

VIP INDUSTRIES LIMITED

45th ANNUAL REPORT
2011 - 2012



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COMPANY INFORMATION

BOARD OF DIRECTORS

Dilip G. Piramal (Chairman)
Radhika Piramal (Managing Director)
Ashish K. Saha (Director – Works w.e.f. 1.2.2012)
D. K. Poddar
Vijay Kalantri
Vivek Nair
G. L. Mirchandani
Nirmal Gangwal
Nabankur Gupta
T. Premanand (Director – Works upto 31.1.2012)

CHIEF FINANCIAL OFFICER

Jogendra Sethi

COMPANY SECRETARY & HEAD – LEGAL

Shreyas Trivedi

STATUTORY AUDITORS

M/s. M. L. Bhuwania & Co.
Chartered Accountants

INTERNAL AUDITORS

Ernst & Young Private Limited
RSM Astute Consulting Private Limited

BANKERS

State Bank of India
Central Bank of India
Axis Bank Limited
ING Vysya Bank Limited
IDBI Bank Limited

REGISTERED OFFICE

78-A, MIDC Estate, Satpur, Nashik – 422 007, Maharashtra.

FACTORIES

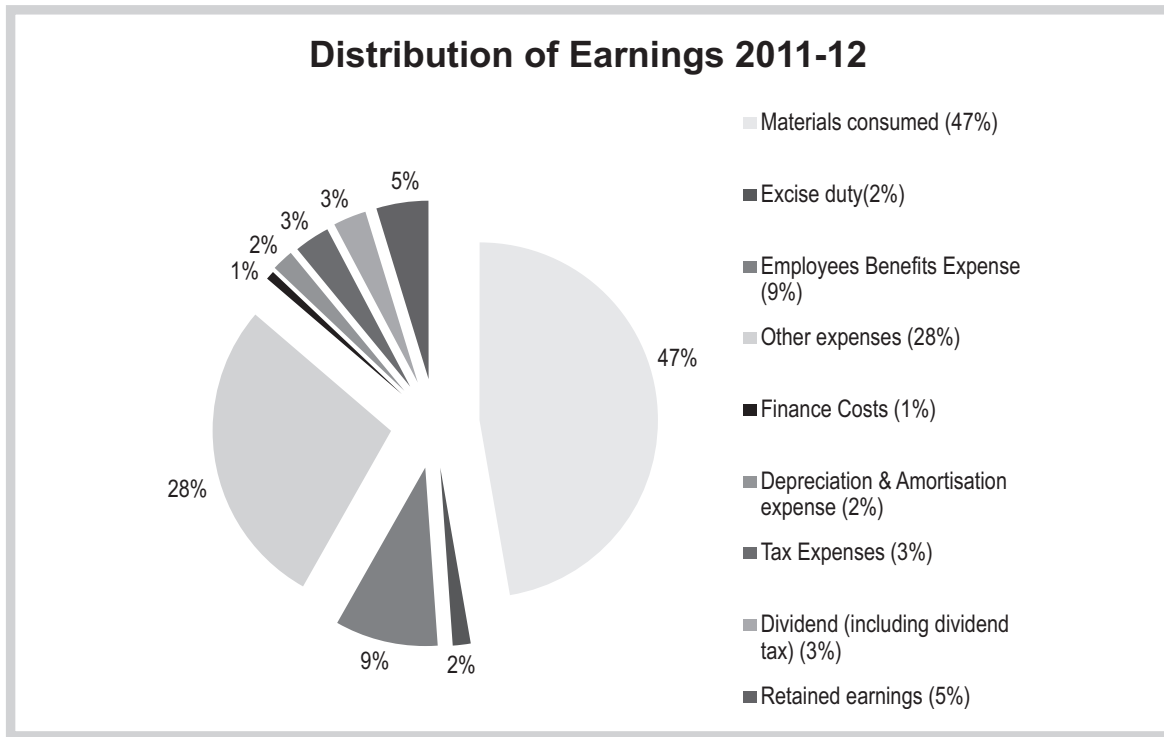
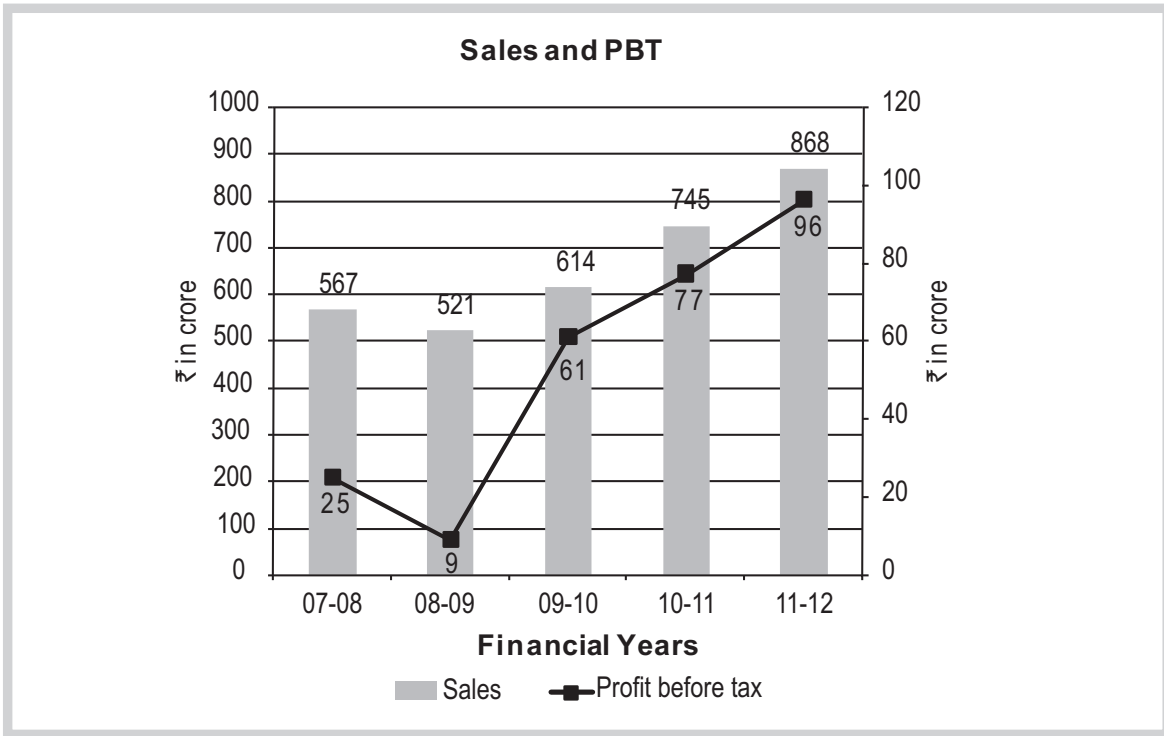
Nashik - 78-A, MIDC Estate, Satpur, Nashik – 422 007, Maharashtra.
Sinnar - A-7, MIDC, Sinnar – 422 103, Maharashtra.
Haridwar - Plot No 8, Sector 12, SIDCUL Area, Haridwar – 249 403, Uttaranchal.
Jalgaon - E-5/2 Additional MIDC Area, Jalgaon – 425 016, Maharashtra.
Nagpur - L-4, MIDC, Hingna, Nagpur – 440 016, Maharashtra.
Paithan - D-4, Paithan Industrial Area, MIDC, Paithan – 431 107, Maharashtra.

INVESTORS' SERVICES DEPARTMENT

DGP House, 5th Floor, 88-C, Old Prabhadevi Road, Mumbai – 400 025, Maharashtra.
Tel.: +91-22-6653 9000 Fax: +91-22-6660 8393 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 – 400 078, Maharashtra.
Tel. : +91-22-2596 3838, +91-22-2594 6970 Fax : +91-22-2594 6969.
Email: helpline@linkintime.co.in



NOTICE

NOTICE is hereby given that the Forty Fifth 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 Friday, the 14th September, 2012 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the payment of interim dividend on equity shares for the financial year 2011-12.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. D. K. Poddar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. G. L. Mirchandani, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company 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 224 and all other applicable provisions, if any, of the Companies Act, 1956, M/s. M. L. Bhuwania & Co., Chartered Accountants having Registration No. 101484W, the retiring Auditors, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period 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:

7. To consider & if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Ashish K. Saha, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 1st February, 2012 in terms of Section 260 of the Companies Act, 1956 read with Article 159 of the Articles of Association of the Company and who holds office till the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) ("the Act") read with Schedule XIII to the Act, the approval of the Company be and is hereby accorded to the appointment of Mr. Ashish K. Saha as a Whole-time Director designated as Director - Works of the Company for a period of three years from 1st February, 2012 to 31st January, 2015 (both days inclusive) on the terms and conditions, including remuneration and perquisites as mentioned herein below and set out more particularly in the Agreement to be entered into between the Company and Mr. Ashish K. Saha, a draft of which is placed before this Meeting:

SALARY

Basic Salary of ₹ 1,25,000 per month in the scale of ₹ 1,25,000 - ₹ 2,00,000.

Increments within the salary scale will be decided by the Board of Directors from time to time as it may deem fit.

NOTICE (Contd.)

PERQUISITES

Following perquisites on a monthly basis in addition to salary not exceeding three times the monthly basic salary shall be allowed as per the rules of the Company within the overall ceiling fixed by the Company. For the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

Housing

Residential accommodation with furnishings or house rent allowance in lieu thereof as per the policy of the Company.

Medical Reimbursement

Reimbursement of actual medical expenses incurred for self and family as per the rules of the Company.

Leave Travel Allowance

For self and family once in a year as per the rules of the Company.

Performance Linked Incentive

As per the rules of the Company.

Other Allowances

As per the policy of the Company.

Personal Accident and Mediclaim Insurance

As per the policy of the Company.

Provident Fund

The Company's contribution not to exceed 12% of basic salary.

Pension / Superannuation fund

As per the policy of the Company.

Gratuity

As per the rules of the Company.

Earned / Privilege leave

On full pay and allowance, as per the policy of the Company. Encashment of leave accumulated but not availed during the tenure or at the end of tenure of office, as the case may be, in accordance with the policy of the Company.

The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, gratuity payable as per the rules of the Company and encashment of leave, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

For the purpose of Superannuation / Pension / Provident Fund / Gratuity and Privilege leave, the service of the Director - Works will be considered from the original date of his joining the services and termination / renewal of agreement will not be considered as a break of service.

Car & Telephones

As per the policy of the Company.

Sitting Fees

The Director - Works shall not be paid any sitting fees for attending any meetings of the Board / Committee(s) / General Meeting(s) etc.

General

The Director - Works shall be subject to the other service conditions, rules and regulations of the Company as may be prescribed from time to time.

Minimum Remuneration

In the event of absence or inadequacy of profits of the Company in any financial year, the proposed remuneration as mentioned herein above shall not be reduced but shall be payable subject to the approval of the Central Government. In the event of the Central Government providing its approval subject to any modification(s) / alteration(s), the remuneration of Mr. Ashish K. Saha shall be such as may be approved by the Central Government. However, in the event of the Central Government not providing its approval, Mr. Ashish K. Saha shall be entitled to receive such amount as minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to reallocate / re-designate the duties and responsibilities of Mr. Ashish K. Saha and to grant increments and alter and vary from time to time, the terms and conditions, including remuneration and benefits to be provided to Mr. Ashish K. Saha so as not to exceed the overall maximum remuneration limits and do all such acts, deeds, matters and things as may be considered necessary, proper, desirable or expedient for the purpose of giving effect to this resolution.”

9. To consider & if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) (“the Act”) read with Schedule XIII to the Act, the approval of the Company be and is hereby accorded to the re-appointment of Ms. Radhika PIRAMAL as the Managing Director of the Company for a period of five years from 13th July, 2012 to 12th July, 2017 (both days inclusive) on the terms and conditions, including remuneration and perquisites as mentioned herein below and set out more particularly in the Agreement to be entered into between the Company and Ms. Radhika PIRAMAL, a draft of which is placed before this Meeting:

SALARY

Basic salary of ₹ 4,10,000 per month in the scale of ₹ 4,10,000 - ₹ 8,00,000.

Increments within the salary scale will be decided by the Board of Directors from time to time as it may deem fit.

COMMISSION

Such amount by way of commission, as may be decided by the Board of Directors for each financial year upto a maximum of 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Act and subject to the overall ceilings stipulated in Sections 198 and 309 of the Act.

PERQUISITES

Following perquisites on a monthly basis in addition to salary not exceeding three times the monthly basic salary shall be allowed as per the rules of the Company within the overall ceiling fixed by the Company. For the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

Housing

Residential accommodation with furnishings or house rent allowance in lieu thereof as per the policy of the Company.

Medical Reimbursement

Reimbursement of actual medical expenses incurred for self and family as per the rules of the Company, not exceeding one month's salary per annum OR three month's salary over a period of three years.

Leave Travel Allowance

For self and family once in a year as per the rules of the Company.

Club Fees

Club fees to be paid by the Company subject to a maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

As per the policy of the Company.

NOTICE (Contd.)

Provident Fund

The Company's contribution not to exceed 12% of basic salary.

Pension / Superannuation fund

As per the policy of the Company.

Gratuity

As per the rules of the Company.

Earned / Privilege Leave

On full pay and allowance, as per the policy of the Company; encashment of leave accumulated but not availed during the tenure or at the end of tenure of office, as the case may be, in accordance with the policy of the Company.

The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, gratuity payable as per the rules of the Company and encashment of leave, shall not be included in the computation of the limits for the remuneration or perquisites aforesaid.

For the purpose of Superannuation / Pension / Provident Fund / Gratuity / Commission and Privilege leave the service of the Managing Director will be considered from the original date of her joining the services and termination / renewal of service agreement will not be considered as a break of service.

Car & Telephones

As per the policy of the Company.

Sitting Fees

The Managing Director shall not be paid any sitting fees for attending any meetings of the Board / Committee(s) / General Meeting(s) etc.

General

The Managing Director shall be eligible for financial assistance for housing etc. as per the rules of the Company from time to time. The Managing Director shall be subject to the other service conditions, rules and regulations of the Company as may be prescribed from time to time.

Minimum Remuneration

In the event of absence or inadequacy of profits of the Company in any financial year, the proposed remuneration as mentioned herein above shall not be reduced but shall be payable subject to the approval of the Central Government. In the event of the Central Government providing its approval subject to any modification(s) / alteration(s), the remuneration of Ms. Radhika Piramal shall be such as may be approved by the Central Government. However, in the event of the Central Government not providing its approval, Ms. Radhika Piramal shall be entitled to receive such amount as minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to re-designate the duties and responsibilities of Ms. Radhika Piramal and to grant increments and alter and vary from time to time, the terms and conditions, including remuneration and benefits to be provided to Ms. Radhika Piramal so as not to exceed the overall maximum remuneration limits and do all such acts, deeds, matters and things as may be considered necessary, proper, desirable or expedient for the purpose of giving effect to this resolution."

By Order of the Board of Directors

SHREYAS TRIVEDI

General Manager – Legal
& Company Secretary

Place : Mumbai
Dated : 7th August, 2012

Registered Office:
78-A, MIDC Estate, Satpur,
Nashik – 422 007

NOTICE (Contd.)

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 7 & 8

The Board of Directors (the Board) at its meeting held on 7th February, 2012 appointed Mr. Ashish K. Saha, as an Additional Director of the Company with effect from 1st February, 2012 in terms of Section 260 of the Companies Act, 1956 (the Act) read with Article 159 of the Articles of Association of the Company. Mr. Saha holds office upto the date of this Meeting. The Company has received a notice in writing along with the requisite deposit of ₹ 500 under Section 257 of the Companies Act, 1956 from a shareholder intimating her intention to propose Mr. Ashish K. Saha as a candidate for the office of Director.

Mr. Ashish K. Saha, 53, is in the employment of the Company since 1982. He has over 32 years of experience in the field of tooling, design & manufacturing of luggage.

Considering his qualification and rich experience, the Board at its aforesaid meeting appointed Mr. Ashish K. Saha as a Whole-time Director of the Company designated as Director – Works for a period of three years with effect from 1st February, 2012 to 31st January, 2015 pursuant to Sections 198, 269, 309 and 310 of the Act read with Schedule XIII to the Act, upon the terms & conditions including the remuneration as detailed in the Agreement to be entered into between the Company and the Director - Works and also as set out in the Ordinary Resolution at Item No. 8 of the accompanying Notice.

Inspection by Members:

The draft of the Agreement to be entered into between the Company and Mr. Ashish K. Saha, as Director - Works of the Company is open for inspection by the Members during the normal working hours of the Company at its Registered Office upto the date of the Meeting.

The Board of Directors recommends passing of the Resolutions as set out in Item Nos. 7 & 8 of the accompanying Notice.

None of the Directors, other than Mr. Ashish K. Saha are, in any way, concerned or interested or deemed to be concerned or interested in passing of the said resolutions.

