest Expense		
	Interest Expense on Bank Borrowings	0.86	0.67
	Interest Expense on Income Tax	0.10	0.15
	Interest Expense on Others	-	<u>0.02</u>
		<u>0.96</u>	<u>0.84</u>
27	OTHER EXPENSES		
	Consumption of Stores and Spare parts (Refer Note No. 36)	1.55	1.20
	Power & Fuel	14.02	13.26
	Rent	42.05	38.61
	Repairs		
	for Buildings	0.27	0.21
	for Machinery	0.53	0.54
	for Other Repairs	<u>6.56</u>	<u>6.41</u>
	Insurance	0.46	0.27
	Rates and Taxes (includes Wealth Tax ₹ NIL (Previous Year ₹ 0.05 Crores))	6.59	2.85
	Payment to Auditors (Refer Note No. 27.1)	0.29	0.26

NOTES ON FINANCIAL STATEMENTS

	(₹ in Crores)	
	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Freight, Handling and Octroi	63.07	55.72
Discounts & Rebates	26.90	30.34
CSR Expenditure	1.20	2.50
Commission on Sales	0.91	1.06
Advertisement and Marketing	70.70	62.97
Travelling & Conveyance	17.15	15.30
Legal & Professional Fees	5.02	5.36
Communication Cost	4.23	3.89
Bank Charges & Commission	2.05	1.78
Human Resource Procurement	25.68	21.38
Directors' Fees	0.08	0.07
Allowance for Bad & Doubtful Debts	0.09	0.31
Bad Debts written off during the year	0.11	0.33
Less :- Provision for Bad & Doubtful Debts	0.11	0.33
Net Loss on Foreign Currency Transactions	1.86	0.41
Obsolescence of Fixed Assets	0.01	0.17
Miscellaneous Expenses	25.64	19.80
	<u>316.91</u>	<u>284.67</u>
Note No. 27.1 : Payment to Statutory Auditors		
Audit Fees (including Limited Review)	0.14	0.14
Tax Audit Fees	0.02	0.02
Certification & other services	0.05	0.05
Income Tax Representation	0.05	0.03
Towards Service Tax	0.03	0.02
	<u>0.29</u>	<u>0.26</u>
28 EXCEPTIONAL ITEMS - INCOME / (EXPENSES)		
Income		
Profit on Sale of Fixed Asset (Net)	-	6.34
Expenses		
Compensation under VRS Scheme	-	(2.02)
	<u>-</u>	<u>4.32</u>
29 EARNING PER SHARE (EPS):		
(A) Profit attributable to Equity Shareholders (₹ in Crores)	63.41	47.86
(B) No. of Equity Share outstanding during the year.	141,317,315	141,317,315
(C) Face Value of each Equity Share (₹)	2.00	2.00
(D) Basic & Diluted earning per Share (₹)	4.49	3.39

30 ASSETS TAKEN ON LEASE:

The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings therein wherever applicable taken on leave and license basis). The aggregate lease rentals of ₹ **42.05 Crores** (previous year ₹ 38.61 Crores) are charged as Rent and grouped under the Note No. 27 "Other Expenses". These leasing arrangements which are cancellable, range 11 months to 3 years, or longer and are usually renewable by mutually agreed terms and conditions.

Rental Income of ₹ 1.50 Crores (previous year ₹ 1.42 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 21 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2015-2016	2014-2015
Gross Block	1.97	1.82
Accumulated Depreciation	0.60	0.44
Written down value	1.37	1.38
Depreciation for the year	0.03	0.03

There are no Contingent rent recognised in the Statement of Profit & Loss . The lease is cancellable in nature.

31 SEGMENT REPORTING:

Segment Information for the year ended 31st March, 2016

The Company has two primary business segments, viz i.Luggage, Bags & Accessories and ii. Furniture. Since the segment revenue, segment result and segment assets of the segment 'Furniture' is less than 10% of the respective totals, the same is considered insignificant and accordingly no Primary segment is reportable. Further the geographical segment revenue, segment result and segment assets of the business of the segment 'Outside India' is less than 10% of the respective totals, no geographical business segment is reportable.

32 RELATED PARTY DISCLOSURES:

A) Name of the related party and description of relationship

Name of Related Parties

Nature of Relationship

Parties where control exists:

Blow Plast Retail Ltd.

Wholly owned Subsidiary Company

VIP Industries Bangladesh Pvt Ltd.

Wholly owned Subsidiary Company

VIP Nitol Industries Ltd.

Joint Venture (Refer Note No. 10.1)

Key Management Personnel:

Mr. Dilip G. Piramal

Whole time Director & Chairman

Ms. Radhika Piramal

Managing Director

Mr. Ashish K Saha

Director Works

Companies where Directors are interested:

Indian Merchants' Chambers (IMC)

Mr. Dilip G. Piramal - Whole time Director & Chairman of the Company is President of IMC w.e.f. 18.06.2015

DGP Securities Limited

Mr. Dilip G. Piramal - Whole time Director & Chairman of the Company is also Director of DGP Securities Limited

KEMP & Company Limited

Mrs. Shalini D. Piramal, Managing Director of KEMP & Company Limited w.e.f. 26.03.2015 is wife of Mr. Dilip G. Piramal, Whole time Director & Chairman of the Company

B) Details of Transactions during the year with related parties.

		(₹ in Crores)	
Name of Related Parties	Nature of Transactions during the year	2015-2016	2014-2015
1. VIP Industries Bangladesh Pvt Ltd.	Preference Shares	1.92	8.71
	Commission Income	-	0.11
	Purchase of Goods	30.65	25.80
	Share Application Money - Preference Shares	-	0.89
2. Mr. Dilip G. Piramal	Remuneration Paid	1.00	1.02
	Commission	0.97	0.69
3. Ms. Radhika Piramal	Remuneration Paid	1.61	1.33
	Commission	0.97	0.69

NOTES ON FINANCIAL STATEMENTS

		(₹ in Crores)	
Name of Related Parties	Nature of Transactions during the year	2015-2016	2014-2015
4. Mr. Ashish Saha	Remuneration Paid	0.65	0.61
5. Indian Merchants' Chambers (IMC)	Membership & other Fees	0.02	
	Advertisement & other Expenses	0.06	
	Donation to IMC Relief Fund	0.25	
	Reimbursement of Expenses Paid	0.01	
6. Kemp & Company Limited	Sale of goods	1.99	0.13

C) Balances at the year end.

		(₹ in Crores)	
Name of Related Parties	Particulars	As on 31 st March, 2016	As on 31 st March, 2015
1. VIP Industries Bangladesh Pvt Ltd	Investment in Equity Shares	6.44	6.44
	Investment in Preference Shares	13.67	11.76
	Reimbursement Receivables	0.30	0.25
	Share Application Money	-	1.92
	Sundry creditor for Goods	4.02	3.82
	Commission Receivable	0.33	0.31
2. VIP Nitol Industries Ltd	Investment in Equity Shares	2.12	2.12
3. Mr. Dilip G. Piramal	Commission payable	0.97	0.69
4. Ms. Radhika Piramal	Commission payable	0.97	0.69
5. Blow Plast Retail Ltd.	Investment in Equity Shares	0.05	0.05
6. DGP Securities Limited	Rent Deposit	1.12	1.12
7. Kemp & Company Limited	Sundry debtors for Goods	0.38	0.53

33 EMPLOYEE BENEFITS:

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as an expense for the year are as under :

	(₹ in Crores)	
	2015-16	2014-15
Employer's Contribution to Provident Fund	4.35	3.78

Defined Benefit Plan

The Company has schemes for long-term benefits such as provident fund/gratuity/leave encashment and Compensated absences for sick leave. In case of funded scheme, the funds are recognised by the Income tax authorities and administered through trustees / appropriate authorities. The Company's defined benefit plans include provident fund/gratuity/leave encashment and Compensated absences for sick leave. In terms of the Guidance on implementing the revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. However, as at the year end no shortfall remains unprovided for. It is not practical or feasible to actuarially value the liability of provident fund considering that the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

NOTES ON FINANCIAL STATEMENTS

The following table sets out the assumptions taken, status of the gratuity plan/leave encashment and Compensated absences for sick leave the amount recognised in the Company Financial Statements as on 31st March, 2016

	(₹ in Crores)					
	2015-16	2015-16	2015-16	2014-15	2014-15	2014-15
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
<u>(i) Assumptions</u>						
Discount Rate	7.80%	7.80%	7.80%	7.85%	7.85%	7.85%
Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rate of Return	7.80%			9.30%		
<u>(ii) Change in present value of obligation</u>						
Projected Benefit Obligations at the beginning of the year	17.97	1.70	1.10	18.07	1.93	1.01
Interest Cost	1.19	0.10	0.09	1.45	0.15	0.09
Service Cost	1.82	0.24	0.30	4.25	0.66	0.69
Benefits paid	(5.58)	(0.88)	-	(4.64)	(0.52)	-
Actuarial (gain) / loss on obligations	2.35	0.72	(0.19)	(1.16)	(0.53)	(0.69)
Projected Benefit Obligations at the end of the year	17.75	1.88	1.30	17.97	1.70	1.10
<u>(iii) Changes in Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.03	-	-	18.38	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expected Return on Plan Assets	1.39	-	-	1.54	-	-
Contributions	4.93	0.88	-	0.90	0.52	-
Benefits paid	(5.58)	(0.88)	-	(4.64)	(0.52)	-
(Gain) / loss on Plan Assets	(1.01)	-	-	1.85	-	-
Fair value of Plan Assets at the end of the year	17.76	-	-	18.03	-	-
<u>(iv) Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.03	-	-	18.38	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Actual return on Plan Assets	0.38	-	-	3.38	-	-
Contributions	4.93	0.88	-	0.90	0.52	-
Benefits paid	(5.58)	(0.88)	-	(4.64)	(0.52)	-
Fair value of Plan Assets at the end of the year	17.76	-	-	18.03	-	-
Funded Status	0.01	(1.88)	(1.30)	0.05	(1.70)	(1.10)
Excess of actual over expected return on Plan Assets	(1.01)	-	-	1.85	-	-
<u>(v) Actuarial gain/loss recognised :</u>						
Actuarial (gain)/loss for the year - Obligation	(2.35)	(0.72)	(0.19)	1.16	0.53	0.69
Actuarial (gain)/loss for the year - Plan Assets	(1.01)	-	-	1.85	-	-
Total (Gain)/loss for the period	(3.35)	(0.72)	(0.19)	3.01	0.53	0.69
Actuarial (gain)/loss recognised for the period	(3.35)	(0.72)	(0.19)	0.00	0.00	0.69
Unrecognised Actuarial (Gain)/Loss	-	-	-	-	-	-

NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	2015-16	2015-16	2015-16	2014-15	2014-15	2014-15
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
<u>(vi) The amounts to be recognised in the Balance Sheet and Statement of Profit or Loss</u>						
Present value of obligations as at the end of the year	17.75	1.88	1.30	17.97	1.70	1.10
Fair value of plan assets as at the end of the year	17.76	-	-	18.03	-	-
Funded status	0.01	(1.88)	(1.30)	0.05	(1.70)	(1.10)
Unrecognised Actuarial (Gain)/Loss	-	-	-	-	-	-
Net (Asset) /liability recognized in balance sheet	0.01	(1.88)	(1.30)	0.05	(1.70)	(1.10)
<u>(vii) Expenses Recognised in statement of Profit & Loss</u>						
Current Service Cost	1.82	0.24	0.30	4.25	0.66	0.69
Interest Cost	1.19	0.10	0.09	1.45	0.15	0.09
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expected return on Plan Assets	(1.39)	-	-	(1.54)	-	-
Net Actuarial (gain) / loss recognised in the year	3.35	0.72	(0.19)	(3.01)	(0.53)	(0.69)
Expenses recognised in the statement of Profit & Loss	4.98	1.06	0.20	1.16	0.28	0.10
<u>(viii) Movements in the liability recognised in the Balance Sheet</u>						
Opening Net liability/(Assets)	(0.05)	1.70	1.10	(0.31)	1.93	1.01
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expense as above	4.98	1.06	0.20	1.16	0.28	0.10
Contributions	(4.93)	(0.88)	-	(0.90)	(0.52)	-
Closing Net liability/(Assets)	(0.01)	1.88	1.30	(0.05)	1.70	1.10
<u>(ix) Experience Analysis - Liabilities</u>						
Actuarial (Gain)/Loss due to change in bases	0.05	0.00	0.00	1.09	0.18	0.12
Experience (Gain) / Loss due to Change in Experience	2.30	0.72	(0.19)	(2.25)	(0.71)	(0.81)
Total	2.35	0.72	(0.19)	(1.16)	(0.53)	(0.69)
<u>Experience Analysis - Plan Assets</u>						
Experience (Gain) / Loss due to Change in Plan Assets	1.01	-	-	(1.85)	-	-
Current Liability	-	0.32	0.28	-	0.34	0.45
Non-Current Liability	(0.01)	1.56	1.02	17.97	1.35	0.66

34 VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF:

	(₹ in Crores)	
	2015-16	2014-15
a) Raw Material	14.25	8.43
b) Capital Goods	0.08	2.18
c) Stores & Spares	0.01	0.05
	<u>14.34</u>	<u>10.66</u>

35 IMPORTED AND INDIGENOUS RAW-MATERIALS AND COMPONENTS CONSUMED: (₹ in Crores)

	2015-2016		2014-2015	
	%	Value	%	Value
Raw Materials				
Imported*	1%	0.30	0%	-
Indigenous	99%	45.12	100%	48.77
Subtotal (A)	100%	<u>45.42</u>	100%	<u>48.77</u>
Components and other Raw Materials				
Imported*	7%	8.00	7%	7.21
Indigenous	93%	112.22	93%	90.01
Subtotal (B)	100%	<u>120.22</u>	100%	<u>97.22</u>
TOTAL (A)+(B)		<u>165.64</u>		<u>145.99</u>

* Excludes imported items purchased locally.

36 IMPORTED AND INDIGENOUS STORES & SPARES CONSUMED:

	2015-2016		2014-2015	
	%	Value	%	Value
Imported *	1%	0.01	5%	0.06
Indigenous	99%	1.54	95%	1.14
	100%	<u>1.55</u>	100%	<u>1.20</u>

* Excludes imported items purchase locally.

37 DETAILS OF DIVIDEND REMITTED OUTSIDE INDIA IN FOREIGN CURRENCIES AS FOLLOWS:

	2015-2016	2014-2015
a) Final Dividend :		
i) No. of non-resident shareholders	430	435
ii) No. of shares held by the shareholders	237,660	228,410
iii) Amount remitted (₹ in Crores)	0.02	0.03
iv) Year to which pertains	2014-15	2013-14
b) Interim Dividend :		
i) No. of non-resident shareholders	422	435
ii) No. of shares held by the shareholders	233,410	239,660
iii) Amount remitted (₹ in Crores)	0.01	0.01
iv) Year to which pertains	2015-16	2014-15

NOTES ON FINANCIAL STATEMENTS

38 EXPENDITURE IN FOREIGN CURRENCY:

	(₹ in Crores)	
	2015-2016	2014-2015
Travelling	2.90	2.82
Interest	0.05	0.07
Commission	0.66	0.89
Capital assets	0.01	0.03
Import of goods	384.66	313.68
Payable on other accounts	26.10	23.21
	<u>414.37</u>	<u>340.70</u>

39 EARNINGS IN FOREIGN CURRENCY:

	(₹ in Crores)	
	2015-2016	2014-2015
FOB value of exports	86.33	93.24
Insurance	0.00	0.00
Freight	0.91	1.32
Commission Income	-	0.11
	<u>87.24</u>	<u>94.67</u>

40 DISCLOSURE RELATING TO WARRANTY PROVISIONS:

The movement in the following provisions is summarised as under :

	(₹ in Crores)	
	2015-2016	2014-2015
Opening	1.61	1.28
Additions	0.78	0.66
Utilisation/reversal	(0.36)	(0.34)
Closing Balance	<u>2.03</u>	<u>1.60</u>

Notes:

- The Closing Balance includes ₹ **0.68 Crores** as Short Term and ₹ **1.35 Crores** as Long Term in Current year (Previous year ₹ 0.53 Crores as short Term and ₹ 1.07 Crores as Long Term)
- A Provision 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 2-3 Years.

41 RESEARCH & DEVELOPMENT EXPENDITURE:

	(₹ in Crores)	
	2015-2016	2014-2015
Revenue Expenditure included in Employee Benefits	0.77	0.84
Revenue Expenditure included in other expenses	0.62	1.21
Closing Balance	<u>1.39</u>	<u>2.05</u>

42 DERIVATIVES:

A) HEDGED : The Company has entered into Forward Exchange Contracts, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding Forward Exchange Contracts entered into by the Company:

Buy or Sell	As on 31.03.2016		As on 31.03.2015		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
BUY	7.69	1,160,571	NIL	NIL	USD

B) UNHEDGED: The year end Foreign Currency exposures that have not been hedged by a derivative instrument as outstanding are as under:

	As on 31.03.2016		As on 31.03.2015		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
a) Receivables :-					
	17.74	2,677,348	17.96	2,873,324	USD
	0.47	549,793	0.48	616,539	HKD
	0.06	31,657	0.18	108,628	AED
	0.01	1,153	0.01	1,307	GBP
b) Payables :-					
	0.09	11,352	0.06	9,627	EUR
	0.29	159,392	0.24	144,062	AED
	68.72	10,371,734	43.14	6,902,357	USD
	0.07	85,670	0.03	44,606	HKD
	0.02	2,534	0.02	2,335	GBP
	0.05	10,000	-	-	SGD

43 CORPORATE INFORMATION

VIP INDUSTRIES LTD. (the 'Company) is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India Limited (NSE). The Company is Asia's No.1 Luggage manufacturer and heralded the birth of modern luggage in India. The Company has manufacturing facilities at various locations across India. The Company has set up a wholly owned subsidiary in Bangladesh under the name and style VIP Industries Bangladesh Private Limited to manufacture and market luggage and bags.

44 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

A) BASIS OF ACCOUNTING:

The Financial Statements have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the mandatory accounting standards and the relevant provisions of the Companies Act, 2013.

B) USE OF ESTIMATES :

The presentation and preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting year. Difference between the actual result and the estimates are recognized in the year in which the results are known / materialized.

C) INVENTORY:

- (i) Raw materials, components, stores & spares, packing material, Work-in-Process & finished goods are valued at lower of cost and net realisable value.
- (ii) Cost of Raw Materials, components, stores & spares and packing material are valued at Weighted Average Cost.
- (iii) Cost of inventory includes purchase cost/cost of conversion and other costs incurred in bringing the inventory to their present location and condition.
- (iv) Scrap is valued at net realisable value.

D) CASH AND CASH EQUIVALENTS:

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

E) REVENUE RECOGNITION:

Sale & Sale of Services

- (i) Sales are recognised when goods are supplied and are recorded inclusive of Excise Duty and net off Value Added Tax and trade discount.
- (ii) Revenues from Services are recognised as and when services are rendered.

Other Income

Interest income is recorded on a time proportion basis taking into account the amounts invested and rate of interest.

Export Benefits

All export benefits other than advance license benefits are accounted for on accrual basis.

Dividends

Dividend is accounted when the right to receive the dividend is established.

F) FIXED ASSETS AND DEPRECIATION:

- (i) The depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in which life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.

