



26th May, 2020

BSE Limited Phiroze Jeejeebhoy Towers, Dalal St, Kala Ghoda, Fort, Mumbai - 400001 BSE Code No. 507880	National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. NSE Code – VIPIND
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Subject: Audited Financial Results (Standalone and Consolidated) for the year ended 31st March, 2020

Dear Sir / Madam,

In continuation to our letter dated 20th May, 2020, we wish to inform you that the Board of Directors at its meeting held today at 3:30 p.m. and concluded at 5:30 p.m. have approved the Audited Financial Results (Standalone and Consolidated) of the Company for the year ended 31st March, 2020.

Accordingly, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith:

- (i) Audited Financial Results (Standalone and Consolidated) for the year ended 31st March, 2020; and
- (ii) Statutory Auditors Report on the Audited Financial Results (Standalone and Consolidated) for the year ended 31st March, 2020.

The report of Price Waterhouse Chartered Accountants LLP, the Statutory Auditors of the Company, is with unmodified opinion with respect to the Audited Financial Results (Standalone and Consolidated) for the year ended 31st March, 2020.

Further, in order to conserve resources, the Board of Directors has not recommended any further dividend for the year ended 31st March, 2020 and therefore the interim dividend of Rs. 3.20 (160%) per equity share of Rs 2/- each, which was declared on 12th February, 2020, has been confirmed as the final dividend for the year ended 31st March, 2020.

VIP INDUSTRIES LIMITED

Registered Office: DGP House, 5th Floor, 88C, Old Prabhadevi Road, Mumbai 400 025. INDIA.
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CIN - L25200MH1968PLC013914



Please take the above on your record and disseminate the same for the information of investors.

Thanking you,

Yours Faithfully,

For V.I.P. Industries Limited

Anand Daga
Company Secretary & Head – Legal

Encl: As above

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V.I.P. INDUSTRIES LIMITED

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(Rs. in Crores)

Statement of Audited Financial Results for the year ended March 31, 2020

Sr No	Particulars	Standalone					Consolidated				
		For the Quarter ended			For the Year Ended		For the Quarter ended			For the Year Ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)
1	Income										
	(a) Revenue from operations	307.92	430.35	434.76	0,713.97	1,784.44	311.34	430.57	434.98	1,718.32	1,784.66
	(b) Other Income	8.61	1.46	1.99	24.05	9.52	5.50	1.68	1.97	12.50	8.32
	Total Revenue	316.53	431.81	436.75	1,738.02	1,793.96	316.84	432.25	436.95	1,730.82	1,792.98
2	Expenses:										
	a) Cost of Materials consumed	57.19	54.57	58.61	219.06	222.10	102.97	90.80	86.97	357.24	306.77
	b) Purchase of Stock-in-trade	160.41	123.88	265.99	604.88	897.84	89.80	64.05	226.73	382.01	767.70
	c) Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(52.21)	47.27	(79.69)	75.42	(164.74)	(60.72)	46.81	(85.44)	66.67	(170.21)
	d) Employee Benefits Expenses	29.89	47.28	50.06	175.59	185.36	41.81	56.35	55.14	210.49	201.07
	e) Finance Costs	4.77	5.27	0.70	21.63	1.49	5.12	5.61	0.70	23.00	1.49
	f) Depreciation and Amortisation expense	19.24	19.41	3.48	75.07	12.74	21.81	21.68	4.65	83.87	16.61
	g) Other expenses	102.79	99.82	108.80	396.75	442.57	105.60	104.45	112.01	410.63	454.61
	Total Expenses	322.08	397.50	407.95	1,568.40	1,597.36	306.39	389.75	400.76	1,533.91	1,578.04
3	Profit before exceptional items and tax (1-2)	(5.55)	34.31	28.80	169.62	196.60	10.45	42.50	36.19	196.91	214.94
4	Exceptional Items	-	-	-	48.50	-	-	-	-	48.50	-
5	Profit before Tax (3-4)	(5.55)	34.31	28.80	121.12	196.60	10.45	42.50	36.19	148.41	214.94
6	Tax Expense :										
	Current Tax	0.67	9.34	10.36	36.54	67.87	1.53	9.77	10.64	38.41	69.64
	Deferred Tax	(0.66)	(1.58)	0.08	(4.15)	(0.08)	(0.60)	(1.48)	0.27	(1.73)	0.03
7	Profit for the period (5-6)	(5.56)	26.55	18.36	88.73	128.81	9.52	34.21	25.28	111.73	145.27