ITEM NO. 9

The Board of Directors (the Board) at its meeting held on 22nd January, 2010 had appointed Ms. Radhika Piramal, as the Managing Director of the Company with effect from 1st May, 2010 upto 12th July, 2012 pursuant to Sections 198, 269, 309 and 310 of the Companies Act, 1956 (the Act) read with Schedule XIII to the Act and the same was approved by the Members at the 43rd Annual General Meeting held on 15th July, 2010.

The Board at its meeting held on 7th February, 2012 re-appointed Ms. Radhika Piramal as the Managing Director of the Company with effect from 13th July, 2012 upto 12th July, 2017 pursuant to Sections 198, 269, 309 and 310 of the Act read with Schedule XIII to the Act, upon the terms & conditions including the remuneration as detailed in the Agreement to be entered into between the Company and the Managing Director.

The details of remuneration to be paid to Ms. Radhika Piramal as the Managing Director of the Company, subject to the approval of Members by way of Ordinary Resolution are as set out at Item No. 9 of the accompanying Notice.

NOTICE (Contd.)

Inspection by Members:

The draft of the Agreement to be entered into between the Company and Ms. Radhika PIRAMAL as Managing Director of the Company is open for inspection by the Members during the normal working hours of the Company at its Registered Office upto the date of the Meeting.

The Board of Directors recommends passing of the Resolution as set out in Item No. 9 of the accompanying Notice.

None of the Directors, other than Mr. Dilip G. PIRAMAL and Ms. Radhika PIRAMAL are, in any way, concerned or interested or deemed to be concerned or interested in passing of the said resolution.

By Order of the Board of Directors

SHREYAS TRIVEDI

General Manager – Legal

& Company Secretary

Place : Mumbai

Dated : 7th August, 2012

Registered Office:

78-A, MIDC Estate, Satpur,

Nashik – 422 007

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the businesses under Item Nos. 7 to 9 of the accompanying Notice and the details in respect of the Directors proposed to be appointed / re-appointed at the Annual General Meeting to be provided under Clause 49 of the Listing Agreement with Stock Exchange(s) where the shares of the Company are listed, are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (c) Proxies in order to be effective, should be deposited duly completed, stamped and signed at the Registered Office of the Company, not less than 48 hours before the Meeting.
- (d) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, the 4th September, 2012 to Friday, the 14th September, 2012 (both days inclusive).
- (e) The Final Dividend as recommended by the Board of Directors if approved by the Members at the ensuing Annual General Meeting, will be paid on 21st September, 2012 as under:
 - i) To the Members holding shares in physical form, whose names appear in the Company's Register of Members as on 14th September, 2012.
 - ii) To the 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 3rd September, 2012.
- (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.

NOTICE (Contd.)

- (g) Members are requested to notify immediately, any change in their address registered with the Company to 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.: +91-22-25963838, Fax No.: +91-22-25946969, the Registrar and Share Transfer Agent of the Company, in respect of equity shares held in physical form and to their respective Depository Participants (DPs) in respect of equity shares held in electronic form.
- (h) Under the provisions of Sections 109A and 109B of the Companies Act, 1956, 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 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.: +91-22-25963838, Fax No.: +91-22-25946969 and those Members who are holding share(s) in electronic form, are requested to write to their respective Depository Participants (DPs).
- (i) Consequent upon the amendment of Section 205A of the Companies Act, 1956 and the insertion of Section 205C by the Companies (Amendment) Act, 1999, 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, your 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, 2011 updated till the date of 44th Annual General Meeting i.e. 29th September, 2011. Members who have not yet encashed their dividend warrants for the years 2004-2005 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 2004-2005 is due for transfer to the Fund on 25th September, 2012.
- (j) 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 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.: +91-22-25963838, Fax No.: +91-22-25946969.
- (k) As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their own copies to the Meeting.
- (l) The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, vide its circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively, has allowed companies to send official documents to their Members electronically as part of its 'Green Initiative in Corporate Governance'.

Recognizing the spirit of the circular issued by the MCA, the Company has already started sending documents like Notice convening the General Meetings, Directors' Report, Auditors' Report, Financial Statements etc. electronically to the email addresses provided by Members to their respective Depository Participants.

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

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 – 400 025, Tel.: +91-22-66539000, Fax: +91-22-66608393 Email: investor-help@vipbags.com 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.: +91-22-25963838, Fax No.: +91-22-25946969.

NOTICE (Contd.)

DETAILS OF THE DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. D. K. Poddar	Mr. G. L. Mirchandani
Date of Birth	9 th November, 1943	12 th June, 1943
Date of Appointment	23 rd September, 1987	1 st February, 2007
Qualification	BSc (Hons), SB&SM (MIT), USA	B.E. (Mech.)
Experience in special functional area	Industrialist with rich business experience	Industrialist with rich business experience
Chairman / Director of other companies	1. Bajaj Finance Ltd.	1. BP Ergo Ltd.
	2. Suvijay Exports Ltd.	2. MIRC Electronics Ltd.
	3. Bachraj Factories Ltd.	3. Adino Research Foundation
	4. Bajaj Allianz General Insurance Co. Ltd.	4. Gulita Securities Ltd.
	5. Poddar Natural Resources & Ores Ltd.	5. KEC International Ltd.
	6. Brite Merchants Ltd.	6. Shoppers Stop Ltd.
	7. Poddar Developers Ltd.	7. Fractal Analytics Ltd.
	8. Poddar Infrastructure Pvt. Ltd.	8. Algorhythm Tech Pvt. Ltd.
	9. Poddar Habitat Pvt. Ltd.	9. Adino Telecom Ltd.
	10. Poddar Leisure Infrastructure Pvt. Ltd.	10. Mumbai Angel Venture Mentors
	11. Poddar Housing Pvt. Ltd.	
Chairman / Member of Committees of other Companies	Poddar Developers Ltd. - Audit Committee - Share Transfer Committee	MIRC Electronics Ltd. - Investor Grievance Committee (Member) Fractal Analytics Ltd. - Share Transfer Committee (Member)
No. of shares held in the Company	Nil	Nil

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. Ashish K. Saha	Ms. Radhika Piramal
Date of Birth	25 th November, 1958	27 th May, 1978
Date of Appointment	1 st February, 2012	30 th June, 2009
Qualification	PD in Die & Mould Technology Diploma in Instrument Technology	BA (Hons), Brasenose College, University of Oxford MBA, Harvard Business School
Experience in special functional area	Tooling, design & manufacturing of luggage	Corporate Management
Chairman / Director of other companies	Nil	1. BP Ergo Ltd.
		2. DGP Securities Ltd.
		3. DGP Capital Management Ltd.
		4. Blow Plast Retail Ltd.
Chairman/ Member of Committees of other Companies	N.A.	Nil
No. of shares held in the Company	Nil	222000

DIRECTORS' REPORT

Your Directors are pleased to present the 45th Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2012.

FINANCIAL RESULTS

(₹ in Crores)

	Year ended 31.3.2012	Year ended 31.3.2011
Revenue from Operations and Other Income	861.68	744.00
Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	120.19	95.79
Finance Cost	6.94	4.45
Depreciation and Amortisation Expenses	17.29	14.82
Profit Before Tax	95.96	76.52
Tax Expenses	28.27	14.50
Profit for the year	67.69	62.02
Profit brought forward from previous year	36.11	36.11
Appropriations:		
Transferred to General Reserve	41.41	29.10
Interim and Proposed Dividend	22.61	28.26
Tax on Dividend	3.67	4.66
Closing Balance	36.11	36.11

OVERALL PERFORMANCE AND OUTLOOK

Revenue from Operations & Other Income during the financial year ended 31st March 2012 was at ₹ 861.68 crores as against ₹ 744.00 crores last year, representing an increase of approximately 15% over the corresponding period of the previous year. Profit after Tax for the year under review amounted to ₹ 67.69 crores representing an increase of approximately 9% over the previous year. Despite continuous pressure of rising input costs in the previous year, your Company was able to pass on most of the cost increases to its customers due to the strength of our brands. Sales value and volume growth was in line with industry growth.

As on 31st March, 2012, the Reserves and Surplus of your Company stood at ₹ 214.32 crores.

The outlook for the current year is challenging across traditional trade and modern retail sales channels due to decline in Indian macro-economic conditions and a poor marriage season. However, your Company expects to grow despite the adverse environment due to its strong brands, products and advertising campaigns.

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 (Rupee One only) per equity share of ₹ 2 each (previous year ₹ 7 per equity share of ₹ 10 each) for the financial year 2011-12. Your Company had paid in February 2012, an interim dividend of 60 paise per equity share of ₹ 2 each (previous year ₹ 3 per equity share of ₹ 10 each) for the financial year 2011-12.

Accordingly, the total dividend declared by your Company for the financial year 2011-12 is ₹ 1.60 (Rupee One and Paise Sixty only) per equity share of ₹ 2 each (previous year ₹ 10 per equity share of ₹ 10 each).

DIRECTORS' REPORT (Contd.)

SUB DIVISION OF EQUITY SHARES

At the 44th Annual General Meeting of your Company held on 29th September, 2011, the Members had approved the sub-division of each equity share of ₹ 10 each into five equity shares of ₹ 2 each. Your Company had taken necessary steps for the sub-division of shares and accordingly 1st November, 2011 was fixed as the 'Record Date' for this purpose and the sub-divided shares were traded on the Stock Exchanges i.e. the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. w.e.f. 2nd November, 2011.

EXPORTS AND INTERNATIONAL OPERATIONS

Exports for the year ended 31st March 2012 were at ₹ 82.87 crores as against ₹ 73.07 crores in the previous year, an increase of approximately 13% over the previous year. Global economic condition continued to remain weak especially in Europe, however your Company consolidated its market share in the Middle East and Asia Pacific. Your Company is expecting that with the introduction of its new ranges, it will be able to further strengthen the market share in the coming years.

CARLTON TRAVEL GOODS LIMITED

As you are aware, Carlton Travel Goods Limited (CTGL), the wholly owned subsidiary of your Company in UK incurred heavy losses over the past several years even after taking all measures to improve sales and reduce losses. In the circumstances, CTGL decided to dissolve the Company. Accordingly, the Registrar of Companies for England and Wales had dissolved CTGL on 6th December, 2011.

SUBSIDIARY IN BANGLADESH

Your Company set up a wholly owned subsidiary in Bangladesh under the name and style of V.I.P. Industries Bangladesh Private Limited with an Authorised Share Capital of BDT 250 million (Two Hundred and Fifty Million Bangladesh Taka) to carry out manufacturing operations of luggage in Bangladesh.

RESEARCH & DEVELOPMENT

The Research and Development (R&D) centre of your Company is actively engaged in upgradation of technologies, processes and development of quality products towards ensuring technological leadership for your Company in the years to come.

The R&D centre continues to be recognized by the Department of Scientific & Industrial Research, of the Government of India.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profits of your Company for the year under review;
- (iii) that your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that your Directors have prepared the accounts for the financial year ended 31st March, 2012 on a 'Going Concern' basis.

DIRECTORS' REPORT (Contd.)

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report, the Report on Corporate Governance and the Certificate in respect of compliance of requirements of Corporate Governance, are annexed to this Report and forms part of this Annual Report.

SUBSIDIARIES

The Ministry of Corporate Affairs (MCA), vide its circular No. 2/2011 dated 8th February 2011, has granted general exemption under section 212(8) of the Companies Act, 1956, subject to certain conditions being fulfilled by the Company. Accordingly, the copies of the Balance Sheet, the Profit and Loss Account, the Report of the Board of Directors and Auditors of Carlton Travel Goods Limited and Blow Plast Retail Limited have not been attached with the Balance Sheet of your Company.

However, the Consolidated Financial Statements of your Company, which include the financial results of Carlton Travel Goods Limited upto 6th December 2011 and of Blow Plast Retail Limited for the full financial year 2011-12 are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for Carlton Travel Goods Limited and Blow Plast Retail Limited is also enclosed. Copies of the relevant audited annual accounts of Carlton Travel Goods Limited and Blow Plast Retail Limited can also be sought by any Member on making a written request to the Secretarial Department at the Registered Office of your Company in this regard. The annual accounts of Carlton Travel Goods Limited and Blow Plast Retail Limited are also available for inspection by any Member at the Registered Office of your Company.

INSURANCE

All the assets of your Company, including Plant & Machinery, Buildings, Equipments etc. have been 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).

PUBLIC DEPOSITS

Your Company had not received instructions from 30 depositors for repayment of deposits amounting to ₹ 4,81,000 (Rupees Four Lakhs Eighty One Thousand Only) as at 31st March, 2012. Since then, 1 deposit amounting to ₹ 10,000 (Rupees Ten Thousand Only) has been repaid.

DIRECTORS

Mr. Ashish K. Saha was appointed as a Whole-time Director of your Company designated as Director – Works, for a period of 3 years with effect from 1st February, 2012. The necessary approval of Members is being sought in the ensuing Annual General Meeting for the appointment and payment of remuneration to Mr. Ashish K. Saha as Director – Works of your Company.

Mr. T. Premanand ceased to be the Director – Works, with effect from closing hours of 31st January, 2012. The Directors place on record their appreciation of the guidance and inputs provided by Mr. T. Premanand during his tenure as the Director of your Company.

Mr. D K. Poddar and Mr. G. L. Mirchandani, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Pursuant to Clause 49 of the Listing Agreement, information on Directors retiring by rotation is provided as a part of the Notice convening the ensuing Annual General Meeting.

DIRECTORS' REPORT (Contd.)

AUDITORS

M/s. M. L. Bhuwania & Co., Chartered Accountants, Statutory Auditors retire at the ensuing Annual General Meeting and being eligible, have expressed their willingness to continue, if so appointed. As required under the provisions of Section 224 of the Companies Act, 1956, your Company has obtained a written certificate from the Statutory Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

A proposal seeking their re-appointment is provided as a part of the Notice convening the ensuing Annual General Meeting.

Ernst & Young Private Limited were the Internal Auditors of your Company for the financial year 2011-12. For the financial year 2012-13, RSM Astute Consulting Private Limited has been appointed as the Internal Auditors of your Company.

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

Information as required in terms of the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed herewith and forms part of this Report as Annexure (A).

PARTICULARS OF EMPLOYEES & EMPLOYEE STOCK OPTION SCHEME

Information as per Section 217(2A) of the Companies Act, 1956 (the Act) read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members of your Company excluding the statement on particulars of employees under Section 217(2A) of the Act. Any Member interested in obtaining a copy of the said statement may write to the Secretarial Department at the Registered Office of your Company.

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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been made during the year under review.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year under review.

ACKNOWLEDGEMENT

Your Directors record their gratitude to the Financial Institutions, Banks and other Government departments for their continued assistance and co-operation extended to your Company during the year under report.

Your Directors also 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

Place : Mumbai

Dated : 7th August, 2012

ANNEXURE (A)

Disclosures of particulars with respect to Conservation of energy, Technology absorption and Foreign exchange earnings and outgo as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

- Calibration of hydraulic pumping system done as per OEM Specifications resulting in energy saving due to excessive High Pressure settings in Carlton D2 - 1300 T machine.
- Interfaced AC Drive in M 3 motor of Toshiba machines with Manual ON/OFF Circuit resulting in Power saving.
- Main Incoming Supply was made OFF from LT Room on "No Plan" machines for power saving.
- In ABS forming area, by relocating the Illig machines to PC forming section the air Compressor pressure setting was reduced from 6 kg/cm² to 5.5 kg/cm² resulting in power saving.
- Conserved Power by Walk through Energy Audits and subsequently Switched Off unwanted electrical utilities which were not in use.
- Energy consumption in Screw type Air Compressor GA 37 reduced by switching off the compressor during no load conditions.
- Installed heat exchangers on EP machine to maintain oil temperature and thereby reducing hydraulic pressure resulting in power saving.

b) Additional proposals:

- Reduce Units/Kg of Polycarbonate / ABS Extrusion & Thermoforming machines.
- Replacement of continuous running motor with energy efficient motors.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Cost saving of approx ₹ 20 lacs per annum, through reduction in energy consumption expected with above proposals at Nashik, Sinnar & Haridwar Plants.

d) Total energy consumption and energy consumption per unit of production:

Form 'A' of the Annexure to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable to your Company.

(B) TECHNOLOGY ABSORPTION:

a) Research and Development (R&D):

i) Specific areas in which R&D carried out by your Company:

- Development of impact modifiers in PC offcuts to enhance impact strength.
- Research on "no break polymer blends" by using latest generation polymers.
- Established the system to check moisture content in PC sheet to ensure defect free forming of shell.
- Developed Polycarbonate encased Soft luggage.
- Established new process of putting Protective film on PC sheet during extrusion.
- Extrusion of the Thinnest PC sheet for making light weight PC luggage.
- Development of hardened aluminium mold manufacturing for PC shells with high gloss.

ii) Benefits derived as a result of above R&D:

- Polycarbonate luggage with improved reliability and aesthetics.
- World Class products offered to consumers at affordable price considering durability & reliability.
- Light weight, high impact resistant and better aesthetics Polycarbonate products offered to consumers.
- Ultra light vertical upright developed which is a key customer requirement.