Assets	Useful life
Furniture and Fixtures in company run stores	2 years
Computer Server	3 years
Soft luggage Mould	2 years
Hard Luggage Mould	around 6 years

- (ii) Intangible assets are identified when the assets are expected to provide future enduring economic benefits. The assets are identified in the year in which the relevant asset is put to use in the production or supply of goods or services. The assets are amortised over a period of estimated useful life as determined by the management.
 - Expenditure on trademarks is amortised over a period of ten years on straight line method.
 - Expenditure on patents is amortised over a period of ten years on straight line method or over the period of control, whichever is earlier.
 - Expenditure on Computer Software is amortised over a period of three years on straight line method.

G) FOREIGN CURRENCY TRANSACTIONS:

- (i) In respect of foreign exchange transaction, the transaction in foreign currency is recorded in rupees by applying the exchange rate prevailing on the date of the transaction. Amount short or excess realised/incurred is transferred to Statement of Profit and Loss.
- (ii) All foreign currency liabilities / assets not covered by forward contracts, are restated at the rates prevailing at the year end and any exchange differences are debited / credited to the Statement of Profit & Loss .
- (iii) In respect of transaction covered by forward contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Statement of Profit & Loss over the period of the contract.

H) GOVERNMENT GRANTS & SUBSIDY:

The Government Grants are treated as deferred income. The deferred income is recognised in the Statement of profit and loss/ retained earnings on systematic and rational basis over the periods necessary to match them with the related costs, which they are intended to compensate.

I) INVESTMENTS:

Long term investments are stated at cost. Provision for diminution in value of long term investment is made only if such decline is other than temporary in the opinion of the management. Current investment are carried individually, at the lower of cost and fair value.

J) EMPLOYEE BENEFITS:

- (i) Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Contribution payable to the recommended Provident Fund is charged to Statement of Profit and Loss.
- (iii) Liabilities in respect Gratuity & Leave Encashment which are defined benefit plans other than provident fund schemes are determined based on actuarial valuation made by an independent actuary as on the balance sheet date. The actuarial gains or losses are recognised immediately in the Statement of Profit and Loss.

K) SEGMENT REPORT:

- (i) The company identifies primary segment based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segment are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.
- (ii) The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

L) BORROWING COST :

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale as per Accounting Standard 16 "Borrowing Cost". All other borrowing costs are charged to revenue.

M) EARNINGS PER SHARE :

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares except where the results would be anti-dilutive. The numbers of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential equity shares.

N) TAXATION :

- (i) Provision for income tax is made on the basis of the taxable income for the current accounting period in accordance with the provisions of Income Tax Act, 1961.
- (ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax asset arising from timing differences are recognised to the extent there is a virtual certainty that this would be realised in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

O) LEASE :

- (i) Lease rentals in respect of assets acquired under operating leases are charged to the Statement of Profit and Loss.
- (ii) Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.
- (iii) Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognised immediately in the statement of profit and loss.

P) Research and Development Expenses

Revenue expenditure pertaining to research is charged to Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been

established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development and depreciated in accordance with the policies stated for Fixed Assets.

Q) IMPAIRMENT OF ASSETS :

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

R) PROVISION AND CONTINGENT LIABILITIES:

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

S) OPERATING CYCLE:

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

- 45 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 46 During the year, the Company has made a provision of ₹ **0.35 Crores** (Previous Year ₹ 0.28 Crores) for excise duty on closing stocks, other than goods meant for exports in bonded warehouse. The excise duty is also included in valuation of the closing stock of finished goods inventories. There is no effect on the profit for the year.
- 47 In the opinion of the Board, amounts of Current Assets, Loans and Advances have value on realisation in the ordinary course of business at least equal to at which they are stated.
- 48 The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current presentation.

As per our report of even date.

for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd

Dilip G Piramal, Chairman

(DIN No 00032012)

Radhika Piramal, Managing Director

(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

TO THE MEMBERS OF VIP INDUSTRIES LIMITED**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **VIP INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together are referred to as "the Group"), comprising of the consolidated balance sheet as at 31st March, 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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 Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for 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; the 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 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 Company, as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the Financial Statement of the Subsidiary Company **VIP Industries Bangladesh Private Limited** whose financial statement reflect total assets of ₹ 308,587,130 as at 31st March, 2016 total revenue of ₹ 305,872,447 and net cash flows of ₹ 7,780,325 for the period ended on that date, as considered in the consolidated financial statement. These financial statement of the Subsidiary VIP Industries Bangladesh Private Limited have been audited by another auditor, whose reports have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. 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 a statement on the matters specified in paragraphs 3 and 4 of the order which are applicable to the Holding Company, VIP Industries Limited and its Indian subsidiary, Blow Plast Retail Limited but are not applicable in case of the foreign subsidiary VIP Industries Bangladesh Private Limited. Accordingly the reporting on these matters is based on the reports of the Holding Company VIP Industries Limited and its Indian subsidiary Blow Plast Retail Limited wherever clauses of the order are applicable.
2. 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 purpose 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 financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and its subsidiary incorporated in India, none of the directors of the Group is disqualified as on 31st March, 2016 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 over financial reporting of the Holding Company, VIP Industries Limited and its Indian subsidiary, Blow Plast Retail Limited but are not applicable in case of the foreign subsidiary VIP Industries Bangladesh Private Limited and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and
 - 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 Consolidated Financial Statements has disclosed the impact of pending litigations on the consolidated financial of the Group – Refer Note No. 19(a) to the financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - 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 incorporated in India.

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants
Firm Registration No. 101484W

Place: Mumbai
Date: 25th May, 2016.

Ashish Bairagra
Partner
Membership No. 109931

Annexure to the Independent Auditor's Report on the consolidated financial statements referred to in paragraph titled as "Report on other Legal and Regulatory Requirements" to the members of VIP Industries Limited for the year ended 31st March, 2016.

"Our reporting on the order includes one subsidiary company to which the order is applicable to the extent considered applicable for reporting under the order in case of the consolidated financial statements."

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanation given to us on our enquiries, we state that:

- (i) (a) The holding company and the subsidiary company are maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management of the holding company according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the holding Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management of the holding company during the year and discrepancies noticed between the book records and the physical inventories were not material and have been properly dealt with in the accounts.
- (c) According to information and explanations gives to us and on the basis of our examination of the records of the Holding Company, the title deeds of immovable properties are held in the name of the Holding Company except are as mentioned hereunder:

1. In case of Land:

Total Number of Cases	Leasehold/ Freehold	Gross Block (Amount in ₹)	Net Block (Amount in ₹)	Remark
1	Leasehold	60,100	60,100	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.
1	Freehold	1,20,550	1,20,550	The Asset is registered in the name of Aristo Plast Limited. The said name of the company was changed to VIP Industries Limited vide certificate dated 16.06.1981. The change of name of the said asset is yet to be done.

2. In case of Building:

Total Number of Cases	Gross Block (Amount in ₹)	Net Block (Amount in ₹)	Remark
5	32,941,085	20,200,689	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.

- (ii) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) The Group has not accepted any deposits from the public during the year covered by the audit. In respect of unclaimed deposits, the holding company has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act or any other relevant provision of the Act and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vii) According to information and explanation given to us, in respect of the Statutory dues of the holding company and the subsidiary company incorporated in India:
 - (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities except in case of holding company Sales tax of ₹14,899,703. Further undisputed amounts of holding company were outstanding as on 31st March, 2016 for a period of more than six months from the date they became payable in respect of Works Contract ₹ 1,274, Sales Tax ₹ 210,277.
 - (b) According to the records of the Company, there are no dues of Service Tax and Customs Duty which have not been deposited on account of any dispute.

INDEPENDENT AUDITORS' REPORT

The disputed amounts of the holding company that have not been deposited in respect of Income Tax, Excise Duty, Value Added Tax and Sales Tax are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (₹)	Financial Year to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act, 1956 and Sales Tax Acts and Value Added Tax Acts of various states	Sales Tax/VAT and Entry Tax	732,804	Various years from 1996-97 to 2003-04	Assistant Commissioner of Sales Tax
			311,561	Various years from 1992-93 to 1994-95	Sales tax Officers
			20,641,030	Various years from 1990-91 to 2007-08, 2010-11 and 2011-12	Deputy/Sr. Deputy Commissioner of Sales Tax (Appeals)
			11,606,873	Various years from 1993-94 to 2011-12	Joint/Sr. Joint Commissioner of Sales Tax (Appeals)
			569,730	2008-09	Assistant Commissioner of Sales Tax (Appeals)
			39,931,531	1999-2000 to 2002-03	Joint Director of Industries
			17,755,110	2011-12 and 2012-13	Commissioner of Sales Tax
			760,358,155	Various years from 1983-84 to 2011-12	Sales Tax Tribunal
			3,245,512	Various years from 1999-2000 to 2005-06	Honourable High Court
2.	Income Tax Act, 1961	Income Tax	5,228,744	2004-05 and 2005-06	Honourable High Court
			661,204	2005-06 and 2012-13	Assessing Officer
3.	Central Excise Act, 1944	Excise duty on Cenvat dues	2,112,981	2000-01, 2004-05 and 2008-09	Honourable High Court
			2,265,827	1998-99 and 2002-03	Customs, Excise and Service Tax Appellate Tribunal
			1,742,162	2000-01 and 2001-02	Supreme Court

- (viii) According to the records of the Holding Company examined by us and the information and explanation given to us, the Holding Company has not defaulted in repayment of dues to banks during the year. The Holding Company has not taken any loan or borrowing from government, financial institutions and has not issued debentures during the year.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the holding company & the subsidiary company incorporated in India or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.
- (xiii) According to the information and explanation given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sec 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xvii) The clause numbers (i) (c), (ii), (iii), (iv), (v), (vi), (viii), (ix), (xi), (xii), (xiii), (xiv), (xv) & (xvi) of the Order are not applicable to the Indian subsidiary and clause numbers (iii), (iv), (vi), (ix), (xii), (xiv), (xv), (xvi) are not applicable to the Holding Company.