Sr No	Particulars	Standalone					Consolidated				
		For the Quarter ended			For the Year Ended		For the Quarter ended			For the Year Ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)
8	Other Comprehensive Income										
	A. (i) Items that will not be reclassified to Profit or Loss	(2.69)	(0.69)	(1.14)	(4.54)	(1.93)	(3.12)	(0.69)	(1.14)	(4.97)	(1.93)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	0.74	0.14	0.42	1.21	0.71	0.75	0.14	0.42	1.22	0.71
	B. (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-	4.41	0.35	(1.38)	5.76	1.51
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	-	-	-	-	-	-	-	-	-	(0.37)
	Total Other Comprehensive Income	(1.95)	(0.55)	(0.72)	(3.33)	(1.22)	2.04	(0.20)	(2.10)	2.01	(0.08)
9	Total Comprehensive Income for the period (7-8)	(7.51)	26.00	17.64	85.40	127.59	11.56	34.01	23.18	113.74	145.19
10	Paid-up equity share capital (face value of Rs 2 per share)	28.26	28.26	28.26	28.26	28.26	28.26	28.26	28.26	28.26	28.26
11	Reserves excluding revaluation reserves as at balance sheet date	-	-	-	518.76	518.33	-	-	-	581.85	553.12
12	Basic Earnings Per Share (EPS) (Rs)	(0.39)	1.88	1.30	6.28	9.11	0.67	2.42	1.79	7.91	10.28
13	Diluted Earnings Per Share (EPS) (Rs)	(0.39)	1.88	1.30	6.28	9.11	0.67	2.42	1.79	7.91	10.28



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Statement of Assets and Liabilities as at March 31, 2020

Particulars	Standalone		(Rs. In Crores) Consolidated	
	As at		As at	
	March 31, 2020 (audited)	March 31, 2019 (audited)	March 31, 2020 (audited)	March 31, 2019 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment	90.54	78.17	132.54	111.64
Right of Use Assets	207.66	-	225.22	-
Capital work-in-progress	2.55	4.23	2.70	5.69
Investment properties	2.30	2.18	2.30	2.18
Other intangible assets	3.88	2.82	3.53	2.87
Intangible assets under development	0.06	0.11	0.06	0.11
Equity Investments in Subsidiaries	6.52	6.52	-	-
Financial assets	42.49	37.80	0.42	0.77
i) Investments	18.62	18.89	21.64	21.38
ii) Loans	0.04	0.07	0.04	0.07
ii) Other financial assets	9.48	5.22	7.50	4.93
Deferred tax assets (net)	8.78	5.16	8.78	5.16
Current tax assets (net)	7.77	8.93	8.65	8.93
Other non-current assets				
Total non-current assets	400.69	170.10	413.98	163.73
Current assets				
Inventories	380.21	484.06	451.36	527.35
Financial assets	40.35	-	40.35	-
i) Investments	264.23	298.61	267.44	298.61
ii) Trade receivables	2.78	5.80	6.85	10.81
iii) Cash and cash equivalents	3.91	3.42	3.91	3.42
iv) Bank balances other than cash and cash equivalents	8.24	3.90	8.24	3.90
v) Loans	2.25	3.10	2.14	2.95
v) Other financial assets	49.32	59.76	50.47	60.29
Other current assets				
Total current assets	751.29	858.65	830.76	907.33
Total assets	1,151.98	1,028.75	1,244.74	1,071.06
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	28.26	28.26	28.26	28.26
Other equity	518.76	518.33	581.55	553.12
Total equity	547.02	546.59	610.11	581.38
LIABILITIES				
Non-current liabilities				
Financial liabilities	165.31	-	179.88	-
i) Lease liabilities	2.88	2.43	2.88	2.43
ii) Other financial liabilities	12.45	11.87	12.45	11.87
Provisions	0.10	0.13	0.10	0.13
Other non-current liabilities	-	-	0.76	-
Deferred Tax Liabilities (Net)				
Total non-current liabilities	180.74	14.43	196.07	14.43
Current liabilities				
Financial liabilities	32.19	86.15	32.19	86.15
i) Borrowings				
i) Trade payables				
a) Total outstanding dues of micro and small enterprises	-	-	-	-
b) Total outstanding dues other than micro and small enterprises	286.86	313.32	292.00	318.18
ii) Lease liabilities	53.78	-	57.30	-
ii) Other financial liabilities	4.64	4.05	4.80	4.56
Provisions	6.95	4.94	10.76	4.94
Current tax liabilities (net)	-	-	1.17	0.67
Other current liabilities	39.80	59.27	40.34	60.75
Total current liabilities	424.22	467.73	438.56	475.25
Total liabilities	604.96	482.16	634.63	489.68
Total equity and liabilities	1,151.98	1,028.75	1,244.74	1,071.06