ANNEXURE (A) (Contd.)

iii) Future plan of action:

- Gloss improvement in chairs through research in material blends.
- Thinner PC sheets in extrusion.
- Research on polymeric materials, blends and finishes.
- Innovation in adhesive & textile technology for smarter world class interiors.
- Alternate material development of luggage shells.

iv) Expenditure on R&D:

(Amount ₹ in Crores)

Capital	-
Recurring	2.27
Total	<u>2.27</u>

R & D expenditure as a percentage of total turnover is 0.26%

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.

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

- Manufacturing of large moulds in-house of International quality, specific to customer requirements.
- Effective utilization of polymers.
- Excellent hinge quality.
- Reduction in variety of components resulting in cost saving.

iii) Information regarding technology imported during last 5 years:

- Latest generation vacuum forming machine, twin barrel moulding machines and a battery of hi-tech moulds have been inducted at the manufacturing location.
- Additional Twin extruder set up for polycarbonate and ABS sheets separately.
- Technical collaboration with Delsey S.A., France for manufacturing a few of their premium range suitcases and briefcases.
- Printed film development on PC.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during the year:

(Amount ₹ in Crores)

Used	223.58
Earned	84.45

Place : Mumbai

By Order of the Board of Directors

Dated : 7th August, 2012

DILIP G. PIRAMAL

Chairman

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO THE DIRECTORS' REPORT

COMPANY'S PHILOSOPHY

Your 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 your 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 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 your Company, the Board along with its Committees endeavours to strike a right balance with its various stakeholders.

BOARD OF DIRECTORS

Composition of the Board:

The Board of Directors of your Company (the Board) consists of nine Directors as on 31st March 2012 out of which seven are Non-executive Directors, six of which are Independent Directors in terms of Clause 49(l)(A) of the Listing Agreement.

None of the Directors on the Board are member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

During the financial year 2011-12, four Board Meetings were held on the following dates:

1. 13.5.2011
2. 10.8.2011
3. 24.10.2011
4. 7.2.2012

The details of the Directors on the Board of your Company as on 31st March, 2012 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 (Non-Executive Director)	428020	4	No	5	-	-
Ms. Radhika Piramal	Managing Director	210000	4	Yes	4	-	-
Mr. Ashish K. Saha §	Director – Works	-	-	N.A.	-	-	-
Mr. T. Premanand #	Director – Works	-	2	Yes	-	-	-
Mr. Vivek Nair	Independent, Non-Executive Director	-	-	No	7	-	2
Mr. Vijay Kalantri	Independent, Non-Executive Director	-	4	No	13	-	-
Mr. D. K. Poddar	Independent, Non-Executive Director	-	4	Yes	7	-	2
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	4	No	7	1	1
Mr. Nabankur Gupta	Independent, Non-Executive Director	1000	4	No	9	2	4
Mr. Nirmal Gangwal	Independent, Non-Executive Director	-	1	No	6	-	3

NOTE:

§ Mr. Ashish K. Saha was appointed as a Whole-time Director of your Company designated as Director – Works, with effect from 1st February, 2012.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- # Mr. T. Premanand ceased to be the Director of your Company with effect from 31st January, 2012.
- * Excludes directorship in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and membership of Managing Committees of various bodies.
- @ Only membership of Audit Committee and Shareholders' / Investors' Grievances Committee are considered.

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.

As of 31st March, 2012, 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.

The information as specified in Annexure IA to Clause 49 of the Listing Agreement is regularly placed before the Board wherever applicable.

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

AUDIT COMMITTEE

Terms of reference:

The Audit Committee of your Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. Ernst & Young Private Limited (E&Y) was the Internal Auditors of your Company for the financial year 2011-12. For the financial year 2012-13, RSM Astute Consulting Pvt. Ltd. has been appointed as the Internal Auditors of your Company.

Apart from all the matters provided in clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, 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 your Company. The Committee reviews with the management, the 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 your Company.

Composition and Attendance at Meetings:

The Audit Committee comprises of four members, all of whom are Non-Executive Directors and financially literate as prescribed in the Listing Agreement.

Mr. D. K. Poddar, Independent Director is the Chairman of the Committee. The Managing Director, the Chief Financial Officer and the Statutory Auditors of your 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. 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 your Company.

The Audit Committee generally meets once in a quarter, inter-alia, to review the quarterly performance and the financial results.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Audit Committee met five times during the year on 13.5.2011, 10.8.2011, 24.10.2011, 22.12.2011 and 7.2.2012.

The details of the composition, categories and attendance during the year are as under:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. D. K. Poddar	Chairman	5	5
Mr. Dilip G. Piramal	Member	5	5
Mr. Vijay Kalantri	Member	5	5
Mr. G. L. Mirchandani	Member	5	5

Mr. D. K. Poddar, Chairman of the Committee was present at the 44th Annual General Meeting of your Company held on 29th September, 2011 to answer the Members' queries.

The minutes of the Audit Committee Meetings form part of the documents 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 at the Audit Committee meetings.

REMUNERATION AND COMPENSATION COMMITTEE

Terms of reference:

The Remuneration and Compensation Committee of your 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 administration and implementation of your Company's Employees' Stock Option Scheme and other matters connected thereto.

Composition and Attendance at Meetings:

The Remuneration and Compensation Committee comprises of four members, all of whom are Non-Executive Directors.

Mr. D. K. Poddar, Independent Director is the Chairman of the Committee.

The Remuneration and Compensation Committee met once during the year on 7th February, 2012.

The details of the composition, categories and attendance during the year are as under:

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

Remuneration Policy:

The remuneration policy 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 Directors are paid remuneration by way of sitting fees and commission. The remuneration

REPORT ON CORPORATE GOVERNANCE (Contd.)

payable by way of commission as mentioned herein below and as approved by the Board of Directors is within the limits prescribed under the Companies Act, 1956, presently not exceeding 1% of the net profits of your Company calculated in accordance with the provisions of sections 198, 349 and 350 of the Companies Act, 1956. Your Company paid sitting fees of ₹ 5,000 per meeting for attending each meeting of the Audit Committee and Remuneration & Compensation Committee and ₹ 20,000 per meeting for attending each Board Meeting. The payment of remuneration by way of sitting fees and commission is based on certain criteria such as attendance at the Board/Committee meetings, time devoted, industry trends etc.

(Amount in ₹)

Name	Sitting Fees	Commission	Total
Mr. Dilip G. Piramal	1,10,000	72,50,000	73,60,000
Mr. Vivek Nair	-	-	-
Mr. Vijay Kalantri	1,05,000	-	1,05,000
Mr. D. K. Poddar	1,10,000	-	1,10,000
Mr. G. L. Mirchandani	1,10,000	-	1,10,000
Mr. Nirmal Gangwal	20,000	-	20,000
Mr. Nabankur Gupta	85,000	-	85,000

ii) Executive Directors' Remuneration:

a) Managing Director

Ms. Radhika Piramal was appointed as the Managing Director of your Company with effect from 1st May, 2010 to 12th July, 2012 (both days inclusive). The contract may be terminated by either party by giving the other party, 3 months' notice or your 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.

Your 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, 2012

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal	-	1,08,54,588	72,50,000	-	1,81,04,588

*Gross Remuneration includes salary, contribution to Provident Fund and other perquisites.

b) Whole-time Director

Mr. Ashish K. Saha was appointed as a Director in the whole-time employment of your Company designated as Director - Works for a period of three years from 1st February, 2012 to 31st January, 2015 (both days inclusive). The contract may be terminated by either party by giving the other party, 3 months' notice or your Company paying notice pay equal to the amount due to the Whole-time Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

Mr. T. Premanand ceased to be the Director – Works with effect from 31st January, 2012.

Your Company pays remuneration by way of salary, perquisites and allowances to the whole-time Directors.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of remuneration paid to the Whole-time Directors for the period from 1st April, 2011 to 31st March, 2012 are as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Ashish K. Saha	-	4,66,750	-	-	4,66,750
Mr. T. Premanand	-	48,04,572	-	-	48,04,572

*Gross Remuneration includes salary, contribution to Provident Fund and other perquisites.

Investors' Grievances & Share Transfer Committee

Terms of reference:

The terms of reference of the Committee include redressing shareholders' and investors' 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 Transfer Agent of your Company and the Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investors' services.

Composition:

The Committee comprises of three members viz., Mr. Dilip G. Piramal, Ms. Radhika Piramal and Mr. Vijay Kalantri. Mr. Shreyas Trivedi, General Manager - Legal & Company Secretary is the Compliance Officer of your Company.

Your Company has approximately 57329 investors comprising of shareholders and fixed deposit holders as on 31st March 2012. During the year under report, your Company processed 331 share transfers comprising of 34,189 equity shares in the physical form. Your Company received 233 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.

The Investors' Grievances and Share Transfer Committee generally meets once in a fortnight 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 14 days from the date of receipt of complete documents.

GENERAL BODY MEETINGS:

Particulars of General Meetings held during last three years:

Annual General Meeting (AGM)	Date	Venue	Time	No. of Special Resolutions Passed
42 nd AGM (2008-09)	25 th September, 2009	"NIWEC", Satpur, Nashik – 422 007	11.30 a.m.	1
43 rd AGM (2009-2010)	15 th July, 2010	"NIWEC", Satpur, Nashik – 422 007	12.30 p.m.	1
44 th AGM (2010-2011)	29 th September, 2011	"NIWEC", Satpur, Nashik – 422 007	12.00 noon	1

REPORT ON CORPORATE GOVERNANCE (Contd.)

The following Special resolutions were passed by the Members during the last three years' General Meetings:

42nd Annual General Meeting held on 25th September, 2009

Appointment of Ms. Radhika Piramal as an Executive Director.

43rd Annual General Meeting held on 15th July, 2010

To pay commission to the Non-Executive Directors.

44th Annual General Meeting held on 29th September, 2011

Amendment in Articles of Association.

Postal Ballot:

During the year ended 31st March, 2012, no resolutions were passed through Postal Ballot.

DISCLOSURES

Your Company has no material significant transactions with its related parties that may have a potential conflict with the interest of your Company during the financial year 2011-2012. The details of transactions between your Company and the related parties are given for information under Note No.31 of the Notes to Accounts to the Balance Sheet as at 31st March, 2012.

In the preparation of the financial statements, your Company follows Accounting Standards issued by the Institute of Chartered Accountants of India.

Your 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 executive management controls the identified risks.

Your Company has not framed any Whistle Blower Policy during the year 2011-12.

During the year under review, your Company did not raise any proceeds through a public issue, rights issue and/or a preferential issue.

The details in respect of Directors seeking re-appointment are provided as part of the Notice convening the ensuing Annual General Meeting.

Means of Communication

Financial results are published in widely circulating national and local daily newspapers, such as Economic Times, Business Standard, Financial Express, Free Press Journal and Navashakti. These are not sent individually to the Members.

Your Company's results and official news releases are displayed on your Company's website www.vipindustries.co.in. There were no presentations made to the institutional investors or analysts during the year under review. As stipulated by the Ministry of Corporate Affairs (MCA) through its various circulars, your 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, 2011 updated till the date of 44th Annual General Meeting i.e. 29th September, 2011.

Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:

- Date and Time : 14th September, 2012 at 11.00 a.m.
- Venue : "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik – 422 007

2. Tentative Financial Calendar : The financial year of your Company is for the period from 1st April every year to 31st March of the following year.

- 1. Publication of Audited Results : By 30th May or immediately upon its adoption by the Board each year
- 2. First Quarter Results : By 14th August of each year

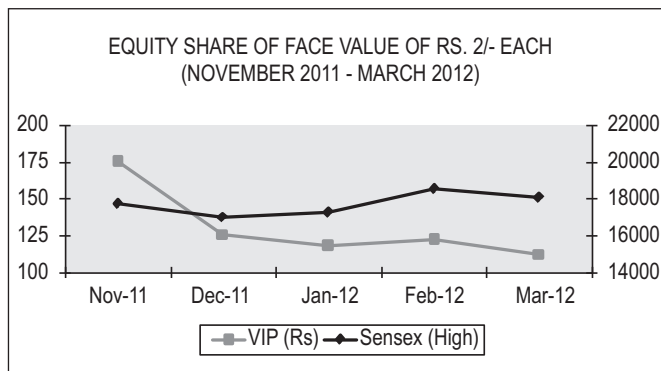
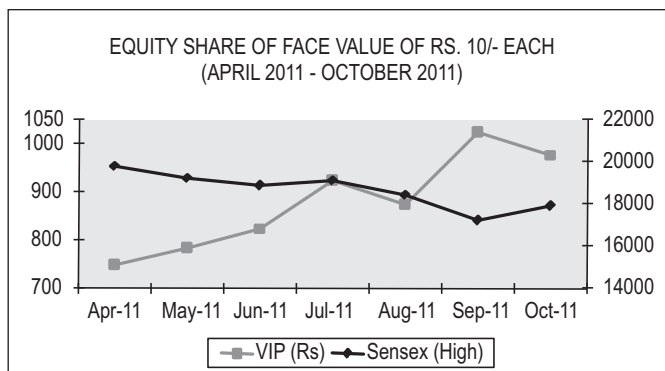
REPORT ON CORPORATE GOVERNANCE (Contd.)

3. Second Quarter Results : By 14th November of each year
4. Third Quarter Results : By 14th February of each year
5. Date of Book Closure : 4th September, 2012 to 14th September, 2012 (both days inclusive)
6. Dividend Payment Date (2011-12) : 21st September, 2012
7. Listing on Stock Exchange : 1. The Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 023
- : 2. The National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th Floor, Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051
6. Listing Fees : Listing fees of both the Stock Exchanges for the year 2012-13 has been paid.
7. Stock Code:
- BSE : 507880
 - NSE : VIPIND
 - International Securities Identification Number (ISIN) : INE054A01027
8. The monthly High and Low of market price of the equity shares of your Company on the BSE and the NSE and the stock performance during the last financial year was as under:

Bombay Stock Exchange				National Stock Exchange		
Period (Year 2011-12)	High (₹)	Low (₹)	Sensex (High)	High (₹)	Low (₹)	Nifty (High)
Equity Shares of Face Value of ₹ 10 each						
April 2011	748.00	578.00	19811.14	748.00	645.10	5944.45
May 2011	782.90	607.60	19253.87	783.90	608.30	5775.25
June 2011	824.70	673.15	18873.39	810.00	671.00	5657.90
July 2011	924.00	758.05	19131.70	924.00	758.40	5735.15
August 2011	874.00	703.10	18440.07	874.00	702.00	5551.90
September 2011	1022.55	810.00	17211.80	1025.00	810.00	5169.25
October 2011	977.00	815.00	17908.13	977.85	845.00	5399.70
Equity Shares of Face Value of ₹ 2 each						
November 2011	175.25	109.00	17702.26	175.10	108.80	5317.50
December 2011	126.00	73.40	17003.71	127.80	73.50	5099.25
January 2012	117.90	74.70	17258.97	120.00	74.55	5217.00
February 2012	122.25	99.25	18523.78	127.90	99.20	5329.95
March 2012	112.60	92.80	18040.69	112.70	92.75	5499.40

REPORT ON CORPORATE GOVERNANCE (Contd.)

Stock Performance – VIP v/s. Sensex



9. Distribution Schedule and Shareholding Pattern as on 31st March, 2012:

DISTRIBUTION SCHEDULE		
Category Number of Shares	No. of Shareholders	No. of Shares
Upto 500	47345	8287191
501 - 1000	4624	3970303
1001 – 2000	2939	4556806
2001 – 3000	1108	2825445
3001 – 4000	373	1323780
5001 – 10000	369	2661681
10001 and Above	269	116399541
TOTAL	57299	141317315

SHAREHOLDING PATTERN		
Category of Shareholders	No. of Shares	%
Promoters	73605175	52.09
Mutual Funds and UTI	44919	0.03
Banks, Financial Institutions, Insurance Companies	13855	0.01
Foreign Institutional Investors	14340003	10.15
Bodies Corporate	6315782	4.47
Non Resident Individuals/ Overseas Corporate Bodies	1927208	1.36
Indian Public	45070373	31.89
TOTAL	141317315	100.00

10. Registrars and Share Transfer Agents : Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078,
Tel. No.: 22 – 25946970,
Fax No.: 22 – 25946969
Email: helpline@linkintime.co.in
11. Dematerialisation of shares and liquidity : 95.28% of the paid-up capital of your Company has been dematerialized as on 31st March, 2012. The equity shares of your Company are actively traded on the BSE and the NSE in dematerialized form.
12. Outstanding GDRs/ADRs/Warrants or any convertible instruments : NIL
13. Plant Locations : (i) Nashik - 78-A, MIDC Estate, Satpur, Nashik – 422007.
(ii) Sinnar - A-7, MIDC, Sinnar – 422 103.
(iii) Haridwar - Plot No 8, Sector 12, SIDCUL Area, Haridwar – 249 403
(iv) Jalgaon - E 5/2 Additional MIDC Area, Jalgaon – 425 016
(v) Nagpur - L-4, MIDC, Hingna, Nagpur – 440 016
(vi) Paithan - D/4 Paithan Industrial Area MIDC, Paithan – 431 107

REPORT ON CORPORATE GOVERNANCE (Contd.)