For and on behalf of
M. L. BHUWANIA & CO.
 Chartered Accountants
 Firm Registration No. 101484W

Place: Mumbai
 Date: 25th May, 2016.

Ashish Bairagra
 Partner
 Membership No. 109931

Annexure- B referred to in paragraph titled as "Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013" ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2016, we have audited the internal financial controls over financial reporting of VIP Industries Limited ("the Holding Company") and its Indian subsidiary, Blow Plast Retail Limited which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which is company incorporated in India, are 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 ICAI and the Standards on Auditing, issued by ICAI and 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 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies 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 31 March, 2016, 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 ICAI.

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants
Firm Registration No. 101484W

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 25th May, 2016.

CONSOLIDATED BALANCE SHEET

(₹ in Crores)

	Note	As at 31 st March, 2016	As at 31 st March, 2015
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	28.26	28.26
(b) Reserves & Surplus	2	311.05	277.49
		339.31	305.75
(2) Non-Current Liabilities			
(b) Other Long Term Liabilities	3	1.46	1.46
(c) Long Term Provisions	4	3.93	3.08
		5.39	4.54
(3) Current Liabilities			
(a) Short Term Borrowings	5	14.20	31.03
(b) Trade Payables	6	174.32	119.04
(c) Other Current Liabilities	7	26.49	20.44
(d) Short Term Provisions	8	26.99	18.62
		242.00	189.13
TOTAL		586.70	499.42
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		65.59	69.85
(ii) Intangible Assets		0.96	1.44
(iii) Capital Work - in - Progress		1.09	1.09
		67.64	72.38
(b) Non Current Investment	10	0.01	0.01
(c) Deferred Tax Assets (Net)	11	4.11	3.10
(d) Long Term Loans and Advances	12	20.80	24.17
(e) Other Non - Current Assets	13	4.00	4.50
		28.92	31.78
(2) Current Assets			
(a) Inventories	14	287.42	226.89
(b) Trade Receivables	15	149.33	111.10
(c) Cash & Bank Balances	16	8.03	7.52
(d) Short Term Loans and Advances	17	23.39	24.18
(e) Other Current Assets	18	21.97	25.57
		490.14	395.26
TOTAL		586.70	499.42
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS	1 to 45		

The notes referred above form an integral part of the Balance sheet.

As per our report of even date.
for **M. L. BHUWANIA & CO.**
Chartered Accountants
Firm Registration Number : 101484W
Ashish Bairagra
Partner
Membership No. : 109931
Mumbai
Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd
Dilip G Piramal, Chairman
(DIN No 00032012)
Radhika Piramal, Managing Director
(DIN No 02105221)
Jogendra Sethi, Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Note	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
INCOME:			
Revenue from Operations		1,234.25	1,063.53
Less :- Excise Duty		17.80	15.84
Net Revenue from Operations	20	1,216.45	1,047.69
Other Income	21	2.30	2.49
Total Revenue		1,218.75	1,050.18
EXPENSES:			
Cost of Materials Consumed	22	185.24	163.00
Purchases of Stock - in - Trade	23	532.51	457.34
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	24	(55.03)	(47.60)
Employee Benefits Expense	25	125.86	109.69
Finance Costs	26	1.18	1.28
Depreciation & Amortization Expenses	9	14.18	17.52
Other Expenses	27	319.70	287.78
Total Expenses		1,123.64	989.01
Profit before exceptional items and tax		95.11	61.17
Add :- Exceptional Items -Income/(Expense)	28	-	4.32
Profit before tax and after Exceptional Items		95.11	65.49
Less : Tax expense			
(1) Current tax		29.11	19.69
(2) Deferred tax		(1.01)	(0.04)
(3) Short/(Excess) provision for Tax relating to prior year		0.55	(0.75)
		28.65	18.90
Profit for the year		66.46	46.59
Earning per equity share (EPS) of face value of ₹ 2 each :	29		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		4.70	3.30
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		4.70	3.30
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS	1 to 45		

The notes referred above form an integral part of the Statement of Profit and Loss

As per our report of even date.
for **M. L. BHUWANIA & CO.**
Chartered Accountants
Firm Registration Number : 101484W

Ashish Bairagra
Partner
Membership No. : 109931

Mumbai
Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd

Dilip G Piramal, Chairman
(DIN No 00032012)

Radhika Piramal, Managing Director
(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	95.11	65.49
Adjusted for:		
Depreciation/ Amortisation Expense	14.17	17.52
Wealth Tax	-	0.06
Dividend Income	(0.04)	(0.20)
Interest Expense	0.96	0.84
Interest Income	(0.08)	(0.20)
(Gain) /Loss on Exchange Rate Fluctuation	(0.64)	(0.04)
(Gain) /Loss on Translation	1.16	0.74
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit)/Loss on sale of fixed assets (Net)	(0.40)	(6.17)
	15.08	12.50
Operating profit before working capital changes	110.19	77.99
Adjusted for :		
Increase/(Decrease) in Other Long Term Liabilities	-	0.43
Increase/(Decrease) in Long Term Provisions	0.85	0.21
Increase/(Decrease) in Trade Payables	56.14	19.73
Increase/(Decrease) in Other Current Liabilities	6.13	0.39
Increase/(Decrease) in Short Term Provisions	(0.05)	(0.02)
(Increase)/Decrease in Long Term Loans and Advances	2.74	2.93
(Increase)/Decrease in Other non - current assets	0.50	(4.50)
(Increase)/Decrease in Inventories	(60.53)	(56.98)
(Increase)/Decrease in Trade Receivables	(38.44)	(15.85)
(Increase)/Decrease in Short Term Loans and Advances	(0.95)	3.01
(Increase)/Decrease in Other Current Assets	3.36	7.26
	(30.25)	(43.39)
Cash Generated from Operations	79.94	34.60
Direct Taxes Paid (Net of refund received)	(26.56)	(21.01)
NET CASH FROM OPERATING ACTIVITIES	53.38	13.59

CONSOLIDATED CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(10.26)	(10.84)
Intercorporate deposits Received back	0.05	0.75
Purchase of Investments/ Share Application Money	(150.64)	(338.40)
Sale of Investments	150.64	338.40
Sale of Fixed Assets	1.54	6.71
Interest Income	0.32	0.30
Dividend Received	0.04	0.20
NET CASH USED IN INVESTING ACTIVITIES	(8.31)	(2.88)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(0.97)	(0.84)
Proceeds / (Repayments) from / of Borrowings (net)	(16.85)	14.94
Dividend paid (inclusive of Dividend Distribution Tax)	(26.96)	(27.97)
NET CASH USED IN FINANCING ACTIVITIES	(44.78)	(13.87)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	0.29	(3.16)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	5.14	8.30
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	5.43	5.14
	(0.29)	3.16

Notes:

(1) Cash and Cash Equivalents include (Refer Note No. 16) :

Cash and Cheques on Hand	0.44	0.84
<u>Balances with Scheduled Banks in :</u>		
*Current Accounts	3.00	2.27
Remittance in Transit	1.99	2.03
Total	5.43	5.14

*Closing Balance includes exchange rate difference Loss of ₹ 0.05 Crores (previous year Loss of ₹ 0.02 Crores)

(2) Previous year's figures have been regrouped and/or rearranged wherever considered necessary to make them comparable with those of the current year.

As per our report of even date.

for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd

Dilip G Piramal, Chairman

(DIN No 00032012)

Radhika Piramal, Managing Director

(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 st March, 2016	As at 31 st March, 2015
1 SHARE CAPITAL		
Authorized Share Capital		
246,500,000 Equity shares of ₹ 2/- each (Previous Year 246,500,000 Equity shares of ₹ 2/- each)	49.30	49.30
1000, 9% Redeemable Cumulative Preference shares of ₹1000/- each (Previous Year 1000 Preference shares of ₹1000/- each)	0.10	0.10
	<u>49.40</u>	<u>49.40</u>
Issued, Subscribed and Fully Paid Up Share Capital		
141,317,315 Equity shares of ₹ 2/- each (Previous year 141,317,315 Equity shares of ₹ 2/- each)	28.26	28.26
Total Issued, Subscribed and Fully paid Up Share Capital	<u>28.26</u>	<u>28.26</u>

Note No.1.1: The reconciliation of the number of Equity shares outstanding at the beginning and at the end of reporting period 31st March, 2016:

	As at 31 st March, 2016		As at 31 st March, 2015	
	Number of Shares	₹ in Crores	Number of Shares	₹ in Crores
Number of Equity shares at the beginning	141,317,315	28.26	141,317,315	28.26
Add :- Shares issued during the year	-	-	-	-
Less :- Shares Bought back	-	-	-	-
Number of Equity shares at the end of the year	<u>141,317,315</u>	<u>28.26</u>	<u>141,317,315</u>	<u>28.26</u>

Note No. 1.2 :Terms/rights attached to equity shares:

The Company has only one class of Issued, subscribed and fully paid up shares referred to as Equity Shares having a par value of ₹ 2 each. Each holder of Equity Share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Note No. 1.3:- The details of shareholders holding more than 5% shares:

Name of the shareholders	As at 31 st March,2016		As at 31 st March,2015	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,581,765	25.89%
Vibhuti Investments Co. Ltd.	21,862,645	15.47%	21,862,645	15.47%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