Audited Cash flow statement for the year ended March 31, 2020

(Rs in Crores)

Particulars	Standalone		Consolidated	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(audited)	(audited)	(audited)	(audited)
Cash flow from operating activities				
Profit before tax	121.12	196.60	148.41	214.94
Adjustments for:				
Depreciation and amortisation expense	75.07	12.74	83.87	16.61
Dividend income classified as investing cash flows	(9.88)	(4.38)	-	(3.31)
Interest income classified as investing cash flows	(0.15)	(0.25)	(0.15)	(0.25)
Unwinding of interest on security deposits paid	(2.85)	(1.69)	(2.85)	(1.69)
Interest income from financial assets at amortised cost	(0.15)	(0.24)	(0.15)	(0.24)
Amortisation of prepaid rent on discounting of security deposits paid	2.85	1.75	2.85	1.75
Finance costs	21.63	1.49	23.00	1.49
Changes in fair value of financial assets at fair value through profit or loss	(1.55)	0.47	-	-
Employee Stock Appreciation Rights	1.62	1.31	1.62	1.31
Loss on Translation	-	-	-	-
Obsolescence of fixed assets	5.77	-	5.77	-
(Gain) on Sale of Investment (net)	(0.64)	(0.05)	(0.64)	(0.05)
Allowance for doubtful debts (net)	8.22	(0.80)	8.22	(0.80)
Bad Debts written off during the year	0.54	0.31	0.54	0.31
(Gain)/Loss on disposal of property, plant and equipment (net)	(0.24)	(0.03)	(0.24)	(0.03)
Liabilities written back to the extent no longer required	(3.56)	(1.42)	(3.56)	(1.42)
Net exchange differences (unrealised)	6.09	(1.69)	6.09	(1.68)
Operating profit before change in operating assets and liabilities	223.89	204.12	278.54	228.12
Change in operating assets and liabilities:				
(Decrease)/Increase in trade payables	(32.85)	90.96	(32.57)	108.13
(Decrease)/Increase in other liabilities	(16.76)	11.84	(15.90)	12.55
(Decrease)/Increase in Provisions	(1.60)	1.58	1.79	1.58
Increase / (Decrease) in other assets	7.27	(0.16)	1.34	(1.68)
Decrease / (Increase) in inventories	103.85	(180.61)	75.99	(210.82)
Decrease / (Increase) in trade receivables	26.46	(121.10)	23.25	(121.10)
Cash generated from operations	310.26	6.63	332.44	16.78
Direct taxes paid (Net of refund received)	(39.03)	(70.85)	(40.39)	(72.70)
Net cash inflow/(outflow) from operating activities	271.23	(64.22)	292.05	(55.92)
Cash flow from investing activities				
Payments for property, plant and equipment	(33.71)	(38.70)	(45.22)	(59.34)
Purchase/(Sale) of investments	(44.48)	56.49	(40.98)	71.43
Proceeds from sale of property, plant and equipment	0.96	0.28	0.96	0.28
Interest received	0.15	0.25	0.15	0.25
Dividend received	8.90	4.26	-	3.31
Tax on Dividend Income received from subsidiaries	0.98	0.12	-	-
Net cash (outflow)/inflow from investing activities	(67.20)	22.70	(85.09)	15.93
Cash flow from financing activities				
Interest paid	(2.71)	(1.49)	(2.71)	(1.49)
(Repayment)/ Proceeds from short term borrowings	(53.96)	86.15	(53.96)	86.15
Principal payment of Lease Liabilities	(45.39)	-	(47.89)	-
Interest payment of Lease Liabilities	(18.92)	-	(20.29)	-
Dividend paid	(72.99)	(45.05)	(72.99)	(45.05)
Dividend distribution tax paid	(13.08)	(9.03)	(13.08)	(9.03)
Net cash (outflow)/inflow from financing activities	(207.05)	30.58	(210.92)	30.58
Net changes in cash and cash equivalents	(3.02)	(10.94)	(3.96)	(9.41)
Cash and cash equivalents at the beginning of the year	5.80	16.74	10.81	20.22
Cash and cash equivalents at the end of the year	2.78	5.80	6.85	10.81
Cash and cash equivalents as per above comprise of the following:				
Cash on hand	0.22	0.79	0.27	0.79
Balances with Banks	2.56	5.01	6.58	10.02
Balance as per statement of cash flows	2.78	5.80	6.85	10.81