14. 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 (West), 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.: +91-22-66538393
15. Designated E-mail ID for registering
Complaints by the investors : investor-help@vipbags.com

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

The extent of compliance in respect of non-mandatory requirements is as follows:

- i. **The Board:** A separate office is maintained for the Non-Executive Chairman and your Company reimburses expenses incurred by the Non-Executive Chairman in performance of his duties, if applicable.
- ii. **Shareholders' Rights:** Details of significant events, if any, are put up on your Company's website together with the financial results. Designated E-mail ID of the grievance redressal section exclusively for the purpose of registering complaints by the Investors is investor-help@vipbags.com
- iii. **Audit Qualifications:** During the year under review, there was no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- iv. **Training of Board Members:** The Directors interact with the management in a very free and transparent manner on information that may be required by them for orientation with business of your Company.

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

In accordance with sub-clause I(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I, Radhika Piramal, Managing Director of V.I.P. Industries Limited hereby confirm that the Board Members and the Senior Management personnel of your Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2012.

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

Place: Mumbai
Dated : 7th August, 2012

RADHIKA PIRAMAL
Managing Director

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 Clause 49 of the Listing Agreement)

We, Radhika Piramal, Managing Director and Jogendra Sethi, Chief Financial Officer of V.I.P. Industries Limited, to the best of our knowledge and belief, certify that;

We have reviewed the financial statements read with the cash flow statement of V.I.P. Industries Limited for the year ended 31st March, 2012 and that to the best of our knowledge and belief, we state that;

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

REPORT ON CORPORATE GOVERNANCE (Contd.)

- (ii) These statements together present a true and fair view of your Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of your 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 your 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 proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) 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) that there are no frauds of which we have become aware and the involvement therein, if any, of the management or an employee.

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

RADHIKA PIRAMAL
Managing Director

JOGENDRA SETHI
Chief Financial Officer

Place : Mumbai

Date : 7th August, 2012

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 for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. 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 in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M. L. BHUWANIA & CO.
Chartered Accountants

Place : Mumbai

Date : 7th August, 2012

J. P. BAIRAGRA
Partner

Membership No.12839

Firm Registration No. 101484W

A. INDUSTRY STRUCTURE AND DEVELOPMENT

LUGGAGE

Domestic Markets

Overall the luggage industry in India witnessed positive but slowing growth in demand across price points and product categories and also faced severe cost pressures in the year under review.

Demand was positive in the first half of the year under review, aided by a good marriage season. However, during the second half, high inflation, high interest rates, high fuel costs and high air fares impacted leisure travel and reduced disposable income, reducing the rate of demand growth and leading to a relatively weak festive season. Increased air fares reduced the growth of air passenger traffic to single digit from 15% - 20% increase in last two years. Airline traffic directly impacts the growth of luggage category especially the branded segment, where your Company has significant share.

On the supply side, your Company witnessed stability in supplies from its domestic and imported sources, however faced tremendous pressure on input costs. The rapidly depreciating rupee significantly affected your Company's margins as majority of its soft luggage is imported from China. Chinese goods have also become more expensive in dollar terms due to the Chinese government's focus on domestic consumption instead of exports due to which labor costs in China have increased steadily. Increase in cost of raw materials like plastic, aluminum etc. and increase in freight costs have further impacted the cost of goods.

The luggage category is estimated to be of approx. ₹ 4000 crores in size and is growing at around 10-15% per annum. Hypermarket channel has shown robust organic growth during the year, growing far rapidly than other distribution channels. The category has witnessed entry of some niche international players mainly at the premium end. The short haul sub-categories like backpacks, business satchels and trolley duffels have grown faster than rest of the category. In the travel segment overall, Soft Luggage continues to grow faster than Hard Luggage. However, polycarbonate luggage, i.e. a subset of hard luggage which is a lightweight strong plastic material has shown encouraging growth, mainly due to strategic initiatives taken by your Company in terms of new product launches and advertising campaigns.

International Markets

The International Business of your Company registered a growth in all regions led by the Asia Pacific and Middle East & African region which grew by 37% & 21% respectively. Despite recession and unfavorable market conditions in Europe, your Company managed to retain its market share there. Taking cue from changing travelling requirements across the globe, the Carlton brand launched a series of very lightweight luggage in its "Nanolite" category which have been very well received by the consumers across geographies. The Carlton brand also added two new ranges of very lightweight yet extremely strong Polycarbonate luggage in its portfolio. Going ahead, your Company plans to consolidate its position in various global markets apart from addressing new business opportunities through private label manufacturing, especially in the fast growing Polycarbonate segment.

MOULDED FURNITURE

The Moderna Furniture business grew by 20% in value and over 12% in volume terms. The brand "Moderna" is perceived to be a product having superior quality, premium image and aesthetics in the minds of consumers. Your Company's products continue to enjoy a preferred position in consumer segment particularly in the Northern, Western and Southern India where it has a major share in the Institutions and hire markets.

B. OPPORTUNITIES AND THREATS

LUGGAGE

Your Company expects domestic luggage market growth to be under pressure for sometime specially during the year ahead due to a poor marriage season, high airline fares, a weaker rupee affecting international leisure travel by Indians, global economic slowdown and slower GDP growth in India than the growth witnessed in the last two years.

Weak global economic scenario, political uncertainty in India, growing fiscal deficit and investor uncertainty will all have an impact on the rupee exchange rate which will significantly affect soft luggage input costs. These factors will affect all players in luggage industry as all luggage companies import soft luggage from China. Only those companies with enough brand and pricing power will be able to fully or partially offset these cost increases. Your Company's market leadership and strong brands enables it to pass on higher price increases than its competitors.

On demand front, while the long term aviation industry growth story in India remains bullish, the growth is expected to be subdued in the short term. Limited number of marriage dates in key summer months of the year 2012-13 will also impact demand in key hard luggage markets. Further demand in key channels like CSD is likely to be controlled. While such factors will impact all branded luggage players, your Company has made suitable plans to counter such pressures and continue growth momentum.

With strong brands in luggage across all channels and price segments, your Company is uniquely poised to grow. Your Company has developed effective offerings in key new segments like backpacks, satchels and very differentiated polycarbonate luggage. Your Company is also launching new related categories like travel accessories, wallets, belts etc. mainly to be sold through its extensive exclusive distribution channels. Your Company has successfully tested e-commerce, which is emerging as another fast growing distribution channel.

MOULDED FURNITURE

Being primarily a plastic product, moulded furniture will continue to experience margin pressure if crude oil and plastic prices remain high and volatile. In spite of tremendous pressure on the raw material front, 'Moderna' plastic furniture passed on the increased cost through price increases and has been stable in the market.

C. SEGMENT / PRODUCT WISE PERFORMANCE

LUGGAGE

VIP brand continues to dominate the Indian luggage market with maximum share of any single brand. VIP's TV campaign aired in April 2011 featured several new ranges of spinner 4 wheel luggage. Post this campaign, the dispersion of volumes of four wheelers in the category has increased significantly. VIP Verve was launched in Diwali 2011. Verve is a stylish, durable yet affordable polycarbonate spinner luggage which has revolutionized polycarbonate luggage category in India. The press campaign of VIP Verve also helped to contemporarize the brand's imagery. Overall various initiatives during the year have helped the brand to retain its leadership position and grow at a healthy rate.

Skybags brand was launched across all channels (traditional trade, hypermarkets, exclusive franchisees) in April 2011 and has done extremely well in the year under review. The brand is positioned as stylish modern travel gear, endorsed by bollywood celebrity John Abraham.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

After soft launch in November 2010, your Company rolled out complete collection of Carlton brand in India in April 2011. The brand has been supported with various marketing activities mainly press campaigns, airport branding and Jet airline baggage tags. Your Company also opened two Carlton monobrand stores in premium locations in Delhi which helped showcase the brand in the right ambience. The response in these stores has been very encouraging and more stores are planned for the current year in the cities of Mumbai and Bangalore.

Other brands in the portfolio like Alfa and Aristocrat have been able to offer value for money offering during the year and have been able to achieve their planned numbers for the year under review.

MOULDED FURNITURE

The implementation and continuation of the advance payment policy has substantially de-risked the business and helped your Company to improve the credibility and health of the channel partners in the market. Focus on institutional business has also helped your Company to get good volume from different segments. Your Company has made some progress in the open dealer market by enhancing the number of dealers through continuous appointment of new channel partners.

D. OUTLOOK

LUGGAGE

Considering the threats, opportunities and the strengths of your Company, the key task at hand will be to make most of the category growth across all price segments and maintain margins to the best possible degree without affecting volume growth. Your Company is successfully executing its multi brand – multi segment strategy with consistent investment in advertising for all its luggage brands.

MOULDED FURNITURE

Your Company is confident that it will be able to grow the business at the same pace by improving its presence in the retail domain through fresh initiatives, including the introduction of new products of different design and colors and strategic placement of products with the channels to service customers. Increased focus on the sales of premium range of products will deliver higher growth in value terms.

E. RISKS AND CONCERNS

The dependence of your Company on China for sourcing of soft luggage continues. Any further appreciation of Chinese Yuan and further depreciation of the Indian Rupee may adversely impact the margins of your Company.

F. INTERNAL CONTROL SYSTEMS

Ernst & Young Private Limited were the Internal Auditors of your Company for maintaining internal controls to safeguard your 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. Your Company has a budgetary control system to monitor all expenditures against approved budgets on an ongoing basis. RSM Astute Consulting Private Limited has been appointed as the Internal Auditors of your Company for the financial year 2012-13.

The Internal Auditors submit their reports to the Audit Committee from time to time. The management considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the Audit Committee of your Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

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 your Company for the year ended 31st March, 2012 was at ₹ 861.68 crores (Previous Year ₹ 744 crores). The consolidated Revenue from Operations and Other Income for the year under review was ₹ 861.74 crores (Previous Year ₹ 760.76 crores).

EXPENDITURE:

Your Company continued its focus on cost management initiatives.

PROFIT:

Profit after Tax for the year under review amounted to ₹ 67.69 crores (Previous Year ₹ 62.02 crores). The consolidated Profit after Tax for the year under review was ₹ 67.61 crores as against previous year's ₹ 88.72 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 strong growth and achieve targets. A structured recruitment process has helped your Company attract the right talent at all levels. A positive work environment and exciting career prospects have helped keep attrition under control in spite of aggressive external market factors.

Your Company gives a lot of emphasis on training. Your Company's products are sold through various retail channels across the country. To deliver consistent branded retail experience, constant training inputs are provided to the retail promoters. These retail promoters are present across India in various channels such as exclusive retail stores which are called VIP Lounges & VIP World, Organised Retail Stores and Hyper markets like Shopper Stop, Life Style and Big Bazaar and Canteen Stores Department. The training is provided to all new joiners and refresher training is also provided to these front line sales promoters through continuous training programs. The training is provided by a panel of in-house expert trainers as well as external skilled trainers.

In spite of a written agreement with respect to the retirement age in your Company being 56 years, which has been in place since 2004 and re-affirmed in 2009, some workers have disputed this retirement age and the matter has been referred to the Industrial Tribunal, Nashik. The relationship with the Union/Employees at the plant locations continues to be cordial, professional and productive.

The employee strength as on 31st March 2012 was 1703.

AUDITORS' REPORT

TO THE MEMBERS OF

V.I.P. INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of VIP Industries Limited as at 31st March 2012, Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors of the company as on 31st March 2012 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2012 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

J. P. Bairagra
Partner
Membership No. 12839

Place : Mumbai
Date : 7th August, 2012.

AUDITORS' REPORT (Contd.)

Annexure referred to in paragraph 3 of Auditor's report to the members of VIP Industries Limited for the year ended 31st March 2012.

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) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. 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 neither granted nor taken any loans, secured or unsecured to/from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) (a) to (g) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year covered by the audit. In respect of deposits accepted in earlier years, the company has complied the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA 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) The Company has an adequate internal audit system commensurate with its size and nature of its business.

AUDITORS' REPORT (Contd.)

(viii) The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956. As explained to us such accounts and cost records are under preparation.

(ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable except Works Contract ₹ 1,274 and Income Tax of ₹ 2,34,620.

According to the records of the Company, there are no dues of Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.

The disputed amounts that have not been deposited in respect of Income Tax and Sales Tax are as under:

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which it relates	Forum where dispute is pending
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	2,44,611	1994-1995	Joint Commissioner of Tax
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	4,27,546	1992-1993 and 1993-1994	Sales Tax Tribunal
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	3,11,561	1992-1993 to 1994-1995	Assistant Commissioner of Sales Tax
Assam General Sales Tax Act	Sales Tax Dues	19,30,577	1994-1995 and 1997-1998	Joint Commissioner of Sales Tax
Bihar Sales Tax Act, 1959	Sales Tax Dues	2,14,583	2006-2007	Deputy Commissioner of Commercial Tax
Delhi Sales Tax Act, 1975	Sales Tax Dues	1,00,000	1992-1993	Deputy Commissioner of Sales Tax
Bombay Sales Tax Act, 1959	Sales Tax Dues	59,87,070	1999-2000 to 2001-2002	Honourable High Court
Bombay Sales Tax Act, 1959	Sales Tax Dues	3,99,31,531	1999-2000 to 2002-2003	Joint Director of Industries
Bombay Sales Tax Act, 1959	Sales Tax Dues	1,04,99,468	1993-1994 and 2002-2003 to 2004-05	Joint Commissioner (Appeals)
Bombay Sales Tax Act, 1959	Sales Tax Dues	46,18,072	1983-1984 to 1987-1988 and 1994-1995 to 1999-2000	Sales Tax Tribunal
Bombay Sales Tax Act, 1959	Sales Tax Dues	57,06,696	2001-2002	Sr. Dy. Commissionerate (Assessment)
Bombay Sales Tax Act, 1959	Sales Tax Dues	27,82,919	1990-1991 and 2000-2001	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956	Sales Tax Dues	9,893	1992-1993	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956	Sales Tax Dues	34,93,142	1999-2000 and 2002-2003	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax Dues	45,000	2008-2009	Joint Commissioner

AUDITORS' REPORT (Contd.)

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which it relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax Dues	4,00,70,628	2002-2003, 2003-2004 and 2004-2005	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Sales Tax Dues	1,25,364	2005-2006	Dy. Commissionerate of Appeals
Kerala General Sales Tax Act, 1963	Sales Tax Dues	33,855	2005-2006 and 2008-2009	Commercial Tax Officer
Orissa Entry Tax Act, 1999	Entry Tax	9,58,391	2001-2002 to 2004-2005	Assistant Commissioner of Sales Tax
Orissa Entry Tax Act, 1999	Entry Tax	1,12,198	2003-2004	Honourable High Court
Orissa Sales Tax Act, 1947	Sales Tax Dues	44,44,914	1999-2000 to 2004-2005	Honourable High Court
Orissa Entry Tax Act, 1999	Sales Tax Dues	6,87,877	2001-2002 to 2005-2006	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	Sales Tax Dues	51,75,952	1996-1997 to 2003-2004	Assistant Commissioner of Sales Tax
Punjab General Sales Tax Act, 1948	Sales Tax Dues	12,83,870	2000-01	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax Dues	44,47,657	1997-1998	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax Dues	44,053	2006-2007	Sr. Joint Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax Dues	8,07,297	2005-2006	Dy. Commissionerate of Appeals
Uttar Pradesh Trade Tax Act, 1948	Sales Tax Dues	6,39,704	2003-2004	Assistant Commissioner, Sales Tax
Uttar Pradesh Trade Tax Act, 1948	Sales Tax Dues	11,08,267	1986-1987	Sales Tax Tribunal
Madhya Pradesh Vat Adhiniyam 2002	Sales Tax Dues	93,884	2005-2006	Deputy Commissioner
Gujarat Value Added Tax Act, 2003	Sales Tax Dues	16,25,404	2006-07	Gujrat Value Added Tax Tribunal
Haryana General Sales Tax Act, 1973	Sales Tax Dues	64,650	2011-12	Commercial Tax Officer
Karnataka Value Added Tax Act, 2003	Sales Tax Dues	7,71,004	2010-11	Joint Commissioner of Commercial Tax (Appeals)
Income tax Act, 1961	Income Tax Dues	1,10,86,005	2005-2006 and 2006-2007	Commissioner of Income Tax (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2012. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2012 and in the immediately preceding financial year ended March 31, 2011.

AUDITORS' REPORT (Contd.)

- (xi) 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 loans from financial institutions and has not issued debentures during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
- (xiii) 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 chit fund and nidhi / mutual benefit fund / societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2012.