		(₹ in Crores)	
		As at 31 st March, 2016	As at 31 st March, 2015
2	RESERVES & SURPLUS		
	Capital Reserve		
	At the beginning and at the end of the year	(A) 0.15	0.15
	Capital Redemption Reserve		
	At the beginning and at the end of the year	(B) 0.15	0.15
	Securities Premium Reserve		
	At the beginning and at the end of the year	(C) 33.53	33.53
	Capital Incentive		
	At the beginning of the year	0.99	1.04
	Less : Transferred to Statement of Profit & Loss	0.05	0.05
	Less : Transferred to General Reserve	0.95	-
	At the end of the year	(D) -	0.99
	General Reserve		
	At the beginning of the year	207.81	188.51
	Add: Transferred from surplus	-	22.37
	Add: Transferred from Capital Incentive	0.95	-
	Less : Adjustment of carrying amount (Net of Deferred Tax) as per Schedule II of Companies Act 2013 (Refer Note No 9.3)		
	Carrying Amount (Net of residual value)	-	4.70
	Adjustment of Deferred Tax	-	(1.63)
	At the end of the year	(E) 208.76	207.81
	Foreign Currency Translation Reserve		
	At the end of the year	(F) 1.94	0.78
	Surplus		
	At the beginning of the year	34.08	35.35
	Add: Net profit after tax transferred from Statement of Profit & Loss	66.46	46.59
	Amount available for appropriation	100.54	81.94
	Less : Appropriations		
	Interim Dividend	8.48	7.07
	Final Dividend	19.78	14.13
	Total Dividend	28.26	21.20
	Dividend Distribution Tax	5.75	4.29
	Amount transferred to general reserve	-	22.37
	At the end of the year	(G) 66.52	34.08
	Total Reserves & Surplus (A+B+C+D+E+F+G)	311.05	277.49
3	OTHER LONG TERM LIABILITIES		
	Others		
	Deposits	1.46	1.46
		1.46	1.46
4	LONG TERM PROVISIONS		
	<u>Provisions for Employee Benefits</u>		
	Leave Encashment (Refer Note No. 34)	1.56	1.35
	Compensated Absences - sick leave (Refer Note No.34)	1.02	0.66
	<u>Others</u>		
	Provision for Warranty (Refer Note No. 35)	1.35	1.07
		3.93	3.08

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Crores)	
	As at 31 st March, 2016	As at 31 st March, 2015
5 SHORT TERM BORROWINGS		
Cash Credit and Demand loan from Banks		
Secured (Refer Note No. 5.1)	14.20	27.15
Unsecured	-	3.88
	<u>14.20</u>	<u>31.03</u>

Note No. 5.1

Secured by hypothecation of Inventories & assignment of Book Debts ranking pari passu inter-se and by second charge on the fixed assets of the Company located at Nashik and Sinnar.

6 TRADE PAYABLES		
Sundry Creditors for Goods (Refer Note No. 6.1)	114.59	66.57
Sundry Creditors for Expenses (Refer Note No. 6.1)	59.73	52.47
	<u>174.32</u>	<u>119.04</u>

Note No. 6.1

The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/ payable under this Act, have not been given.

7 OTHER CURRENT LIABILITIES		
Interest Accrued but not due on Borrowings	-	0.01
Unpaid Dividend	2.52	2.27
Unclaimed Matured Deposits	-	0.02
Unecashed Matured Deposits and Interest Accrued thereon	0.01	0.02
Other Liabilities		
Sundry Creditors For Capital Goods	0.04	0.33
Advances from Customers	5.35	3.84
Statutory Liabilities	10.40	6.65
Others	8.17	7.30
	<u>26.49</u>	<u>20.44</u>

8 SHORT TERM PROVISIONS		
Provision for Employee Benefits		
For Leave Encashment (Refer Note No. 34)	0.32	0.34
For Compensated Absences - sick leave (Refer Note No.34)	0.28	0.45
Other Provisions		
Provision For Income Tax (Net of Advance Tax)	1.90	0.29
Proposed Dividend (Refer Note No. 8.1)	19.78	14.13
Dividend Distribution Tax (Refer Note No. 8.1)	4.03	2.88
Provision for Warranty (Refer Note No. 35)	0.68	0.53
	<u>26.99</u>	<u>18.62</u>

Note No. 8.1

The Board of Directors have recommended a final dividend of ₹ 1.40 (previous year ₹ 1) per share on par value of equity share of ₹ 2.0 each amounting to ₹ 19.79 Crores (previous year ₹ 14.13 Crores) for the financial year 2015-16. An interim dividend of ₹ 0.6 per share (previous year ₹ 0.5) amounting to ₹ 8.48 Crores (previous year ₹ 7.07 Crores) was paid during the financial year 2015-16. Hence, total dividend declared for the financial year 2015-16 would be ₹ 2.0 per share (previous year ₹ 1.5) amounting to ₹ 28.27 Crores (previous year ₹ 21.20 Crores) and Dividend Distribution Tax ₹ 5.75 Crores (previous year ₹ 4.29 Crores).

9. FIXED ASSETS

(₹ in Crores)

	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at 1 st April, 2015	Additions	Deductions / Adjustments (Refer Note No. 9.2 & 9.4)	As at 31 st March, 2016	As at 1 st April, 2015	For the year	Deductions / Adjustments (Refer Note No. 9.2 & 9.4)	As at 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
<u>Tangible Assets:</u>										
Freehold Land	0.02	-	-	0.02	-	-	-	-	0.02	0.02
Leasehold Land	5.86	-	-	5.86	-	-	-	-	5.86	5.86
Buildings (Refer Note No. 9.1 & 31)	47.95	1.25	0.34	48.86	17.60	1.86	0.26	19.20	29.66	30.35
Plant and Machinery	84.44	2.01	4.84	81.61	71.56	3.43	5.10	69.89	11.72	12.89
Moulds and Dies	73.30	2.55	2.19	73.66	65.19	2.75	1.23	66.71	6.95	8.11
Furniture & Fixtures	29.34	1.85	0.43	30.76	23.60	3.19	0.26	26.53	4.23	5.74
Office Equipments	1.95	0.16	0.01	2.10	1.25	0.36	-	1.61	0.49	0.69
Data Processing Machines	10.75	0.64	0.31	11.08	9.48	0.90	0.31	10.07	1.01	1.27
Vehicles	6.96	1.89	0.33	8.52	2.03	0.98	0.14	2.87	5.65	4.92
Total Tangible Assets	260.57	10.35	8.45	262.47	190.71	13.47	7.30	196.88	65.59	69.85
Tangible Assets (Previous Year)	276.84	9.41	25.68	260.57	193.09	16.84	19.21	190.72	69.85	-
<u>Intangible Assets:</u>										
Patents and Trademarks	9.08	-	-	9.08	9.00	0.03	-	9.03	0.05	0.08
Computer Software	6.92	0.23	0.01	7.14	5.56	0.68	0.01	6.23	0.91	1.36
Total Intangible Assets	16.00	0.23	0.01	16.22	14.56	0.71	0.01	15.26	0.96	1.44
Intangible Assets (Previous Year)	14.99	1.00	(0.01)	16.00	13.87	0.69	-	14.56	1.44	-
Total Fixed Assets	276.57	10.57	8.45	278.69	205.27	14.18	7.31	212.14	66.55	-
Total Fixed Assets (Previous Year)	291.83	10.41	25.67	276.57	206.96	17.52	19.21	205.27	71.30	-
Capital Work- in- Progress									1.09	1.09

Note No 9.1: Building

Buildings include Original cost of Rs 0.70 Crores (previous year ₹ 0.70 Crores) being the cost of ownership flats represented by 10 (previous year 10) shares of ₹50 each of Co-operative housing societies.

Note No 9.2: Obsolescence of Fixed Assets

Deduction/Adjustment includes Obsolescence of Fixed Assets done during the Year.

Note No 9.3:

Pursuant to Schedule II to the Companies Act, 2013 ('the Act') effective from 1st April, 2014, the Company had revised depreciation rates on tangible fixed assets except Moulds, Furniture & Fixtures and Computer Server as per useful life specified in Part 'C' of Schedule II of the Act.

Accordingly, the Company has re-worked depreciation with reference to the estimated economic lives of Fixed Assets prescribed by Schedule II of the Act. In case of an asset whose life is completed before 1st April, 2014, the carrying amount (Net of residual value) of ₹ 4.70 Crores has been adjusted to the Retained Earnings after adjusting impact of deferred tax of ₹ 1.63 Crores in the previous financial year.

Note No 9.4:

Exchange rate difference of ₹1.13 Crores (Previous year adjustments ₹ 0.65 Crores) & ₹0.16 Crores (Previous year adjustments ₹ 0.03 Crores) on account of translation of gross block and depreciation, into Indian Rupees is shown as adjustment, respectively.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

10 NON CURRENT INVESTMENT

	Face Value per unit ₹	As at 31 st March, 2016		As at 31 st March, 2015	
		Number of Units	Amount (₹ in Crores)	Number of Units	Amount (₹ in Crores)
Non Trade Investments (at cost)					
Quoted					
In Equity Instruments					
Windsor Machines Limited.	2	1,000	0.01	1,000	0.01
Kemp & Co Ltd.	10	1,909	-	1,909	-
Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
Total Value of Quoted Investments			0.01		0.01
Aggregate market value of Quoted Investments ₹ 0.32 Crores (previous year ₹ 0.32 Crores)					
Unquoted					
a) In Equity Instruments					
Dinnette Exclusive Club Pvt Ltd.	100	500	0.01	500	0.01
The Saraswat Co Op Bank Ltd.	10	2,000	-	2,000	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	100	-
Investments in Joint Venture (Refer Note No. 10.1)					
VIP Nitol Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	25,003	2.12
b) Others					
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	10	-
Total Value of Unquoted Investments			2.13		2.13
Total of Long Term Investments			2.13		2.13
Less : Provision for Diminution in the value of Investment			2.12		2.12
Net Value of Investment			0.01		0.01

Note No. 10.1:-

During the Previous year, application has been filed for voluntary winding up of the VIP Nitol Industries Limited. The company has already made provision for diminution in value of investment of ₹ 2.12 Crores in the accounts. Consequently, the disclosure under AS 27 "Joint Venture" is not applicable.