Notes:

- 1) The results for the Quarter and Year ended March 31, 2020 were reviewed and recommended by the Audit Committee and approved by the Board of Directors in their meetings held on May 26, 2020. The above results for the year ended March 31, 2020 have been audited by the Statutory Auditors of the company in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2) This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 Ind AS (as amended), prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- 3) The Company's business segment consists of a single segment of "Manufacturing and marketing of luggage and bags" as per Indian Accounting Standard (Ind AS-108) Operating segment requirement.
- 4) The consolidated financial results for the quarter and year ended March 31, 2020, include the results of its subsidiary companies viz; VIP Industries Bangladesh Private Limited, VIP Industries BD Manufacturing Private Limited, VIP Luggage BD Private Limited, VIP Accessories BD Private Limited and Blow Plast Retail Limited.
- 5) The Exceptional Item disclosed above of Rs 48.50 Crores relates to loss of property, plant and equipment and inventories that were destroyed due to a fire at the company's regional warehouse at Ghaziabad on April 03, 2019. The company has initiated its insurance claim process and considering the company's insurance policy, it expects the loss to be adequately covered.
- 6) In terms of SEBI Circular CIR/CFD/CMD56/2016 dated May 27, 2016 the Company hereby declares that the Auditors have issued Audit Report with an unmodified opinion on annual financial results for the year ended March 31, 2020.
- 7) An Interim dividend of Rs 3.2 (160%) per equity share of Rs 2/- each, was declared on February 12, 2020. The said Interim dividend has been declared as the final dividend for the year ended March 31, 2020.
- 8) COVID-19 pandemic is having an unprecedented impact on people and the economy. At V.I.P. Industries Limited, we have moved fast to support our multiple stakeholders and sustain our operations through this crisis and prepare for revival in a new normal. We have structured our immediate priorities into four areas: supporting our people; protecting customer & vendor relationships, maintaining our financial strength & contributing to society. The COVID pandemic has induced lockdown in many of the States/Union Territories across the country. Due to the lockdown, operations in most of our locations including manufacturing plants, warehouses, offices, etc, had to be scaled down or shut down and are being operated as per the local guidelines of social distancing and high hygiene standards, wherever permitted. The resumption of operations will depend upon directives issued by the respective Government authorities.

While the current situation has adversely impacted the economy at large, the travel industry has been among the most affected segments. We continue to closely monitor the situation and have been taking appropriate actions for both sustenance and revival. As per our current assessment, other than some specific provisional impacts considered, no significant impact on the financial position of the company is expected. Considering the strength of its brands and robust financials, the management is confident of seeing through this crisis and restoring its performance as soon as the external economic environment is favorable.
- 9) The company intends to exercise the option of lower tax rate under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Consequently, during the quarter ended September 30, 2019, the Company has recognized the full impact of remeasurement of the current tax charge and deferred tax income accrued as on June 30, 2019. This has resulted in reversal of Current Tax charge and net Deferred Tax income of Rs 5.26 crores and Rs 0.56 crores respectively accrued in quarter ended June 30, 2019 and reversal of net deferred tax income of Rs 1.36 crores on account of remeasurement of net deferred tax asset as at March 31, 2019.



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- 10) The Nomination and Remuneration Committee of the Board of Directors of the Company at its meeting held on July 30, 2019 approved to grant 1,94,000 stock appreciation rights to eligible employees of the Company and its subsidiaries, in accordance with the terms and conditions of the VIP Employees Stock Appreciation Rights plan 2018 named 'ESARP 2018' as approved by the shareholders of the Company on July 17, 2018. Accordingly, the Company has recognised an expense amounting to Rs. 0.86 crores, in the results for the year ended March 31, 2020 (Rs. 0.32 crores for the quarter ended March 31, 2020), included under 'Employee Benefit expenses' towards the above granted stock appreciation rights.
- 11) Ind AS 116 'Leases', mandatory for reporting periods beginning on or after April 1, 2019, replaces the existing standard on Leases. Accordingly, the Company has adopted Ind AS 116, 'Leases' with effect from April 1, 2019, and has recognised a lease liability measured at the present value of the remaining lease payments and the corresponding Right-of-use (ROU) asset at an amount equal to the lease liability, on the transition date.
The impact of adopting Ind AS 116 on the above audited financial results for the year ended March 31, 2020 is as follows:

(Rs in Crores)

Particulars	Standalone			Consolidated		
	Year ended March 31, 2020 (without adoption of Ind AS 116)	Changes due to adoption of Ind AS 116 [Increase / (decrease)]	Year ended March 31, 2020 (with adoption of Ind AS 116)	Year ended March 31, 2020 (without adoption of Ind AS 116)	Changes due to adoption of Ind AS 116 [Increase / (decrease)]	Year ended March 31, 2020 (with adoption of Ind AS 116)
Finance Costs	2.71	18.92	21.63	2.71	20.29	23.00
Depreciation and amortisation expense	16.88	58.19	75.07	22.67	61.20	83.87
Other expenses (Rent)	461.06	(64.31)	396.75	478.81	(68.18)	410.63
Other Income	22.67	1.38	24.05	11.12	1.38	12.50
Profit before tax	132.54	(11.42)	121.12	160.34	(11.93)	148.41

- 12) The figures of the quarters ended March 31, 2020 and March 31, 2019 are balancing figures between the audited figures in respect of the full financial year ended on March 31, 2020 and March 31, 2019 and the unaudited published year to date figures upto third quarters ended on December 31, 2019 and December 31, 2018 respectively, which were subjected to Limited review by the Statutory Auditors.
- 13) Figures of corresponding previous year/period(s) have been regrouped /reclassified wherever necessary.

Place: Mumbai
Date: May 26, 2020



On behalf of the Board of Directors

[Signature]
Dilip G. Piramal
Chairman
DIN No: 00032012

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Standalone financial statements

Opinion

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

Basis for opinion

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

Emphasis of Matter

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

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West) Mumbai - 400 028

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration number before conversion was 012754N)



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
 To the Members of V.I.P. Industries Limited
 Report on audit of the Standalone Financial Statements
 Page 2 of 7

Key audit matters

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

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



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Members of V.I.P. Industries Limited
Report on audit of the Standalone Financial Statements
Page 3 of 7

2. Assessment of litigations in respect of sales tax matters

(Refer note 21 and 40 in the Standalone financial statements)

The Company has litigations in respect of certain sales tax matters. In this regard, the Company has recognised a provision and has disclosed contingent liabilities as at March 31, 2020.

Significant management judgment is required to assess these matters and to determine the probability of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. Where considered relevant, the management judgement is also supported with legal advice in these cases.

We focused on this area as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of judgement, related legal advice including those relating to interpretation of laws and regulations.

Our procedures included the following:

- We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations;
- We discussed with management the recent developments and the status of these matters;
- We performed our assessment on the underlying calculations supporting the provisions recorded or other disclosures made in the standalone financial statements;
- We also used auditor's experts to evaluate the management's assessment of these matters and monitored changes in the disputes by reading external legal advice taken by the Company, where relevant, to establish the appropriateness of the provisions / disclosures;
- We evaluated management's assessment of the matters that are not disclosed, as the probability of material outflow is considered to be remote by the management; and
- We assessed the adequacy of the Company's disclosures.

Based on the above work performed, we did not identify any significant deviation to the assessment made by management in respect of provisions recognised and disclosures made in 'contingent liabilities' relating to these sales tax matters in the standalone financial statements.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon.
7. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of V.I.P. Industries Limited
Report on audit of the Standalone Financial Statements
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8. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the financial statements

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



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of V.I.P. Industries Limited
Report on audit of the Standalone Financial Statements
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15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Members of V.I.P. Industries Limited
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- ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. Further, the Company did not have any derivative contracts as at March 31, 2020.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
18. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Alpa Kedia

Alpa Kedia
Partner
Membership Number: 100681
UDIN: 20100681AAAAABM4381

Place: Mumbai
Date: May 26, 2020

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

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

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

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

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Opinion

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

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



Alpa Kedia
Partner

Membership Number: 100681
UDIN: 20100681AAAABM4381

Place: Mumbai
Date: May 26, 2020

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

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

Page 1 of 3

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

Rs. in Crores

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

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

- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.



Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

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

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- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and Good and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 40 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax and duty of customs, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise, value added tax and goods and service tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount **	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.84	F.Y. 2004-05 and F.Y. 2005-06	High Court
		0.42	F.Y. 2015-16 and F.Y. 2017-18	Commissioner of Income Tax Appeals
		0.02	F.Y. 2005-06	Assessing Officer
Central Sales Tax, Local Sales Tax and Goods and Service Tax	Central Sales Tax, Local Sales Tax, Purchase tax, entry tax, VAT and Goods and Service Tax	0.15	1996-97, 2002-03 and 2007-08	Assistant Commissioner of Sales Tax
		0.03	1992-93, 1994-95	Assessing officer of Sales Tax
		0.04	2001-02 to 2005-06	High Court
		0.20	1990-91 to 2015-16	Deputy Commissioner of Sales Tax (Appeals)
		0.19	1993-94, 1994-95	Joint Commissioner of Sales Tax (Appeals)
		240.04 *	1983-84 to 2015-16	Sales tax Tribunal
			2000-01	Commissioner of Sales Tax (Appeals)
		0.04	2018-19	Deputy Commissioner GST (Appeals)
Central Excise Act, 1994	Excise duty	0.17	2000-01	Supreme Court
		0.01	2000-02	The Deputy Commissioner, CGST & Central Excise

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

** Net of amounts paid under protest



Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

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

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

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



Alpa Kedia
Partner
Membership Number: 100681
UDIN: 20100681AAAAABM4381

Place: Mumbai
Date: May 26, 2020

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of V.I.P. Industries Limited (hereinafter referred to as the 'Holding Company' or "the Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 41 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

3. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 and 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadasaheb Phalke (West) Mumbai - 400 028

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration)



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of V.I.P. Industries Limited
Report on the audit of Consolidated Financial Statements
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Key audit matters

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

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



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of V.I.P. Industries Limited
Report on the audit of Consolidated Financial Statements
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2. Assessment of litigation in respect of sales tax

(Refer note 21 and 40 in the consolidated Financial Statements)

The Company has litigations in respect of certain sales tax matters. In this regard, the Company has recognised a provision and has disclosed contingent liabilities as at March 31, 2020.

Significant management judgment is required to assess these matters and to determine the probability of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. Where considered relevant, the management judgement is also supported with legal advice in these cases.

We focused on this area as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of judgement, related legal advice including those relating to interpretation of laws and regulations.

Our procedures included the following:

- We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations;
- We discussed with management the recent developments and the status of these matters;
- We performed our assessment on the underlying calculations supporting the provisions recorded or other disclosures made in the consolidated financial statements;
- We also used auditor's experts to evaluate the management's assessment of these matters and monitored changes in the disputes by reading external legal advice taken by the Company, where relevant, to establish the appropriateness of the provisions / disclosures;
- We evaluated management's assessment of the matters that are not disclosed, as the probability of material outflow is considered to be remote by the management; and
- We assessed the adequacy of the Company's disclosures.

Based on the above work performed, we did not identify any significant deviation to the assessment made by management in respect of provisions recognised and disclosures made in 'contingent liabilities' relating to these sales tax matters in the consolidated financial statements.



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Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 and 18 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



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14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial information of 4 subsidiaries company located outside India, whose financial information reflect total assets of Rs. 157.35 crores and net assets of Rs. 75.65 crores as at March 31, 2020, total revenue of Rs. 4.35 crores, total comprehensive income (comprising of profit and other comprehensive income) of Rs 37.51 crores and net cash flows amounting to Rs 0.94 for the year ended on that date, as considered in the consolidated Ind AS financial statements, whose financial information have not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
18. We did not audit the financial statements of a subsidiary company located in India whose financial statements reflect total assets of Rs. 0.02 Crores and net assets of Rs. 0.02 Crores as at March 31, 2020, total revenue of Rs. Nil, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (*) Crores and net cash flows amounting to Rs. (*) Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

*Amount is below the rounding off norm adopted by the group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



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INDEPENDENT AUDITOR'S REPORT

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

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Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group Refer Note 40 to the consolidated financial statements.
 - ii. The Group has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. Further, the Group did not have any derivative contracts as at March 31, 2020.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, incorporated in India.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.



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20. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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



Alpa Kedia

Partner

Membership Number: 100681

UDIN: 20100681AAAABN2922

Place: Mumbai

Date: May 26, 2020

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of V.I.P. Industries Limited on the consolidated financial statements for the year ended March 31, 2020

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of V.I.P. Industries Limited (hereinafter referred to as "the Holding Company" or "the Company") and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of V.I.P. Industries Limited on the consolidated financial statements for the year ended March 31, 2020

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5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of V.I.P. Industries Limited on the consolidated financial statements for the year ended March 31, 2020

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Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company. Our opinion is not qualified in respect of this matter.

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



Alpha Kedia
Partner

Membership Number: 100681
UDIN: 20100681AAAABN2922

Place: Mumbai
Date: May 26, 2020