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

J. P. Bairagra
Partner
Membership No. 12839

Place : Mumbai
Date : 7th August, 2012.

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at 31 st March, 2012	(₹ in Crores) As at 31 st March, 2011
I EQUITY AND LIABILITIES:			
(1) Shareholders' Funds			
(a) Share Capital	1	28.26	28.26
(b) Reserves and Surplus	2	214.32	172.95
		242.58	201.21
(2) Non Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	1.83	-
(b) Other Long Term Liabilities	4	0.56	0.62
(c) Long Term Provisions	5	1.84	1.96
		4.23	2.58
(3) Current Liabilities			
(a) Short Term Borrowings	6	84.15	102.82
(b) Trade Payables	7	58.47	53.13
(c) Other Current Liabilities	8	25.61	26.56
(d) Short Term Provisions	9	17.30	32.29
		185.53	214.80
TOTAL		432.34	418.59
II ASSETS:			
(1) Non - Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		80.51	77.39
(ii) Intangible Assets		2.37	2.79
(iii) Capital Work - in - Progress		0.76	4.99
		83.64	85.17
(b) Non Current Investments	11	0.36	0.36
(c) Deferred Tax Assets (Net)	3	-	7.04
(d) Long Term Loans and Advances	12	28.05	18.09
		28.41	25.49
(2) Current Assets			
(a) Inventories	13	144.12	118.97
(b) Trade Receivables	14	124.74	139.34
(c) Cash & Bank Balances	15	18.23	8.82
(d) Short Term Loans and Advances	16	23.43	32.08
(e) Other Current Assets	17	9.77	8.72
		320.29	307.93
TOTAL		432.34	418.59
Contingent Liabilities and Commitments	18		
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1 to 48		

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

As per our report of even date attached for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Dilip G Piramal
Radhika Piramal
D.K. Poddar
Jogendra Sethi
Shreyas Trivedi

Chairman
Managing Director
Director
Chief Financial Officer
Company Secretary

Place : Mumbai

Dated : 7th August, 2012

Place : Mumbai

Dated : 7th August, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		(₹ in Crores)	
	Note No.	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
INCOME:			
Revenue from Operations	19	860.22	742.00
Other Income	20	1.46	2.00
Total Revenue		861.68	744.00
EXPENSES:			
Cost of Materials Consumed	21	167.40	164.12
Purchases of Stock - in - Trade	22	274.06	213.56
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	23	(27.47)	(35.40)
Employee Benefits Expense	24	81.64	72.38
Finance Costs	25	6.94	4.45
Depreciation & Amortization Expenses	10	17.29	14.82
Other Expenses	26	245.86	204.84
Total Expenses		765.72	638.77
Profit before exceptional items and tax		95.96	105.23
Exceptional items	27	-	28.71
Profit Before Tax		95.96	76.52
Less : Tax Expense			
(1) Current Tax		19.38	22.65
(2) Deferred Tax		8.88	(7.66)
(3) Income Tax for earlier years		0.01	(0.49)
		28.27	14.50
Profit for the year		67.69	62.02
Earning per equity share (EPS):	28		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax) (₹)		4.79	4.43
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax) (₹)		4.79	4.39

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS 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 attached
for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Place : Mumbai

Dated : 7th August, 2012

Dilip G Piramal
Radhika Piramal
D.K. Poddar
Jogendra Sethi
Shreyas Trivedi

Chairman
Managing Director
Director
Chief Financial Officer
Company Secretary

Place : Mumbai

Dated : 7th August, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	(₹ in Crores)	
	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & Extraordinary item	95.96	76.52
Adjustment for:		
Depreciation/ Amortisation	17.29	14.82
Dividend Received	(0.04)	-
Interest Expense	6.94	4.45
Interest Income	(0.64)	(1.13)
Provision for Warranty	0.04	0.37
Provision for Leave Encashment	(0.27)	(0.17)
Provision for Gratuity	(1.35)	(0.17)
Allowance for Bad & Doubtful debts	-	27.53
(Gain) /Loss on Exchange Rate Fluctuation	0.74	(0.35)
Adjustment for Capital Incentive	(0.05)	(0.05)
Provision for Diminution in Investment	-	1.66
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence (Net)	<u>0.56</u>	<u>0.28</u>
	<u>23.22</u>	<u>47.24</u>
Operating profit before working capital changes	119.18	123.76
Adjustment for :		
Trade and Other Receivables	16.24	(84.53)
Inventories	(25.15)	(38.85)
Trade and Other Payables	<u>4.62</u>	<u>11.72</u>
	<u>(4.29)</u>	<u>(111.66)</u>
Cash Generated from Operations	114.89	12.10
Direct Taxes Paid (Net of refund received)	<u>(28.21)</u>	<u>(14.90)</u>
NET CASH/(USED IN) FROM OPERATING ACTIVITIES (A)	86.68	(2.80)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards Capital Work- in-Progress	(20.57)	(19.33)
Loan to Subsidiary	-	15.71
Sale of Fixed Assets	0.58	0.41
Interest Received	0.49	2.36
Dividend Received	0.04	-
NET CASH/(USED IN) FROM INVESTING ACTIVITIES (B)	<u>(19.46)</u>	<u>(0.85)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

	(₹ in Crores)	
	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(6.79)	(4.63)
Proceeds / (Repayments) from / of Borrowings (net)	(19.57)	19.62
Dividend paid (inclusive of Dividend Distribution Tax)	(32.45)	(19.59)
NET CASH/(USED IN) FROM FINANCING ACTIVITIES (C)	(58.81)	(4.60)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	8.41	(8.25)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	5.16	13.41
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	13.57	5.16
	8.41	(8.25)

Note:

Cash and Cash Equivalents include:

Cash and Cheques on Hand	0.58	0.49
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Balances with Scheduled Banks in :

*Current Accounts	9.06	2.33
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Remittance in Transit	3.93	2.34
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Total	13.57	5.16
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*Closing Balance includes exchange rate difference Gain of ₹ 0.05 crores (Previous year Gain of ₹ 0.01 crores)

As per our report of even date attached
for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Place : Mumbai

Dated : 7th August, 2012

Dilip G Piramal

Radhika Piramal

D.K. Poddar

Jogendra Sethi

Shreyas Trivedi

Chairman

Managing Director

Director

Chief Financial Officer

Company Secretary

Place : Mumbai

Dated : 7th August, 2012

NOTES FORMING PART OF THE ACCOUNTS

	(₹ in Crores)	
	As at 31 st March, 2012	As at 31 st March, 2011
1 SHARE CAPITAL		
Authorised Shares		
24,65,00,000 Equity shares, ₹ 2 par value (Previous Year 4,93,00,000 Equity shares, ₹ 10 par value)	49.30	49.30
1000 - 9% Redeemable Cumulative Preference shares, ₹ 1000 par value (Previous Year 1000 Preference shares, ₹ 1000 par value)	0.10	0.10
	49.40	49.40
Issued, Subscribed and Fully Paid Up Shares		
14,13,17,315 Equity shares, ₹ 2 par value (Previous year 2,82,63,463 Equity shares, ₹ 10 par value)	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, 2012:

	As at 31 st March, 2012	As at 31 st March, 2011
Number of Equity shares at the beginning	2,82,63,463	2,82,63,463
Number of Equity shares at the end *	14,13,17,315	2,82,63,463

* During the year, equity shares of the company were sub divided from par value of ₹ 10 to 5 (five) equity shares of ₹ 2 each resulting in total number of Equity shares increased to 14,13,17,315 equity shares of ₹ 2 each.

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

- a) 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.
- b) The amount of per share dividend of ₹ 1.60 (Previous Year ₹ 2) has been proposed to be distributed to equity shareholders for the year ended 31st March, 2012 including Interim Dividend paid during the year. The total amount of dividend shall be ₹ 22.61 Crores and Dividend Distribution Tax ₹ 3.67 Crores.
- c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No. 1.3 :Aggregate number of shares allotted under the scheme of amalgamation during the period of five years immediately preceding the reporting date:

Pursuant to the Order dated 14th December, 2007 passed by the Hon'ble High Court of Judicature at Bombay sanctioning the scheme of Amalgamation of Aristocrat Luggage Limited and Quality Plastics Limited with V.I.P. Industries Limited (the Company), 28,01,650 Equity Shares of ₹ 10 each, (1,40,08,250 Equity Shares at par value of ₹ 2, post subdivision) of the Company were issued to the shareholders of erstwhile Aristocrat Luggage Ltd and erstwhile Quality Plastics Ltd.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Note No. 1.4.1 :- The details of shareholders holding more than 5% shares:

Name of the Shareholders	No. of shares held	% held as at 31 st March, 2012	No. of shares held	% held as at 31 st March, 2011
DGP Securities Ltd.	3,61,56,765	25.59%	69,71,681	24.67%
Vibhuti Investments Co. Ltd.	2,17,83,300	15.41%	43,33,210	15.33%
Jhunjunwala Rakesh Radheshyam	90,87,500	6.43%	18,17,500	6.43%
Sudhir Mohanlal Jatia	6,00,000	4.25%	17,00,152	6.02%

Note No. 1.4.2: The No. of Shares held as at 31st March, 2012 are of the face value of ₹ 2 each (31st March, 2011 of ₹ 10 each).

		(₹ in Crores)	
		As at 31 st March, 2012	As at 31 st March, 2011
2 RESERVES & SURPLUS			
<u>Capital Reserve</u>			
At the beginning and at the end of the year	(A)	0.15	0.15
<u>Capital Redemption Reserve</u>			
At the beginning and at the end of the year	(B)	0.15	0.15
<u>Securities Premium Reserve</u>			
At the beginning and at the end of the year	(C)	33.53	33.53
<u>Capital Incentive</u>			
At the beginning of the year		1.19	1.24
Less : Transferred to Statement of Profit & Loss		0.05	0.05
At the end of the year	(D)	<u>1.14</u>	<u>1.19</u>
<u>General Reserve</u>			
At the beginning of the year		101.83	72.72
Add: Transferred from surplus		41.41	29.10
At the end of the year	(E)	<u>143.24</u>	<u>101.82</u>
<u>Surplus Statement of Profit and Loss</u>			
At the beginning of the year		36.11	36.11
Add: Net profit after tax transferred from Statement of Profit & Loss		67.69	62.02
Amount available for appropriation		<u>103.80</u>	<u>98.13</u>
Less : Appropriations			
Interim Dividend		8.48	8.48
Final Dividend		14.13	19.78
Dividend Distribution Tax		3.67	4.66
Amount transferred to general reserve		41.41	29.10
At the end of the year	(F)	<u>36.11</u>	<u>36.11</u>
Total of Reserves & Surplus (A+B+C+D+E+F)		<u>214.32</u>	<u>172.95</u>

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at 31 st March, 2012	As at 31 st March, 2011
3 DEFERRED TAX LIABILITIES/(ASSETS) NET		
<u>Deferred Tax Liabilities</u>		
On account of difference in depreciation as per books and income tax	3.18	3.90
(A)	<u>3.18</u>	<u>3.90</u>
<u>Deferred Tax Assets</u>		
On account of Expenses allowable under income tax on payment basis	0.72	0.62
On account of Merger Expenses	-	0.03
On account of Voluntary Retirement Scheme	0.44	1.30
On account of Allowance for Bad & Doubtful Debts	0.19	8.99
(B)	<u>1.35</u>	<u>10.94</u>
Net Deferred Tax Liabilities/(Assets)	(A-B)	<u>(7.04)</u>
4 OTHER LONG TERM LIABILITIES		
<u>Others</u>		
Deposits	0.53	0.53
Retention Money	0.03	0.09
	<u>0.56</u>	<u>0.62</u>
5 LONG TERM PROVISIONS		
<u>Provisions for Employee Benefits</u>		
Leave Encashment	1.42	1.56
<u>Others</u>		
Provision for Warranty (Refer Note No. 39)	0.42	0.40
	<u>1.84</u>	<u>1.96</u>
6 SHORT TERM BORROWING		
<u>Cash Credit and Demand loan from Banks</u>		
Secured (Refer Note No. 6.1)	14.20	51.35
Unsecured	0.02	0.01
<u>Other Loans and Advances</u>		
Secured (Refer Note No. 6.1)	13.81	29.27
Unsecured	56.12	22.19
	<u>84.15</u>	<u>102.82</u>

Note No. 6.1

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.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at	As at
	31 st March, 2012	31 st March, 2011
7 TRADE PAYABLES		
Sundry Creditors for Goods (Refer Note No. 7.1)	40.35	34.67
Sundry Creditors for Expenses (Refer Note No. 7.1)	18.12	18.46
	58.47	53.13

Note No. 7.1

The Company has not received information from vendors regarding their status under the 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. The same has been relied upon by the Auditors.

8 OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt (Refer Note No. 8.1)	-	3.85
Interest Accrued but not due on Borrowings	0.35	0.19
Unpaid Dividends	1.44	1.04
Unpaid Matured Deposit and Interest Accrued thereon	0.12	0.12
Other Liabilities		
Sundry Creditors For Capital Goods	0.13	1.01
Advances from Customers	2.70	2.83
Statutory Liabilities	5.87	4.18
Employee Related Liabilities	5.57	5.56
Others	9.43	7.78
	25.61	26.56

Note No. 8.1 Current Maturities of Long Term Debt:

(A) The above secured long Term debt:

- (i) ECB from Axis Bank Ltd secured by first charge on pari passu basis on all the movable and immovable fixed assets of the company located at Haridwar.
- (ii) The Corporate Rupee Term loan and Foreign currency loan from State Bank of India secured by first pari passu charge on fixed assets of the company's plant located at Nasik, Sinnar and Haridwar.

(B) The above Long Term Debt (Term Loan) was taken during F.Y. 2006-07 and the same was repayable in 6 years.

9 SHORT TERM PROVISIONS

Provision for Employee Benefits

For Gratuity	-	1.35
For Leave Encashment	0.10	0.22
Other Provisions		
Provision For Income Tax	0.53	7.49
(Net of Advance Tax ₹ 1.44 Crores (Previous Year ₹ 17.27 Crores))		
Proposed Dividends	14.13	19.78
Dividend Distribution Tax	2.29	3.21
Provision for Warranty (Refer Note No. 39)	0.25	0.24
	17.30	32.29

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

10 FIXED ASSETS

PARTICULARS	(₹ in Crores)									
	GROSS BLOCK				DEPRECIATION / AMORTISATION				Net Block	
	As at 31 st March, 2011	Additions	Deductions/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2011	For the year	Deductions/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2012	As at 31 st March, 2011
Tangible Assets:										
Freehold Land	0.03	-	-	0.03	-	-	-	-	0.03	0.03
Leasehold Land	4.43	-	-	4.43	-	-	-	-	4.43	4.43
Buildings (Refer Note No. 10.1 & 29)	37.33	3.18	0.15	40.36	13.59	1.25	0.06	14.78	25.58	23.74
Plant and Machinery (Refer Note No. 10.2)	87.31	3.59	-	90.90	71.42	3.62	-	75.04	15.86	15.89
Data Processing Machines	13.19	1.07	-	14.26	12.10	0.64	-	12.74	1.52	1.09
Moulds and Dies	70.65	8.04	-	78.69	54.42	7.21	-	61.63	17.06	16.23
Furniture, Fixture and Equipments	28.56	3.07	0.02	31.61	16.78	2.98	-	19.76	11.85	11.78
Vehicles	5.72	1.53	1.39	5.86	1.52	0.52	0.36	1.68	4.18	4.20
Total Tangible Assets	247.22	20.48	1.56	266.14	169.83	16.22	0.42	185.63	80.51	77.39
Tangible Assets (Previous Year)	233.89	14.45	1.12	247.22	156.41	13.85	0.43	169.83	77.39	-
Intangible Assets:										
Patents and Trademarks	9.08	-	-	9.08	6.88	0.70	-	7.58	1.50	2.20
Computer Software	4.29	0.65	-	4.94	3.70	0.37	-	4.07	0.87	0.59
Total Intangible Assets	13.37	0.65	-	14.02	10.58	1.07	-	11.65	2.37	2.79
Intangible Assets (Previous Year)	12.96	0.41	-	13.37	9.61	0.97	-	10.58	2.79	-
Capital Work- in- Progress	-	-	-	-	-	-	-	-	0.76	4.99

Note No 10.1: Buildings

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 societies.