	(₹ in Crores)	
	As at 31 st March, 2016	As at 31 st March, 2015
11 DEFERRED TAX ASSETS (NET)		
On account of Expenses allowable under income tax on payment basis	1.61	1.09
On account of Voluntary Retirement Scheme	0.42	0.56
On account of Allowance for Bad & Doubtful Debts	0.37	0.38
On account of difference in depreciation as per books and income tax	1.71	1.07
	4.11	3.10

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Crores)	
	As at 31 st March, 2016	As at 31 st March, 2015
12 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	0.53	1.13
Security Deposits	16.22	16.10
<u>Other loans & Advances</u>		
Advance Recoverable in Cash or in kind or for value to be received	0.01	0.59
Sales Tax Advance/Refund	3.10	5.38
Inter Corporate Deposits	-	0.05
Advance Income Tax and Income Tax Deducted at Source (Net of Provision for Taxation)	0.94	0.92
	20.80	24.17
13 OTHER NON-CURRENT ASSETS		
Others		
Receivable against Sale of Property	4.00	4.50
	4.00	4.50
14 INVENTORIES		
Raw Materials (Refer Note No 14.1)	26.06	20.63
Work-in-Progress	7.16	9.59
Finished Goods (Refer Note No 14.1)	47.34	40.61
Stock-in-Trade (Refer Note No 14.1)	205.83	155.05
Stores & Spares, Packing Material and others	1.03	1.01
	287.42	226.89
Note 14.1 : Goods in Transit		
Raw Material inventory includes Goods-in transit ₹ 1.83 Crores (Previous year ₹ in Crores Nil)		
Stock-in-Trade inventory includes Goods-in transit ₹ 49.27 Crores (Previous year ₹ 6.52 Crores)		
15 TRADE RECEIVABLES		
(Unsecured)		
Outstanding For More Than Six Months		
Considered Good	5.12	2.85
Considered Doubtful	1.08	1.10
Others		
Considered Good	144.21	108.25
	150.41	112.20
Less : Allowance for Bad & Doubtful Debts	1.08	1.10
	149.33	111.10

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Crores)	
	As at 31 st March, 2016	As at 31 st March, 2015
16 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
Balances with Banks in:		
Current Accounts	3.00	2.27
Remittance in Transit	1.99	2.03
Cash on Hand	0.44	0.84
	(A) 5.43	5.14
Other Bank Balances :		
Unclaimed dividend Accounts (Refer Note No. 16.1)	2.52	2.27
Unclaimed Matured Deposits (Refer Note No. 16.1)	-	0.02
Unencashed Matured Deposits and Interest accrued thereon (Refer Note No. 16.1)	0.01	0.02
Margin Money Account (Refer Note No. 16.2)	0.07	0.07
	(B) 2.60	2.38
	(A+B) 8.03	7.52
Note No. 16.1		
The Balances can be utilized only towards settlement of the unpaid dividend/unpaid matured deposits.		
Note No. 16.2		
Margin money deposits amounting to ₹0.07 Crores (Previous Year ₹ 0.07 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
17 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Others		
Security Deposits	4.19	6.14
Advance Recoverable in Cash or in kind or for value to be received	4.74	2.13
Advance to Employees	0.22	0.26
Advance to Suppliers	3.25	4.33
Balance with Statutory Authorities	9.03	7.85
Advance Income Tax (Net of Provision for Taxation)	1.96	3.47
	23.39	24.18
18 OTHER CURRENT ASSETS		
Interest accrued on deposits	0.11	0.35
Export Incentive Receivable	2.17	2.45
Receivable against Sale of Property	0.50	0.50
Others:-		
SAD Refund Receivable	18.57	14.47
Others	0.62	7.80
	21.97	25.57
19 a) CONTINGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.04	0.04
2) Disputed Income Tax Liability	1.55	2.23
3) Disputed Sales Tax Liability	88.03	115.44
4) Bonds issued under EPCG scheme	0.53	4.71
5) Disputed Excise duty liability	0.98	0.80
6) Disputed Employees state insurance corporation Liability.	-	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	1.62	0.48

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Crores)	
	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
20 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 20.1)	1,230.81	1,058.87
Income from Services (Refer Note No. 20.2)	1.17	1.22
<u>Other Operating Revenues</u>		
Sale of Scrap	1.06	0.73
Export Incentive	1.21	2.71
Less: Excise Duty	17.80	15.84
	<u>1,216.45</u>	<u>1,047.69</u>
Note No 20.1: Sale of Products:		
Soft Luggage and Bags	887.66	773.13
Hard Luggage	336.44	272.53
Furniture	6.71	13.11
Others	-	0.10
	<u>1,230.81</u>	<u>1,058.87</u>
Note No 20.2: Income from Services:		
Job Work	1.17	1.22
	<u>1.17</u>	<u>1.22</u>
21 OTHER INCOME		
Interest Income (Refer Note No. 21.1)	0.08	0.20
Dividend from Current Investment	0.04	0.20
Profit on Sale of Fixed Asset (Net)	0.42	-
Miscellaneous Income including Rent	1.76	2.09
	<u>2.30</u>	<u>2.49</u>
Note No. 21.1: Break-up of Interest received		
Interest Income on Deposits with Banks	0.01	0.06
Interest Income on Inter Corporate Deposits	-	0.03
Interest Income on Others	0.07	0.11
	<u>0.08</u>	<u>0.20</u>
22 COST OF MATERIALS CONSUMED		
Cost of Materials Consumed (Refer Note No.22.1)	<u>185.24</u>	<u>163.00</u>
Note No. 22.1: Cost of Materials Consumed		
Polycarbonate	15.28	9.64
Aluminium Sections	6.28	9.09
Polypropylene	23.86	30.04
Polyester Nylon Fabric	5.39	4.33
Components & Other Materials	134.43	109.90
	<u>185.24</u>	<u>163.00</u>
23 PURCHASES OF STOCK IN TRADE		
Soft Luggage	532.51	457.34
	<u>532.51</u>	<u>457.34</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Crores)	
	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Finished Goods		
Opening Stock	40.63	39.27
Closing Stock	<u>47.34</u>	<u>40.60</u>
	(6.71)	(1.33)
Work-in-Progress		
Opening Stock	9.62	9.58
Closing Stock	<u>7.16</u>	<u>9.58</u>
	2.46	-
Stock-in-Trade		
Opening Stock	155.05	108.78
Closing Stock	<u>205.83</u>	<u>155.05</u>
	(50.78)	(46.27)
	<u>(55.03)</u>	<u>(47.60)</u>
25 EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages		
Contribution to Provident Fund & Other Funds	111.06	99.78
Staff Welfare Expenses	10.17	5.60
	4.63	4.31
	<u>125.86</u>	<u>109.69</u>
26 FINANCE COSTS		
Interest Expense (Refer Note No. 26.1)	0.96	0.84
Other Borrowing Costs	0.22	0.43
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	-	0.01
	<u>1.18</u>	<u>1.28</u>
Note No. 26.1: Break-up of Interest Expense		
Interest Expense on Bank Borrowings	0.86	0.67
Interest Expense on Income Tax	0.10	0.15
Interest Expense on Others	-	0.02
	<u>0.96</u>	<u>0.84</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
27 OTHER EXPENSES		
Consumption of Stores and Spare parts	1.94	1.46
Power & Fuel	14.27	13.45
Rent	42.23	38.77
<u>Repairs</u>		
for Buildings	0.27	0.22
for Machinery	0.53	0.55
for Other Repairs	6.58	6.43
Insurance	0.88	0.68
Rates and Taxes (includes Wealth Tax ₹ NIL (Previous Year ₹ 0.05 Crores))	6.59	2.85
Payment to Auditors	0.31	0.27
Freight, Handling and Octroi	63.68	56.30
Discounts & Rebates	26.90	30.34
CSR Expenditure	1.20	2.50
Commission on Sales	0.91	1.06
Advertisement and Marketing	70.70	62.97
Travelling & Conveyance	17.42	15.63
Legal & Professional Fees	5.20	6.07
Communication Cost	4.26	3.92
Bank Charges & Commission	2.05	1.78
Human Resource Procurement	25.68	21.38
Directors' Fees	0.08	0.07
Allowance for Bad & Doubtful Debts	0.09	0.31
Bad Debts written off during the year	0.11	0.33
Less :- Provision for Bad & Doubtful Debts	0.11	0.33
Net Loss on Foreign Currency Transactions	1.99	0.53
Obsolescence of Fixed Assets	0.01	0.17
Miscellaneous Expenses	25.93	20.07
	<u>319.70</u>	<u>287.78</u>
28 EXCEPTIONAL ITEMS - INCOME / (EXPENSES)		
Income		
Profit on Sale of Fixed Asset (Net)	-	6.34
Expenses		
Compensation under VRS Scheme	-	(2.02)
	-	<u>4.32</u>

(₹ in Crores)

	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
29 EARNING PER SHARE (EPS):		
(A) Profit attributable to Equity Shareholders (₹)	66.46	46.59
(B) No. of Equity Share outstanding during the year	141,317,315	141,317,315
(C) Face Value of each Equity Share (₹)	2.00	2.00
(D) Basic & Diluted earning per Share (₹)	4.70	3.30

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

30 The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS 21) on Consolidated Financial Statements. The details of subsidiaries consolidated are as under:-

(a) Name of Subsidiary: VIP INDUSTRIES BANGLADESH PRIVATE LIMITED

Country of Incorporation: Bangladesh

Extent of holding : 100%

(b) Name of Subsidiary: Blow Plast Retail Ltd.