Note No 10.2 : Plant & Machinery

Plant & Machinery to the extent of ₹ **0.30 Crores** (Previous year ₹ 0.30 Crores) is hypothicated to the State Government of Uttarakhand (SIDCUL Dehradun) as per agreement for the Capital Incentive Scheme.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

11 NON CURRENT INVESTMENTS

	(₹ in Crores)			
	Face Value Per Unit ₹	Number of Units	As at 31 st March, 2012	As at 31 st March, 2011
Non Trade Investments (at cost)				
Quoted:				
In Equity Instruments				
Windsor Machines Limited. (45,60,760 Equity shares, ₹ 2 each fully paid up, Previous year 22,80,730 Equity shares, ₹ 10 each fully paid up.)	2	45,60,760	16.37	16.37
Kemp & Co Ltd.	10	1,909	-	-
Jindal Southwest Holdings Ltd.	10	2,250	-	-
Total Value of Quoted Investments			<u>16.37</u>	<u>16.37</u>
Aggregate market value of Quoted Investments ₹ 7.31 Crores (previous year ₹ 17.25 Crores)				
Unquoted:				
a) In Equity Instruments				
Dinnette Exclusive Club Pvt Ltd.	100	500	-	-
The Saraswat Co Op Bank Ltd.	10	2,000	-	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	-
<u>Investment in Wholly Owned Subsidiary Company</u>		-		
Carlton Travel Goods Ltd. (Face Value of GBP 1) (Refer Note No. 11.1)	-	2,00,000	1.66	1.66
Blow Plast Retail Ltd.	10	50,000	0.05	0.05
<u>Investments in Joint Venture</u>				
VIP Nitol Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	2.12
b) Others				
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	-
Total Value of Unquoted Investments			<u>3.83</u>	<u>3.83</u>
Total of Long Term Investments			20.20	20.20
Less : Provision for Diminution in the value of Investment			19.84	19.84
Net Value of Investment			<u>0.36</u>	<u>0.36</u>

Note No:- 11.1:-

The Carlton Travel Goods Limited was dissolved with effect from 6th December 2011, vide an order issued by the Registrar of Companies of England & Wales Dated 13th December, 2011. Provision for Diminution in value of investment of ₹ 1.66 Crores has already been made in the books, the same will be written off after obtaining approval from Reserve Bank of India.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at 31 st March, 2012	As at 31 st March, 2011
12 LONG TERM LOANS & ADVANCES (Unsecured, Considered Good)		
Capital Advances	3.71	0.92
Deposits	15.61	9.49
Other loans & Advances		
Advance Recoverable in Cash or in kind or for value to be received	0.69	0.71
Sales Tax Advance/Refund	2.48	2.45
Inter Corporate Deposits	1.17	0.17
Advance Tax (Net of Provision for Taxation ₹ 53.76 Crores) (Previous year ₹ 13.46 Crores))	4.39	4.35
	28.05	18.09
13 INVENTORIES		
Raw Materials (Refer Note No 13.1)	12.31	14.85
Work-in-Progress	6.71	6.20
Finished Goods (Refer Note No 13.1)	33.51	31.33
Stock-in-Trade (Refer Note No 13.1)	89.85	65.01
Stores & Spares, Packing Material and others	1.74	1.58
	144.12	118.97
Note 13.1 : Goods in Transit		
Raw Materials inventory includes Goods-in transit ₹ 0.07 Crores (Previous year ₹ 0.91 Crores)		
Finished Goods inventory includes Goods-in transit ₹ 0.02 Crores (Previous year ₹ 0.46 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 14.56 Crores (Previous year ₹ 6.84 Crores)		
14 TRADE RECEIVABLES (Unsecured, Considered Good, unless specified otherwise) Outstanding For More Than Six Months		
Considered Good	6.08	8.25
Considered Doubtful	0.60	27.26
Others		
Considered Good	118.66	131.09
Considered Doubtful	-	0.45
Less : Allowance for Bad & Doubtful Debts	0.60	27.71
	124.74	139.34
15 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
<u>Balances With Banks in:</u>		
Current Accounts	9.06	2.33
Remittance in Transit	3.93	2.34
Cash on Hand	0.58	0.49
	(A) 13.57	5.16
Other Bank Balances :		
Unclaimed dividend Accounts	1.45	1.04
Margin Money Account (Refer Note No. 15.1)	3.21	2.62
	(B) 4.66	3.66
	(A+B) 18.23	8.82

Note No. 15.1

Margin money deposits amounting to ₹ 3.21 Crores (Previous Year ₹ 2.62 Crores) are lying with bank against Bank Guarantees and Letter of credit.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

		(₹ in Crores)	
		As at 31 st March, 2012	As at 31 st March, 2011
16	SHORT TERM LOANS & ADVANCES (Unsecured, Considered Good, unless specified otherwise)		
	Deposits	1.44	4.95
	Others		
	Advance Recoverable in Cash or in kind or for value to be received	2.04	2.59
	Advances to Employees	0.39	0.40
	Advance to Suppliers	8.40	16.18
	Balance with Statutory Authorities	4.57	3.19
	Advance Income Tax (Net of Provision ₹ 7.75 Crores (Previous Year ₹ 13.07 Crores))	6.59	4.77
		23.43	32.08
17	OTHER CURRENT ASSETS		
	Interest Receivable	0.49	0.35
	Export Incentive Receivable	1.94	1.41
	Others	7.34	6.96
		9.77	8.72
18	a) CONTINGENT LIABILITY		
	1) Claims against the company not acknowledged as Debts	0.04	0.04
	2) Disputed Income Tax Liability	2.25	2.25
	3) Disputed Sales Tax Liability	15.26	15.48
	4) Bonds issued under EPCG scheme	3.83	4.23
	5) Disputed Excise duty liability	0.73	0.11
	6) Disputed Employees state insurance corporation dues.	0.08	0.08
	b) COMMITMENTS		
	Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	0.53	1.99
		(₹ in Crores)	
		Year ended 31 st March, 2012	Year ended 31 st March, 2011
19	REVENUE FROM OPERATIONS		
	Sale of Products (Refer Note No. 19.1)	868.44	744.59
	Sale of Services (Refer Note No. 19.2)	3.23	7.62
	<u>Other Operating Revenues</u>		
	Sale of Scrap	0.75	0.74
	Export Incentive	1.97	2.05
	Less: Excise Duty	14.17	13.00
		860.22	742.00
	Note No 19.1: Sale of Products:		
	Soft Luggage	530.15	416.62
	Hard Luggage	302.00	297.75
	Furniture	36.11	30.13
	Others	0.18	0.09
		868.44	744.59

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

		(₹ in Crores)	
		Year ended 31 st March, 2012	Year ended 31 st March, 2011
Note No 19.2: Sale of Services:			
Job Work		3.23	7.62
		<u>3.23</u>	<u>7.62</u>
20 OTHER INCOME			
Interest Income (Refer Note No. 20.1)		0.64	1.13
Dividend from Current Investment		0.04	-
<u>Other Non Operating Income</u>			
Miscellaneous Income (Rent, Royalty etc.)		0.78	0.87
		<u>1.46</u>	<u>2.00</u>
Note No. 20.1: Break-up of Interest received:			
Interest Income on Deposits with Banks		0.29	0.15
Interest Income on Income Tax refund		0.09	0.18
Interest Income on Inter Corporate Deposits		0.10	0.04
Interest Income on Others		0.16	0.76
		<u>0.64</u>	<u>1.13</u>
21 COST OF MATERIALS CONSUMED			
<u>Cost of Materials Consumed</u>		<u>167.40</u>	<u>164.12</u>
(Refer Note No. 21.1 & Note No. 34)			
Note No. 21.1: Cost of Material Consumed:			
High Density Polyethylene (HDPE)		3.32	3.59
Aluminium Sections		15.28	13.57
Polypropylene		50.80	46.61
Components & Other Materials		98.00	100.35
		<u>167.40</u>	<u>164.12</u>
22 PURCHASES OF STOCK-IN-TRADE			
Soft Luggage		274.06	213.56
		<u>274.06</u>	<u>213.56</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Finished Goods			
Opening Stock	31.33		26.80
Closing Stock	33.51		31.33
		(2.18)	(4.53)
Work-in-Progress			
Opening Stock	6.28		4.76
Closing Stock	6.73		6.28
		(0.45)	(1.52)
Stock-in-Trade			
Opening Stock	65.01		35.66
Closing Stock	89.85		65.01
		(24.84)	(29.35)
		<u>(27.47)</u>	<u>(35.40)</u>

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	(₹ in Crores)	
	Year ended 31 st March, 2012	Year ended 31 st March, 2011
24 EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	70.23	62.00
Contribution to Provident Fund & Other Funds	7.28	6.66
Staff Welfare Expenses	4.13	3.72
	81.64	72.38
25 FINANCE COST		
Interest Expense (Refer Note No. 25.1)	3.32	3.66
<u>Other Borrowing Cost</u>		
Bank Finance Cost	0.71	0.76
Net Gain/Loss on Foreign currency transactions	2.91	0.03
	6.94	4.45
Note No. 25.1: Break-up of Interest Expense:		
Interest Expense on Bank Borrowings	3.29	3.64
Interest Expense on Others	0.03	0.02
	3.32	3.66
26 OTHER EXPENSES		
Consumption of Stores and Spare parts (Refer Note No. 35)	2.17	2.61
Power & Fuel	12.17	10.90
Rent	26.79	19.13
<u>Repairs</u>		
for Buildings	0.09	0.12
for Machinery	0.94	0.85
for Other Repairs	3.65	3.06
	4.68	3.06
Insurance	0.34	0.22
Rates and Taxes (includes Wealth Tax ₹ 0.05 in Crores (Previous Year ₹ 0.06 Crores))	1.50	1.37
Payment to Auditor (Refer Note No. 26.1)	0.25	0.33
Freight, Handling and Octroi	40.57	37.99
Discounts & Rebates	66.12	54.40
Commission on Sales	0.99	0.50
Advertisement and Brand Marketing	44.64	36.69
Travelling & Conveyance	12.51	10.12
Legal & Professional Fees	3.38	1.94
Royalty	-	1.25
Communication Cost	3.43	2.94
Bank Charges & Commission	2.05	1.69
Human Resource Procurement	12.08	8.23
Directors' Fees	0.05	0.06
Allowance for Bad & Doubtful Debts	-	0.48
Bad Debts written off during the year	27.06	0.13
Less :- Allowance for Bad & Doubtful Debts Written back	27.06	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	Year ended		(₹ in Crores)	
	31 st March, 2012		Year ended	
			31 st March, 2011	
Net Loss on Foreign Currency Transactions	0.70		0.23	
Loss on Sale of Fixed Assets	0.56		0.28	
Miscellaneous Expenses	10.88		9.32	
	<u>245.86</u>		<u>204.84</u>	
Note No. 26.1 : Payment to Statutory Auditors:				
Audit Fees (including Limited Review)	0.12		0.12	
Tax Audit Fees	0.02		0.02	
Certification & other services	0.07		0.12	
Income Tax Representation	0.03		0.03	
Towards Service Tax	0.02	0.26	0.04	0.33
27 EXCEPTIONAL ITEMS				
Allowance for Bad & Doubtful Debts (Subsidiary)	-		27.05	
Provision for Diminution in Investment (Subsidiary)	-		1.66	
	<u>-</u>		<u>28.71</u>	
28 EARNING PER SHARE (EPS):				
Earnings per Share excluding extraordinary items (net of tax expense) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:				
Profit/(Loss) before taxation and extraordinary items	95.96		76.52	
Less : Provision for taxation (net of extra-ordinary items)	20.24		23.99	
Less : Deferred tax (net of extra-ordinary items)	8.02		(9.59)	
Less : Income Tax of earlier year	0.01		(0.49)	
Profit/(Loss) attributable to the shareholders	<u>67.69</u>		<u>62.61</u>	
Basic/Weighted average number of Equity Shares outstanding during the year	14,13,17,315		14,13,17,315	
Face value of Equity Share (₹)	2		2	
Basic/Diluted Earnings per share (₹)	4.79		4.43	

Earning per Share (EPS) including extraordinary items - The numerators and denominators used to calculate Basic and Diluted Earnings per share:

Profit/(Loss) attributable to the shareholders	67.69	62.02
* Basic/Weighted average number of Equity Shares outstanding during the year	14,13,17,315	14,13,17,315
Face value of Equity Share (₹)	2	2
Basic/Diluted Earnings per share (₹)	4.79	4.39

* Note :- During the year, equity shares of the company were sub divided from par value of ₹ 10 to 5 (five) equity shares of ₹ 2 each resulting in total number of Equity shares increased to 14,13,17,315 equity shares of ₹ 2 each. For better comparison 14,13,17,315 equity shares have been considered for both FY 2011-12 and FY 2010-11.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

29 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 ₹ **26.79 Crores** (previous year ₹ 19.13 Crores) as Rent are charged as Rent and grouped under the Note No. 26 "Other Expenses". These leasing arrangements which are cancellable, range between 11 months and 5 years generally, or longer and are usually renewable by mutually agreed terms and conditions.

Rental Income of ₹ **0.13 Crores** (previous year ₹ 0.13 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 20 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2011-2012	2010-2011
Gross Block	1.21	1.21
Accumulated Depreciation	0.29	0.27
Written down value	0.92	0.94
Depreciation for the year	0.02	0.02

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

30 SEGMENT REPORTING:

Segment Information for the year ended 31st March, 2012

The Company has two primary business segments, viz i. Luggage & Accessories 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 not considered significant and accordingly no Primary segment is considered reportable. Since the segment revenue outside India in Previous year is more than 10% of the total assets, geographical segment is reported as the secondary segment.

Information about secondary geographical business segment

	2011 - 2012			2010 - 2011		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	775.59	84.63	860.22	667.06	74.94	742.00
Segment Assets	396.93	36.77	433.70	395.55	26.94	422.49
Capital Expenditure	12.57	8.56	21.13	11.25	3.61	14.86

Notes:

- (a) The segment revenue in the geographical segments considered for disclosure are as follows:-
 - (i) Revenue within India includes sales to customers located within India and Earnings in India
 - (ii) Revenue outside India includes sales to customers located outside India and Earnings outside India
- (b) Segment Revenue, Segment Assets and Capital Expenditure include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

31 RELATED PARTY DISCLOSURES:

- A) Related party disclosure in accordance with Accounting Standard 18 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India (ICAI).

Name of Related Parties	Nature of Relationship
Parties where control exists:	
Carlton Travel Goods Ltd.	Wholly owned Subsidiary Company
Blow Plast Retail Ltd.	Wholly owned Subsidiary Company
VIP Nitol Industries Ltd.	Joint Venture
Key Management Personnel:	
Mr Dilip G. Piramal	Chairman
Mr. Sudhir Jatia	Managing Director (resigned 30/04/2010)
Ms. Radhika Piramal	Managing Director (w.e.f 01/05/2010)
Mr. Premanand Thangavelu	Director Works (w.e.f 27/07/2010 and resigned on 31.01.2012)
Mr. Ashish K Saha	Director Works (w.e.f 01/02/2012)

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

		(₹ in Crores)	
Name of Related Parties	Nature of Transaction during the year	2011-2012	2010-2011
1. Carlton Travel Goods Ltd.	Sale of Finished Goods, Components, Accessories & Spares	-	5.67
	Expenses Reimbursed / Incurred	-	0.22
	Purchase of Finished Goods	-	0.69
	Purchase of Fixed Assets	-	0.38
	Allowance for Bad & Doubtful Debts	-	27.05
	Bad Debts written off	27.01	-
	Interest Received	-	0.62
	Loan Repayment received	-	15.71
2. Mr Dilip G. Piramal	Commission Paid	0.73	1.11
3. Mr. Sudhir Jatia	Remuneration Paid	-	1.15
4. Ms. Radhika Piramal	Remuneration Paid	1.09	0.93
	Commission Paid	0.73	1.11
5. Mr. Premanand Thangavelu	Remuneration Paid	0.48	0.36
6. Mr. Ashish Saha	Remuneration Paid	0.05	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

C) Balance at the year end.

		(₹ in Crores)	
Name of Related Parties	Particulars	2011-2012	2010-2011
1. Carlton Travel Goods Ltd.	Debtors as on 31st March,12	-	0.99

Note : Related party relationship is as identified by the company and relied upon by the Auditors.

32 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)	
Particulars		2011-2012	2010-2011
Employer's Contribution to Provident Fund		3.33	2.98

Defined Benefit Plan

The Company has schemes for long-term benefits such as provident fund, gratuity and leave encashment. 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 and leave encashment. 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.

The following table sets out the assumptions taken, status of the gratuity plan and leave encashment and the amount recognised in the Company Financial Statements as on 31st March, 2012.

		(₹ in Crores)			
		2011 - 2012		2010 - 2011	
		Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(i) Assumptions					
	Discount Rate	8.5%	8.5%	8%	8%
	Rate of increase in Compensation levels	5%	5%	5%	5%
(ii) Change in present value of obligation					
	Projected Benefit Obligations at the beginning of the year	17.50	1.78	16.39	1.95
	Interest Cost	1.29	0.12	1.20	0.12
	Service Cost	1.02	0.68	1.38	0.57
	Benefits paid	(2.87)	(0.64)	(2.84)	(0.79)
	Actuarial (gain) / loss on obligations	1.37	(0.43)	1.37	(0.07)
	Projected Benefit Obligations at the end of the year	18.31	1.51	17.50	1.78

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in Crores)

	2011 - 2012		2010 - 2011	
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(iii) Changes in Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	14.63	-	14.34	-
Adjustment to opening Fair value of Plan Assets	2.87	-	-	-
Expected Return on Plan Assets	1.65	-	1.29	-
Contributions	3.27	0.64	2.05	0.79
Benefits paid	(2.87)	(0.64)	(2.84)	(0.79)
Gain / (loss) on Plan Assets	(1.13)	-	(0.21)	-
Fair value of Plan Assets at the end of the year	18.42	-	14.63	-
(iv) Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	14.63	-	14.34	-
Adjustment to opening Fair value of Plan Assets	2.87	-	-	-
Actual return on Plan Assets	0.52	-	1.08	-
Contributions	3.27	0.64	2.05	0.79
Benefits paid	(2.87)	(0.64)	(2.84)	(0.79)
Fair value of Plan Assets at the end of the year	18.42	-	14.63	-
Funded Status	0.11	(1.51)	(2.87)	(1.78)
Excess of actual over expected return on Plan Assets	(1.13)	-	(0.21)	-
(v) Actuarial gain/loss recognised :				
Actuarial gain/(loss) for the year - Obligation	(1.37)	0.43	(1.38)	0.07
Actuarial gain/(loss) for the year - Plan Assets	(1.13)	-	(0.21)	-
Total Gain/(loss) for the period	(2.50)	0.43	(1.59)	0.07
Actuarial gain/(loss) recognised for the period	(2.50)	0.43	(1.59)	0.07
(vi) The amounts to be recognised in the Balance Sheet and Statement of Profit or Loss				
Present value of obligations as at the end of the year	18.31	1.51	17.50	1.78
Fair value of plan assets as at the end of the year	18.42	-	14.63	-
Funded status	0.11	(1.51)	(2.87)	(1.78)
Net Asset /(liability) recognized in balance sheet	0.11	(1.51)	(2.87)	(1.78)

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in Crores)

	2011 - 2012		2010 - 2011	
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(vii) Expenses Recognised in statement of Profit & Loss				
Current Service Cost	1.02	0.68	1.38	0.57
Interest Cost	1.29	0.12	1.20	0.12
Expected return on Plan Assets	(1.65)	-	(1.30)	-
Net Actuarial (gain) / loss recognised in the year	2.50	(0.43)	1.59	(0.07)
Expenses recognised in the statement of Profit & Loss	3.16	0.37	2.87	0.62
(viii) Movements in the liability recognised in the Balance Sheet				
Opening Net liability	2.87	1.78	2.05	1.95
Adjustment to opening Fair value of Plan Assets	(2.87)	-	-	-
Expense as above	3.16	0.37	2.87	0.62
Contributions	(3.27)	(0.64)	(2.05)	(0.79)
Closing Net liability	(0.11)	1.51	2.87	1.78
(ix) Experience Analysis - Liabilities				
Actuarial (Gain)/Loss due to change in bases	(0.83)	(0.03)	-	-
Experience (Gain) / Loss due to Change in Experience	2.20	(0.40)	1.38	(0.07)
Total	1.37	(0.43)	1.38	(0.07)
<u>Experience Analysis - Plan Assets</u>				
Experience (Gain) / Loss due to Change in Plan Assets	1.13	-	-	-

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

(₹ in Crores)

	2011-2012	2010-2011
a) Raw Material	10.87	15.64
b) Capital Goods	0.14	4.48
c) Stores & Spares	0.11	0.08
	11.12	20.20

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

34 IMPORTED AND INDIGENOUS RAW-MATERIALS AND COMPONENTS CONSUMED:

(₹ in Crores)

Whereof		2011-2012		2010-2011	
		%	Value	%	Value
Raw Materials					
	Imported*	13%	9.26	24%	15.07
	Indigenous	87%	60.13	76%	48.70
	Subtotal (A)	100%	69.39	100%	63.77
Components and other Raw Materials					
	Imported*	3%	3.12	2%	1.76
	Indigenous	97%	94.89	98%	98.59
	Subtotal (B)	100%	98.01	100%	100.35
	Total (A)+(B)		167.40		164.12

* Excludes imported items purchased locally

35 IMPORTED AND INDIGENOUS STORES & SPARES CONSUMED:

(₹ in Crores)

Whereof:	2011-2012		2010-2011	
	%	Value	%	Value
Imported *	5%	0.11	3%	0.08
Indigenous	95%	2.06	97%	2.53
	100%	2.17	100%	2.61

* Excludes imported items purchase locally.

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

Particulars	2011-2012	2010-2011
a) Final Dividend :		
i) Non-resident shareholders (Numbers)	458	495
ii) Shares held by the shareholders (Numbers)	48663	54900
iii) Amount remitted (₹ in Crores)	0.03	0.02
iv) Year to which pertains	2010-11	2009-10
b) Interim Dividend :		
i) Non-resident shareholders (Numbers)	455	466
ii) Shares held by the shareholders (Numbers)	250000	52100
iii) Amount remitted (₹ in Crores)	0.02	0.02
iv) Year to which pertains	2011-12	2010-11

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

37 EXPENDITURE IN FOREIGN CURRENCY:

Particulars	(₹ in Crores)	
	2011-2012	2010-2011
Travelling	2.09	1.38
Interest	1.13	0.82
Commission	2.99	1.83
Capital assets	10.53	3.62
Import of Traded goods	182.48	159.32
Payable on other accounts	17.45	13.11
	216.67	180.08

38 EARNINGS IN FOREIGN CURRENCY :

Particulars	(₹ in Crores)	
	2011-2012	2010-2011
Exports of Finished Goods, Components & Other Items (on F.O.B. basis)	82.87	73.07
Interest	-	0.62
Freight	1.58	1.89
	84.45	75.58

39 DISCLOSURE RELATING TO WARRANTY PROVISIONS:

Particulars	(₹ in Crores)	
	2011-2012	2010-2011
Opening	0.63	0.25
Additions	0.28	0.45
Utilisation/reversal	0.24	0.07
Closing Balance	0.67	0.63

Notes:

- The Closing Balance includes ₹ **0.25 Crores** as Short Term and ₹ **0.42 Crores** as Long Term in Current year (Previous year ₹ 0.24 Crores as Short Term and ₹ 0.40 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.

40 RESEARCH & DEVELOPMENT EXPENDITURE:

Particulars	(₹ in Crores)	
	2011-2012	2010-2011
Revenue Expenditure included in Employee Benefits	1.76	1.93
Revenue Expenditure included in other expenses	0.52	0.67
Closing Balance	2.28	2.60

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

41 DERIVATIVES:

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

Particulars	As on 31.03.2012		As on 31.03.2011		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
a) Receivables:-					
	0.30	44,430	1.32	207,525	EUR
	18.46	3,628,227	12.00	2,690,562	USD
	0.11	162,402	0.14	244,660	HKD
	0.16	19,276	0.22	30,528	GBP
b) Payables:-					
	1.05	154,334	0.61	96,049	EUR
	0.19	139,038	0.49	399,503	AED
	52.84	10,386,799	18.41	4,127,519	USD
	0.05	73,816	0.07	125,000	HKD
	0.02	5,564	0.02	5,564	SGD
	-	-	0.08	11,574	GBP

42 STATEMENT OF SIGNIFANT ACCOUNTING POLICIES AND PRACTICES:

A) BASIS OF ACCOUNTING:

The Financial Statements are prepared on the basis of historical cost convention and on the accounting principles of a going concern, complying with the Accounting Standards, issued by The Institute of Chartered Accountants of India, referred to in Section 211 (3C) of the Companies Act, 1956.

B) REVENUE RECOGNITION :

Sales are recognised when goods are supplied and are recorded at net of Value Added Tax and trade discount and is inclusive of Excise Duty.

C) FIXED ASSETS AND DEPRECIATION:

- (a) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on straight line method in accordance with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except on items of Furniture & Fixtures capitalised at the company run retail stores which are depreciated at the rate of 50% on pro-rata basis, computer hardware @ 25% on Straight line basis and Soft Luggage Moulds & Dies @ 50%. Leasehold land is not amortised over the period of the lease.
- (b) 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.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

D) 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. Dividends are accounted for as and when received.

E) EMPLOYEE BENEFITS:

- (a) 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.
- (b) Contribution payable to the recommended Provident Fund is charged to Statement of Profit and Loss.
- (c) Liabilities in respect of 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.

F) INVENTORY:

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

G) FOREIGN CURRENCY TRANSACTIONS :

- (a) In respect of foreign exchange transaction, the transaction in foreign currency is recorded in rupees by applying the exchange rate prevailing at the time of the transaction. Amount short or excess realised/ incurred is transferred to Statement of Profit and Loss.
- (b) 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 .
- (c) 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) EXPORT BENEFITS:

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

I) 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. All other borrowing costs are charged to revenue.

J) TAXATION :

- (a) 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.
- (b) 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.

K) LEASE :

Lease rental in respect of assets acquired under operating leases are charged off to the Statement of Profit and Loss as as incurred. Lease rentals in respect of assets given under operating leases are credited to the Statement of Profit and Loss.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

L) 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.

M) 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.

- 43 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 44 During the year, the wholly owned subsidiary Carlton Travel Goods Limited, was dissolved with effect from 6th December, 2011 vide an order issued by the Registrar of Companies of England and Wales dated 13th December, 2011. The provision for doubtful recovery of the receivables from the subsidiary company was made in the year 2010-11. Subsequently, the company has received the approval from the Reserve Bank of India for the write off of these receivables amounting to USD 58,30,109 and Euro 1,20,917 (Approximately ₹ 27 Crores) and accordingly these receivables have been written off in the current year.
- 45 The Company had entered into an agreement to sale its stake in the Joint Venture, VIP NITOL Industries Limited. The sale has not been effected pending clearances from the authorities in Bangladesh. Consequently the disclosure under AS 27 is not applicable.
- 46 During the year the Company has made a provision of ₹ 0.72 Crores (previous year ₹ 0.64 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 & Advances have a value on realisation in the ordinary course of business at least equal to at which they are stated.
- 48 The Financial Statement for the year ended 31st March 2011 had been prepared as per the then applicable prerevised Schedule VI of the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956 the financial statement for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly the previous year figures have also been regrouped/reclassified to confirm to the current year's classification.

As per our report of even date attached
for **M. L. BHUWANIA & CO.**

Chartered Accountants
Firm Registration Number : 101484W

J. P. BAIRAGRA
Partner
Membership No. : 12839

Place : Mumbai
Dated : 7th August, 2012

Dilip G Piramal
Radhika Piramal
D.K. Poddar
Jogendra Sethi
Shreyas Trivedi

Chairman
Managing Director
Director
Chief Financial Officer
Company Secretary

Place : Mumbai
Dated : 7th August, 2012

SECTION 212 STATEMENT

**Statement pursuant to exemption under section 212(8)
of the Companies Act, 1956 relating to the Subsidiary Company**

Name of the Subsidiary Company: Carlton Travel Goods Ltd.

Reporting Currency : GBP

Exchange Rate as on 31st March, 2012 : 1 GBP = ₹ 81.53

Sr No	Particulars	2011 - 2012		2010 - 2011	
		Exchange Rate	(₹ in Crores)	Exchange Rate	(₹ in Crores)
a	Capital	81.53	-	71.68	1.43
b	Reserves	81.53	-	71.68	(1.35)
c	Total Assets	81.53	-	71.68	2.14
d	Total Liabilities	81.53	-	71.68	2.14
e	Details of Investment (Other than investment in subsidiary)	81.53	-	71.68	-
f	Turnover (including other income)	76.39	0.05	70.93	23.48
g	Profit/(Loss) before Taxation	76.39	(0.09)	70.93	25.05
h	Provision for Taxation	76.39	-	70.93	-
i	Profit/(Loss) After Taxation	76.39	(0.09)	70.93	25.05
j	Proposed Dividend	76.39	-	70.93	-

Dilip G Piramal	Chairman
Radhika Piramal	Managing Director
D.K. Poddar	Director
Jogendra Sethi	Chief Financial Officer
Shreyas Trivedi	Company Secretary

Place : Mumbai

Dated : 7th August, 2012

SECTION 212 STATEMENT

**Statement pursuant to exemption under section 212(8)
of the Companies Act, 1956 relating to the Subsidiary Company**

Name of the Subsidiary Company : Blow Plast Retail Ltd.

Reporting Currency : INR

Sr No	Particulars	2011 - 2012	2010 - 2011
		(₹ in Crores)	(₹ in Crores)
a	Share Capital	0.05	0.05
b	Reserves	(0.01)	(0.01)
c	Total Assets	0.04	0.04
d	Total Liabilities	0.04	0.04
e	Details of Investment (Other than investment in subsidiary)	0.00	0.00
f	Turnover (including Other Income)	0.00	0.00
g	Profit before Taxation	(0.00)	(0.00)
h	Provision for Taxation	0.00	0.00
i	Profit after Taxation	(0.00)	(0.00)
j	Proposed Dividend	0.00	0.00

Dilip G Piramal	Chairman
Radhika Piramal	Managing Director
D.K. Poddar	Director
Jogendra Sethi	Chief Financial Officer
Shreyas Trivedi	Company Secretary

Place : Mumbai

Dated : 7th August, 2012

AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
V.I.P. INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of VIP Industries Limited and its Subsidiary Companies as at 31st March, 2012, the Consolidated Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the Financial Statement of the Subsidiary Company **Blow Plast Retail Limited** whose financial statement reflect total assets of ₹ 4,30,234 as at 31st March, 2012 and total revenue of ₹ Nil for the period ended on that date. We did not audit the Financial Statement of the Subsidiary Company Carlton Travel Goods Limited whose financial statement reflect total assets of ₹ Nil as at 6th December, 2011 and total revenue of ₹ 5,20,418 for the period ended on that date. The financial statement of the Subsidiary **Carlton Travel Goods Limited** have been audited by another auditor, whose reports have been furnished to us, and hence our opinion, in so far as it relates to the amounts included in respect of this entity, is based solely on the report of the auditor of Carlton Travel Goods Limited.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21, 'Consolidated Financial Statement' on the basis of individual financial statements of VIP Industries Ltd. and its subsidiary companies included in the Consolidated Financial Statement.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b. in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

J. P. Bairagra
Partner
Membership No. 12839

Place : Mumbai
Date : 7th August, 2012.

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

		(₹ in Crores)	
	Note No.	As at 31 st March, 2012	As at 31 st March, 2011
I EQUITY AND LIABILITIES:			
(1) Shareholders' Funds			
(a) Share Capital	1	28.26	28.26
(b) Reserves and Surplus	2	214.31	173.01
		242.57	201.27
(2) Non Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	1.83	-
(b) Other Long Term Liabilities	4	0.56	0.62
(c) Long Term Provisions	5	1.84	1.96
		4.23	2.58
(3) Current Liabilities			
(a) Short Term Borrowings	6	84.15	102.82
(b) Trade Payables	7	58.47	53.29
(c) Other Current Liabilities	8	25.61	27.49
(d) Short Term Provisions	9	17.30	32.29
		185.53	215.89
		432.33	419.74
II ASSETS:			
(1) Non - Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		80.51	77.39
(ii) Intangible Assets		2.37	2.79
(iii) Capital Work - in - Progress		0.76	4.99
		83.64	85.17
(b) Non Current Investment	11	0.31	0.31
(c) Deferred Tax Assets (Net)	3	-	7.04
(d) Long Term Loans and Advances	12	28.05	18.09
		28.36	25.44
(2) Current Assets			
(a) Inventories	13	144.12	119.06
(b) Trade Receivables	14	124.74	139.82
(c) Cash & Bank Balances	15	18.27	9.28
(d) Short Term Loans and Advances	16	23.43	32.08
(e) Other Current Assets	17	9.77	8.89
		320.33	309.13
		432.33	419.74
TOTAL			
Contingent Liabilities and Commitments			
	18		
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
The notes referred above form an integral part of the Balance sheet.			