Country of Incorporation: India

Extent of holding : 100%

31 ASSETS TAKEN ON LEASE:

The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings therein wherever applicable taken on leave and license basis). The aggregate lease rentals of ₹ **42.23 Crores** (previous year ₹ 38.77 Crores) are charged as Rent and grouped under the Note No. 27 "Other Expenses". These leasing arrangements which are cancellable, range 11 months to 3 years, or longer and are usually renewable by mutually agreed terms and conditions.

Rental Income of ₹ **1.50 Crores** (previous year ₹ 1.42 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 21 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2015-2016	2014-2015
Gross Block	1.97	1.82
Accumulated Depreciation	0.60	0.44
Written down value	1.37	1.38
Depreciation for the year	0.03	0.03

There are no Contingent rent recognised in the Statement of Profit & Loss . The lease is cancellable in nature.

32 SEGMENT REPORTING:

Segment Information for the year ended 31st March, 2016

The Company has two primary business segments, viz i.Luggage, Bags & Accessories and ii. Furniture. Since the segment revenue, segment result and segment assets of the segment 'Furniture' is less than 10% of the respective totals, the same is considered insignificant and accordingly no Primary segment is reportable. Further the geographical segment revenue, segment result and segment assets of the business of the segment 'Outside India' is less than 10% of the respective totals, no geographical business segment is reportable.

33 RELATED PARTY DISCLOSURES:

A) Related party disclosure in accordance with Accounting Standard 18 'Related Party Disclosures'.

Name of Related Parties

Nature of Relationship

Parties where control exists:

VIP Nitol Industries Ltd.

Joint Venture (Refer Note No. 10.1)

Key Management Personnel:

Mr Dilip G. Piramal

Whole time Director & Chairman

Ms. Radhika Piramal

Managing Director

Mr. Ashish K Saha

Director Works

Companies where Directors are interested:

Indian Merchants' Chambers (IMC)

Mr. Dilip G. Piramal - Whole time Director & Chairman of the Company is President of IMC w.e.f. 18.06.2015

DGP Securities Limited

Mr. Dilip G. Piramal - Whole time Director & Chairman of the Company is also Director of DGP Securities Limited

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

KEMP & Company Limited

Mrs. Shalini D. Piramal, Managing Director of KEMP & Company Limited w.e.f. 26.03.2015 is wife of Mr. Dilip G. Piramal, Whole time Director & Chairman of the Company

B) Details of Transactions during the year with related parties

		(₹ in Crores)	
Name of Related Parties	Nature of Transactions during the year	2015-2016	2014-2015
1. Mr Dilip G. Piramal	Remuneration Paid	1.00	1.02
	Commission	0.97	0.69
2. Ms. Radhika Piramal	Remuneration Paid	1.61	1.33
	Commission	0.97	0.69
3. Mr. Ashish Saha	Remuneration Paid	0.65	0.61
4. Indian Merchants' Chambers (IMC)	Membership & other Fees	0.02	
	Advertisement & other Expenses	0.06	
	Donation to IMC Relief Fund	0.25	
	Reimbursement of Expenses Paid	0.01	
5. Kemp & Company Limited	Sale of goods	1.99	0.13

C) Balances at the year end.

		(₹ in Crores)	
Name of Related Parties	Particulars	As on 31 st Mar.2016	As on 31 st Mar.2015
1. Mr Dilip G. Piramal	Commission payable	0.97	0.69
2. Ms. Radhika Piramal	Commission payable	0.97	0.69
3. VIP Nitol Industries Ltd	Investment in Equity Shares	2.12	2.12
4. DGP Securities Limited	Rent Deposit	1.12	1.12
5. Kemp & Company Limited	Sundry debtors for Goods	0.38	0.53

34 EMPLOYEE BENEFITS:

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as an expense for the year are as under :

		(₹ in Crores)	
		2015-16	2014-15
Employer's Contribution to Provident Fund		4.35	3.79

Defined Benefit Plan

The Company has schemes for long-term benefits such as provident fund/gratuity/leave encashment and Compensated absences for sick leave. In case of funded scheme, the funds are recognised by the Income tax authorities and administered through trustees / appropriate authorities. The Company's defined benefit plans include provident fund/gratuity/leave encashment and Compensated absences for sick leave. In terms of the Guidance on implementing the revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. However, as at the year end no shortfall remains unprovided for. It is not practical or feasible to actuarially value the liability of provident fund considering that the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

The following table sets out the assumptions taken, status of the gratuity plan/leave encashment and Compensated absences for sick leave the amount recognised in the Company Financial Statements as on 31st March, 2015

	(₹ in Crores)					
	2015-16	2015-16	2015-16	2014-15	2014-15	2014-15
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
<u>(i) Assumptions</u>						
Discount Rate	7.80%	7.80%	7.80%	7.85%	7.85%	7.85%
Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rate of Return	7.80%			9.30%		
<u>(ii) Change in present value of obligation</u>						
Projected Benefit Obligations at the beginning of the year	17.97	1.70	1.10	18.07	1.93	1.01
Interest Cost	1.19	0.10	0.09	1.45	0.15	0.09
Service Cost	1.82	0.24	0.30	4.25	0.66	0.69
Benefits paid	(5.58)	(0.88)	-	(4.64)	(0.52)	-
Actuarial (gain) / loss on obligations	2.35	0.72	(0.19)	(1.16)	(0.53)	(0.69)
Projected Benefit Obligations at the end of the year	17.75	1.88	1.30	17.97	1.70	1.10
<u>(iii) Changes in Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.03	-	-	18.38	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expected Return on Plan Assets	1.39	-	-	1.54	-	-
Contributions	4.93	0.88	-	0.90	0.52	-
Benefits paid	(5.58)	(0.88)	-	(4.64)	(0.52)	-
(Gain) / loss on Plan Assets	(1.01)	-	-	1.85	-	-
Fair value of Plan Assets at the end of the year	17.76	-	-	18.03	-	-
<u>(iv) Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.03	-	-	18.38	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Actual return on Plan Assets	0.38	-	-	3.38	-	-
Contributions	4.93	0.88	-	0.90	0.52	-
Benefits paid	(5.58)	(0.88)	-	(4.64)	(0.52)	-
Fair value of Plan Assets at the end of the year	17.76	-	-	18.03	-	-
Funded Status	0.01	(1.88)	(1.30)	0.05	(1.70)	(1.10)
Excess of actual over expected return on Plan Assets	(1.01)	-	-	1.85	-	-
<u>(v) Actuarial gain/loss recognised :</u>						
Actuarial (gain)/loss for the year - Obligation	(2.35)	(0.72)	(0.19)	1.16	0.53	0.69
Actuarial (gain)/loss for the year - Plan Assets	(1.01)	-	-	1.85	-	-
Total (Gain)/loss for the period	(3.35)	(0.72)	(0.19)	3.01	0.53	0.69
Actuarial (gain)/loss recognised for the period	(3.35)	(0.72)	(0.19)	0.00	0.00	0.69
Unrecognised Actuarial (Gain)/Loss	-	-	-	-	-	-
<u>(vi) The amounts to be recognised in the Balance Sheet and Statement of Profit or Loss</u>						

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Crores)					
	2015-16	2015-16	2015-16	2014-15	2014-15	2014-15
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
Present value of obligations as at the end of the year	17.75	1.88	1.30	17.97	1.70	1.10
Fair value of plan assets as at the end of the year	17.76	-	-	18.03	-	-
Funded status	0.01	(1.88)	(1.30)	0.05	(1.70)	(1.10)
Unrecognised Actuarial (Gain)/Loss	-	-	-	-	-	-
Net (Asset) /liability recognized in balance sheet	0.01	(1.88)	(1.30)	0.05	(1.70)	(1.10)
<u>(vii) Expenses Recognised in statement of Profit & Loss</u>	-	-	-	-	-	-
Current Service Cost	1.82	0.24	0.30	4.25	0.66	0.69
Interest Cost	1.19	0.10	0.09	1.45	0.15	0.09
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expected return on Plan Assets	(1.39)	-	-	(1.54)	-	-
Net Actuarial (gain) / loss recognised in the year	3.35	0.72	(0.19)	(3.01)	(0.53)	(0.69)
Expenses recognised in the statement of Profit & Loss	4.98	1.06	0.20	1.16	0.28	0.10
<u>(viii) Movements in the liability recognised in the Balance Sheet</u>						
Opening Net liability/(Assets)	(0.05)	1.70	1.10	(0.31)	1.93	1.01
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expense as above	4.98	1.06	0.20	1.16	0.28	0.10
Contributions	(4.93)	(0.88)	-	(0.90)	(0.52)	-
Closing Net liability/(Assets)	(0.01)	1.88	1.30	(0.05)	1.70	1.10
<u>(ix) Experience Analysis - Liabilities</u>						
Actuarial (Gain)/Loss due to change in bases	0.05	0.00	0.00	1.09	0.18	0.12
Experience (Gain) / Loss due to Change in Experience	2.30	0.72	(0.19)	(2.25)	(0.71)	(0.81)
Total	2.35	0.72	(0.19)	(1.16)	(0.53)	(0.69)
<u>Experience Analysis - Plan Assets</u>						
Experience (Gain) / Loss due to Change in Plan Assets	1.01	-	-	(1.85)	-	-
Current Liability	-	0.32	0.28	-	0.34	0.45
Non-Current Liability	(0.01)	1.56	1.02	17.97	1.35	0.66

35 DISCLOSURE RELATING TO WARRANTY PROVISIONS:

The movement in the following provisions is summarised as under :

	(₹ in Crores)	
	2015-2016	2014-2015
Opening	1.61	1.28
Additions	0.78	0.66
Utilisation/reversal	(0.36)	(0.33)
Closing Balance	2.03	1.61

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

Notes:

- a) The Closing Balance includes ₹ **0.67 Crores** as Short Term and ₹ **1.35 Crores** as Long Term in Current year (Previous year ₹ 0.53 Crores as short Term and ₹ 1.07 Crores as Long Term)
- b) A Provision 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 2-3 Years.

36 RESEARCH & DEVELOPMENT EXPENDITURE:

	(₹ in Crores)	
	2014-2015	2014-2015
Revenue Expenditure included in Employee Benefits	0.77	0.84
Revenue Expenditure included in other expenses	0.62	1.21
Closing Balance	1.39	2.05

37 DERIVATIVES :

- A) HEDGED :The Company has entered into Forward Exchange Contracts, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding Forward Exchange Contracts entered into by the Company:-

Buy or Sell	As on 31.03.2016		As on 31.03.2015		Foreign Currency
	(₹ in Crores)	Amount in Foreign Currency	(₹ in Crores)	Amount in Foreign Currency	
BUY	7.69	1,160,571	NIL	NIL	USD

- B) UNHEDGED: The year end Foreign Currency exposures that have not been hedged by a derivative instrument as outstanding are as under:

	As on 31.03.2016		As on 31.03.2015		Foreign Currency
	(₹ in Crores)	Amount in Foreign Currency	(₹ in Crores)	Amount in Foreign Currency	
a) Receivables :-					
	18.57	2,804,441	18.00	2,879,364	USD
	0.47	549,793	0.48	616,539	HKD
	0.06	31,657	0.18	108,628	AED
	0.01	1,153	0.01	1,307	GBP
b) Payables :-					
	0.09	11,352	0.06	9,627	EUR
	0.29	159,392	0.24	144,062	AED
	69.36	10,466,976	43.55	6,972,925	USD
	0.07	85,670	0.03	44,606	HKD
	0.02	2,534	0.02	2,335	GBP

38 CORPORATE INFORMATION

VIP INDUSTRIES LTD. (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India Limited (NSE). The Company is Asia's No.1 Luggage manufacturer and heralded the birth of modern luggage in India. The Company has manufacturing facilities at various locations across India. The Company has set up a wholly owned subsidiary in Bangladesh under the name and style VIP Industries Bangladesh Private Limited to manufacture and market luggage and bags.

39 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

A) BASIS OF ACCOUNTING:

The Financial Statements have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the mandatory accounting standards and the relevant provisions of the Companies Act, 2013.

B) USE OF ESTIMATES :

The presentation and preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting year. Difference between the actual result and the estimates are recognized in the year in which the results are known / materialized.

C) INVENTORY:

- (i) Raw materials, components, stores & spares, packing material, Work-in-Process & finished goods are valued at lower of cost and net realisable value.
- (ii) Cost of Raw Materials, components, stores & spares and packing material are valued at Weighted Average Cost.
- (iii) Cost of inventory includes purchase cost/cost of conversion and other costs incurred in bringing the inventory to their present location and condition.
- (iv) Scrap is valued at net realisable value.

D) CASH AND CASH EQUIVALENTS :

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

E) REVENUE RECOGNITION :

Sale & Sale of Services

- (i) Sales are recognised when goods are supplied and are recorded inclusive of Excise Duty and net off Value Added Tax and trade discount.
- (ii) Revenues from Services are recognised as and when services are rendered.

Other Income

Interest income is recorded on a time proportion basis taking into account the amounts invested and rate of interest.

Export Benefits

All export benefits other than advance license benefits are accounted for on accrual basis.

Dividends

Dividend is accounted when the right to receive the dividend is established.

F) FIXED ASSETS AND DEPRECIATION:

- (i) The depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in which life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.

Assets	Useful life
Furniture and Fixtures in company run stores	2 years
Computer Server	3 years
Soft luggage Mould	2 years
Hard Luggage Mould	around 6 years

- (ii) Intangible assets are identified when the assets are expected to provide future enduring economic benefits. The assets are identified in the year in which the relevant asset is put to use in the production or supply of goods or services. The assets are amortised over a period of estimated useful life as determined by the management.
 - Expenditure on trademarks is amortised over a period of ten years on straight line method.
 - Expenditure on patents is amortised over a period of ten years on straight line method or over the period of control, whichever is earlier.
 - Expenditure on Computer Software is amortised over a period of three years on straight line method.

Foreign Subsidiary:

Property, Plant and Equipment :

Items of fixed assets excluding land and building are measured at cost less accumulated depreciation and accumulated impairment losses. Land and building is recognized at cost at the time of acquisition. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipments". Subsequent costs is capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

Depreciation :

During the current Financial year, the Company has provided depreciation as per Straight Line method.

Accordingly, Depreciation on all property plant & equipment except land is provided on Straight Line method so as to write off the assets over their expected useful life. Depreciation on Property, Plant & Equipment has been charged on acquisition of Property, Plant & Equipment when it is available for use.

Items	Rates
Building	5.00%
Furniture	10.00%
Plant and Machinery	20.00%
Computer and Software	30.00%

G) FOREIGN CURRENCY TRANSACTIONS :

- (i) In respect of foreign exchange transaction, the transaction in foreign currency is recorded in rupees by applying the exchange rate prevailing on the date of the transaction. Amount short or excess realised/incurred is transferred to Statement of Profit and Loss.
- (ii) All foreign currency liabilities / assets not covered by forward contracts, are restated at the rates prevailing at the year end and any exchange differences are debited / credited to the Statement of Profit & Loss .
- (iii) In respect of transaction covered by forward contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Statement of Profit & Loss over the period of the contract.

Foreign Subsidiary:

Monetary assets and liabilities denominated in foreign currencies are translated into Bangladesh Taka (BDT) at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the average exchange rate for the year.

Translation of Financial statements of Foreign Subsidiary:

- a) All incomes and expenses are translated at the simple average rate of exchange prevailing during the year.
- b) Assets and liabilities are translated at the closing rate of exchange on the Balance Sheet date.
- c) The resulting foreign currency differences are accumulated in foreign currency translation reserve.

H) GOVERNMENT GRANTS & SUBSIDY:

The Government Grants are treated as deferred income. The deferred income is recognised in the Statement of profit and loss/Retained earnings on systematic and rational basis over the periods necessary to match them with the related costs, which they are intended to compensate.

I) INVESTMENTS:

Long term investments are stated at cost. Provision for diminution in value of long term investment is made only if such decline is other than temporary in the opinion of the management. Current investment are carried individually, at the lower of cost and fair value.

J) EMPLOYEE BENEFITS:

- (i) Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Contribution payable to the recommended Provident Fund is charged to Statement of Profit and Loss.
- (iii) Liabilities in respect Gratuity & Leave Encashment which are defined benefit plans other than provident fund schemes are determined based on actuarial valuation made by an independent actuary as on the balance sheet date. The actuarial gains or losses are recognised immediately in the Statement of Profit and Loss.

Foreign Subsidiary:

Provident Fund:

The Company has a Contributory Provident Fund for its eligible employees with effect from May 2014, 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 the Company has 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.

K) SEGMENT REPORT:

- (i) The company identifies primary segment based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segment are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.
- (ii) The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

L) BORROWING COST :

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale as per Accounting Standard 16 "Borrowing Cost". All other borrowing costs are charged to revenue.

M) EARNINGS PER SHARE :

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares except where the results would be anti-dilutive. The numbers of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential equity shares.

N) TAXATION :

- (i) Provision for income tax is made on the basis of the taxable income for the current accounting period in accordance with the provisions of Income Tax Act, 1961.
- (ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax asset arising from timing differences are recognised to the extent there is a virtual certainty that this would be realised in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

Foreign Subsidiary:

The Manufacturing factory is based in Mongla Export Processing Zone (MEPZ) under BEPZA. As per the provisions of S.R.O. No. 219/Ain/Aikor/2012 dated June 27, 2012, the income of the Factory is exempted from tax for a period of Seven years from the date of commencement of commercial production i.e. from January 27th, 2014.

O) LEASE :

- (i) Lease rentals in respect of assets acquired under operating leases are charged to the Statement of Profit and Loss.
- (ii) Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.
- (iii) Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognised immediately in the statement of profit and loss.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as

an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

P) Research and Development Expenses

Revenue expenditure pertaining to research is charged to Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development and depreciated in accordance with the policies stated for Fixed Assets.

Q) IMPAIRMENT OF ASSETS :

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

R) PROVISION AND CONTINGENT LIABILITIES:

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

S) OPERATING CYCLE:

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

- 40 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 41 The Companies Subsidiary i.e. VIP Industries Bangladesh Private Limited have a policy of charging depreciation different from the policy adopted by the company, the impact of the such change is not, considered for purpose of the financial statements and hence have not been given effect in the financials.
- 42 Closing Stock of Inventory of the subsidiary VIP Industries Bangladesh Private Limited included in Statement of Profit & Loss and Balance Sheet has been translated at average rate of Exchange & closing rate of exchange respectively. Consequently, Loss of ₹ **0.08 Crores** (previous year loss ₹ 0.08 Crores) has been debited to Foreign Currency Translation Reserve.
- 43 During the year, the Company has made a provision of ₹ **0.35 Crores** (Previous Year ₹ 0.28 Crores) for excise duty on closing stocks, other than goods meant for exports in bonded warehouse. The excise duty is also included in valuation of the closing stock of finished goods inventories. There is no effect on the profit for the year.
- 44 In the opinion of the Board, amounts of Current Assets, Loans and Advances have value on realisation in the ordinary course of business at least equal to at which they are stated.
- 45 The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current presentation.

As per our report of even date.
for **M. L. BHUWANIA & CO.**
Chartered Accountants
Firm Registration Number : 101484W

Ashish Bairagra
Partner
Membership No. : 109931

Mumbai
Dated : 25th May, 2016

For and on behalf of Board of Directors of VIP Industries Ltd
Dilip G Piramal, Chairman
(DIN No 00032012)

Radhika Piramal, Managing Director
(DIN No 02105221)

Jogendra Sethi, Chief Financial Officer

Skybags

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