As per our report of even date attached.
for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Dilip G Piramal
Radhika Piramal
D.K. Poddar
Jogendra Sethi
Shreyas Trivedi

Chairman
Managing Director
Director
Chief Financial Officer
Company Secretary

Place : Mumbai

Dated : 7th August, 2012

Place : Mumbai

Dated : 7th August, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS YEAR ENDED MARCH 31, 2012

		(₹ in Crores)	
	Note No.	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
INCOME:			
Revenue from Operations	19	860.26	758.43
Other Income	20	1.48	2.33
Total Revenue		861.74	760.76
EXPENSES:			
Cost of Materials Consumed	21	167.40	164.12
Purchases of Stock - in - Trade	22	274.07	216.89
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	23	(27.38)	(28.40)
Employee Benefits Expense	24	81.65	75.63
Finance Costs	25	6.94	4.45
Depreciation & Amortization Expenses	10	17.29	15.00
Other Expenses	26	245.89	209.85
Total Expenses		765.86	657.54
Profit Before Tax		95.88	103.22
Less : Tax Expense			
(1) Current Tax		19.38	22.65
(2) Deferred Tax		8.88	(7.66)
(3) Income Tax for earlier years		0.01	(0.49)
		28.27	14.50
Profit for the year		67.61	88.72
Earning per equity share (EPS):	27		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax) (₹)		4.78	6.32
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax) (₹)		4.78	6.28

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS 1 to 42

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

As per our report of even date attached.
for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Dilip G Piramal
Radhika Piramal
D.K. Poddar
Jogendra Sethi
Shreyas Trivedi

Chairman
Managing Director
Director
Chief Financial Officer
Company Secretary

Place : Mumbai

Dated : 7th August, 2012

Place : Mumbai

Dated : 7th August, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	(₹ in Crores)	
	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & Extraordinary item	95.88	103.22
Adjustment for:		
Depreciation/ Amortisation	17.29	15.00
Dividend Received	(0.04)	(0.00)
Interest Expense (Net)	6.31	3.69
Provision for Warranty	0.04	0.38
Provision for Leave Encashment	(0.27)	(0.17)
Provision for Gratuity	(1.35)	(0.17)
(Allowances)/Disallowances for Bad & Doubtful debts	(0.17)	0.59
(Gain) /Loss on Exchange Rate Fluctuation	0.74	(0.89)
(Gain) /Loss on Transalation	0.01	(0.94)
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence (Net)	0.56	0.28
	<u>23.07</u>	<u>17.72</u>
Operating profit before working capital changes	<u>118.95</u>	<u>120.94</u>
Adjustment for :		
Trade and Other Receivables	17.07	(68.59)
Inventories	(25.06)	(32.14)
Trade and Other Payables	3.53	7.50
	<u>(4.46)</u>	<u>(93.23)</u>
Cash Generated from Operations	<u>114.49</u>	27.71
Direct Taxes Paid (Net of refund received)	<u>(28.21)</u>	<u>(14.90)</u>
NET CASH/(USED IN) FROM OPERATING ACTIVITIES (A)	<u>86.28</u>	<u>12.81</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(20.58)	(19.11)
Sale of Fixed Assets	0.58	0.40
Interest Received	0.49	0.44
Dividend Received	0.04	0.00
NET CASH/(USED IN) FROM INVESTING ACTIVITIES (B)	<u>(19.47)</u>	<u>(18.27)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

	For the Year ended 31 st March, 2012	(₹ in Crores) For the Year ended 31 st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(6.79)	(4.38)
Proceeds / (Repayments) from / of Borrowings (net)	(19.57)	19.63
Dividend paid (inclusive of Dividend Distribution Tax)	(32.45)	(19.59)
NET CASH/(USED IN) FROM FINANCING ACTIVITIES (C)	(58.81)	(4.34)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	8.00	(9.80)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	5.62	15.42
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	13.62	5.62
	8.00	(9.80)

Note:

Cash and Cash Equivalents include :

Cash and Cheques on Hand	0.58	0.49
<u>Balances with Scheduled Banks in :</u>		
*Current Accounts	9.11	2.79
Remittance in Transit	3.93	2.34
Total	13.62	5.62

*Closing Balance includes exchange rate difference Gain of ₹ **0.05 Crores** (previous year Gain of ₹ 0.01 Crores)

As per our report of even date attached.

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

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Place : Mumbai

Dated : 7th August, 2012

Dilip G Piramal

Radhika Piramal

D.K. Poddar

Jogendra Sethi

Shreyas Trivedi

Place : Mumbai

Dated : 7th August, 2012

Chairman

Managing Director

Director

Chief Financial Officer

Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in Crores)

	As at 31 st March, 2012	As at 31 st March, 2011
--	---------------------------------------	---------------------------------------

1 SHARE CAPITAL

Authorised Shares

24,65,00,000 Equity shares, ₹ 2 par value		
(Previous Year 4,93,00,000 Equity shares, ₹ 10 par value)	49.30	49.30
1000 - 9% Redeemable Cumulative		
Preference shares, ₹ 1000 par value	0.10	0.10
(Previous Year 1000 Preference shares, ₹ 1000 par value)		
	49.40	49.40

Issued, Subscribed and Fully Paid Up Shares

14,13,17,315 Equity shares, ₹ 2 par value	28.26	28.26
(Previous year 2,82,63,463 Equity shares, ₹ 10 par value)		
Total Issued, Subscribed and Fully paid Up Share Capital	28.26	28.26

Note No.1.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31st March, 2012:

	As at 31 st March, 2012	As at 31 st March, 2011
Number of shares at the beginning	2,82,63,463	2,82,63,463
Number of shares at the end *	14,13,17,315	2,82,63,463

* During the year, equity shares of the company were sub divided from par value of ₹ 10 to 5 (five) equity shares of Rs. 2 each resulting in total number of Equity shares increased to 14,13,17,315 equity shares of Rs. 2 each.

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

a) 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.

b) The amount of per share dividend of ₹ 1.60 (Previous Year ₹ 2) has been proposed to be distributed to equity shareholders for the year ended 31st March, 2012 including Interim Dividend paid during the year. The total amount of dividend shall be ₹ 22.61 Crores and Dividend Distribution Tax ₹ 3.67 Crores.

c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

Note No. 1.3 :Aggregate number of shares allotted under the scheme of amalgamation during the period of five years immediately preceding the reporting date:

Pursuant to the Order dated 14th December, 2007 passed by the Hon'ble High Court of Judicature at Bombay sanctioning the scheme of Amalgamation of Aristocrat Luggage Limited and Quality Plastics Limited with V.I.P. Industries Limited (the Company), 28,01,650 Equity Shares of ₹ 10 each, (1,40,08,250 Equity Shares at par value of ₹ 2, post subdivision) of the Company were issued to the shareholders of erstwhile Aristocrat Luggage Ltd and erstwhile Quality Plastics Ltd.

Note No. 1.4.1 :- The details of shareholders holding more than 5% shares:

Name of the Shareholders	No. of shares held	% held as at 31 st March, 2012	No. of shares held	% held as at 31 st March, 2011
DGP Securities Ltd.	3,61,56,765	25.59%	69,71,681	24.67%
Vibhuti Investments Co. Ltd.	2,17,83,300	15.41%	43,33,210	15.33%
Jhunjhunwala Rakesh Radheshyam	90,87,500	6.43%	18,17,500	6.43%
Sudhir Mohanlal Jatia	6,00,000	4.25%	17,00,152	6.02%

Note No. 1.4.2: The No. of Shares held as at 31st March, 2012 are of the face value of ₹ 2 each (31st March, 2011 of ₹ 10 each).

		₹ in Crores	
		As at 31 st March, 2012	As at 31 st March, 2011
2 RESERVES & SURPLUS			
<u>Capital Reserve</u>			
At the beginning and at the end of the year	(A)	0.15	0.15
<u>Capital Redemption Reserve</u>			
At the beginning and at the end of the year	(B)	0.15	0.15
<u>Securities Premium Reserve</u>			
At the beginning and at the end of the year	(C)	33.53	33.53
<u>Capital Incentive</u>			
At the beginning of the year		1.19	1.24
Less : Transferred to Statement of Profit & Loss		0.05	0.05
At the end of the year	(D)	1.14	1.19
<u>General Reserve</u>			
At the beginning of the year		101.83	72.72
Add: Transferred from surplus		41.41	29.10
At the end of the year	(E)	143.24	101.82
Foreign Currency Translation Reserve	(F)	1.19	1.18

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

		(₹ in Crores)	
		As at 31 st March, 2012	As at 31 st March, 2011
<u>Surplus Statement of Profit and Loss</u>			
At the beginning of the year		34.99	8.29
Add: Net profit after tax transferred from Statement of Profit & Loss		<u>67.61</u>	<u>88.72</u>
Amount available for appropriation		102.60	97.01
Less : Appropriations			
Interim Dividend		8.48	8.48
Final Dividend		14.13	19.78
Dividend Distribution Tax		3.67	4.66
Amount transferred to general reserve		<u>41.41</u>	<u>29.10</u>
At the end of the year	(G)	<u>34.91</u>	<u>34.99</u>
Total of Reserves & Surplus (A+B+C+D+E+F+G)		<u>214.31</u>	<u>173.01</u>
3 DEFERRED TAX LIABILITIES/(ASSETS) NET			
<u>Deferred Tax Liabilities</u>			
On account of difference in depreciation as per books and income tax		3.18	3.90
	(A)	<u>3.18</u>	<u>3.90</u>
<u>Deferred Tax Assets</u>			
On account of Expenses allowable under income tax on payment basis		0.72	0.62
On account of Merger Expenses		-	0.03
On account of Voluntary Retirement Scheme		0.44	1.30
On account of Allowance for Bad & Doubtful Debts		<u>0.19</u>	<u>8.99</u>
	(B)	<u>1.35</u>	<u>10.94</u>
Net Deferred Tax Liabilities/(Assets)	(A-B)	<u>1.83</u>	<u>(7.04)</u>
4 OTHER LONG TERM LIABILITIES			
<u>Others</u>			
Deposits		0.53	0.53
Retention Money		<u>0.03</u>	<u>0.09</u>
		<u>0.56</u>	<u>0.62</u>
5 LONG TERM PROVISIONS			
<u>Provisions for Employee Benefits</u>			
Leave Encashment		1.42	1.56
<u>Others</u>			
Provision for Warranty (Refer Note No. 34)		<u>0.42</u>	<u>0.40</u>
		<u>1.84</u>	<u>1.96</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at	As at
	31 st March, 2012	31 st March, 2011
6 SHORT TERM BORROWING		
<u>Cash Credit and Demand loan from Banks</u>		
Secured (Refer Note No. 6.1)	14.20	51.35
Unsecured	0.02	0.01
<u>Other Loans and Advances</u>		
Secured (Refer Note No. 6.1)	13.81	29.27
Unsecured	56.12	22.19
	84.15	102.82

Note No. 6.1

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.

7 TRADE PAYABLES

Sundry Creditors for Goods (Refer Note No. 7.1)	40.35	34.75
Sundry Creditors for Expenses (Refer Note No. 7.1)	18.12	18.54
	58.47	53.29

Note No. 7.1

The Company has not received information from vendors regarding their status under the 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. The same has been relied upon by the Auditors.

8 OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt (Refer Note No. 8.1)	-	3.85
Interest Accrued but not due on Borrowings	0.35	0.19
Unpaid Dividends	1.44	1.04
Unpaid Matured Deposit and Interest Accrued thereon	0.12	0.13
<u>Other Liabilities</u>		
Sundry Creditors For Capital Goods	0.13	1.01
Advances from Customers	2.70	2.83
Statutory Liabilities	5.87	4.63
Employee Related Liabilities	5.57	5.56
Others	9.43	8.25
	25.61	27.49

Note No. 8.1 Current Maturities of Long Term Debt:

(A) The above secured long Term debt:

- (i) ECB from Axis Bank Ltd secured by first charge on pari passu basis on all the movable and immovable fixed assets of the company located at Haridwar.
- (ii) The Corporate Rupee Term loan and Foreign currency loan from State Bank of India secured by first pari passu charge on fixed assets of the company's plant located at Nasik, Sinnar and Haridwar.

(B) The above Long Term Debt (Term Loan) was taken during F.Y. 2006-07 and the same was repayable in 6 years.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at 31 st March, 2012	As at 31 st March, 2011
9 SHORT TERM PROVISIONS		
<u>Provision for Employee Benefits</u>		
For Gratuity	-	1.35
For Leave Encashment	0.10	0.22
<u>Other Provisions</u>		
Provision For Income Tax (Net of Advance Tax ₹ 1.44 Crores (Previous Year ₹ 17.27 Crores))	0.53	7.49
Proposed Dividends	14.13	19.78
Dividend Distribution Tax	2.29	3.21
Provision for Warranty (Refer Note No. 34)	0.25	0.24
	17.30	32.29

10 FIXED ASSETS

PARTICULARS	(₹ in Crores)									
	GROSS BLOCK				DEPRECIATION / AMORTISATION				Net Block	
	As at 31 st March, 2011	Additions	Deductions/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2011	For the year	Deductions/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2012	As at 31 st March, 2011
<u>Tangible Assets:</u>										
Freehold Land	0.03			0.03	-	-	-	0.03	0.03	
Leasehold Land	4.43			4.43	-	-	-	4.43	4.43	
Buildings (Refer Note No. 10.1 & 29)	37.33	3.18	0.15	40.36	13.59	1.25	0.06	14.78	25.58	23.74
Plant and Machinery (Refer Note No. 10.2)	87.31	3.59		90.90	71.42	3.62		75.04	15.86	15.89
Data Processing Machines	14.25	1.07		15.32	12.88	0.64		13.52	1.80	1.37
Moulds and Dies	70.65	8.04		78.69	54.42	7.21		61.63	17.06	16.23
Furniture, Fixture and Equipments	28.56	3.07	0.02	31.61	17.06	2.98		20.04	11.57	11.50
Vehicles	5.72	1.53	1.39	5.86	1.52	0.52	0.36	1.68	4.18	4.20
Total Tangible Assets	248.28	20.48	1.56	267.20	170.89	16.22	0.42	186.69	80.51	77.39
Tangible Assets (Previous Year)	235.25	14.14	1.10	248.29	157.29	14.03	0.42	170.90	77.39	
<u>Intangible Assets:</u>										
Patents and Trademarks	9.08			9.08	6.88	0.70	0.00	7.58	1.50	2.20
Computer Software	4.29	0.65		4.94	3.70	0.37	0.00	4.07	0.87	0.59
Total Intangible Assets	13.37	0.65		14.02	10.58	1.07	0.00	11.65	2.37	2.79
Intangible Assets (Previous Year)	12.96	0.41		13.37	9.61	0.97	0.00	10.58	2.79	
Capital Work- in- Progress	-	-	-	-	-	-	-	-	0.76	4.99

Note No 10.1: Buildings

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 societies.

Note No 10.2: Plant & Machinery

Plant & Machinery to the extent of ₹ **0.30 Crores** (Previous year ₹ 0.30 Crores) is hypothicated to the State Government of Uttarakhand (SIDCUL Dehradun) as per agreement for the Capital Incentive Scheme.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

11 NON CURRENT INVESTMENTS

	Face Value Per Unit ₹	Number of Units	(₹ in Crores)	
			As at 31 st March, 2012	As at 31 st March, 2011
Non Trade Investments (at cost)				
Quoted:				
In Equity Instruments				
Windsor Machines Limited. (45,60,760 Equity shares, ₹ 2 each fully paid up, Previous year 22,80,730 Equity shares, ₹ 10 each fully paid up.)	2	45,60,760	16.37	16.37
Kemp & Co Ltd.	10	1,909	-	-
Jindal Southwest Holdings Ltd.	10	2,250	-	-
Total Value of Quoted Investments			<u>16.37</u>	<u>16.37</u>
Aggregate market value of Quoted Investments ₹ 7.31 Crores (previous year ₹ 17.25 Crores)				
Unquoted:				
a) In Equity Instruments				
Dinnette Exclusive Club Pvt Ltd.	100	500	-	-
The Saraswat Co Op Bank Ltd.	10	2,000	-	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	-
<u>Investments in Joint Venture</u>				
VIP Nitol Industries Limited. (Face Value of BDT 1,000)	0	25,003	2.12	2.12
b) Others				
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	0.00	0.00
Total Value of Unquoted Investments			<u>2.12</u>	<u>2.12</u>
Total of Long Term Investments			<u>18.49</u>	18.49
Less : Provision for Diminution in the value of Investment			<u>18.18</u>	18.18
Net Value of Investment			<u>0.31</u>	<u>0.31</u>

12 LONG TERM LOANS & ADVANCES

(Unsecured, Considered Good, unless specified otherwise)

Capital Advances		3.71	0.92
Deposits		15.61	9.49
Other loans & Advances			
Advance Recoverable in Cash or in kind or for value to be received		0.69	0.71
Sales Tax Advance/Refund		2.48	2.45
Inter Corporate Deposits		1.17	0.17
Advance Tax (Net of Provision for Taxation ₹ 53.76 Crores (Previous year 13.46 Crores))		4.39	4.35
		<u>28.05</u>	<u>18.09</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at	As at
	31 st March, 2012	31 st March, 2011
13 INVENTORIES		
Raw Materials (Refer Note No 13.1)	12.31	14.85
Work-in-Progress	6.71	6.20
Finished Goods (Refer Note No 13.1)	33.51	31.33
Stock-in-Trade (Refer Note No 13.1)	89.85	65.10
Stores & Spares, Packing Material and others	1.74	1.58
	144.12	119.06

Note 13.1 : Goods in Transit

Raw Materials inventory includes Goods-in transit ₹ 0.07 Crores (Previous year ₹ 0.91 Crores)

Finished Goods inventory includes Goods-in transit ₹ 0.02 Crores (Previous year ₹ 0.46 Crores)

Stock-in-Trade inventory includes Goods-in transit ₹ 14.56 Crores (Previous year ₹ 6.84 Crores)

14 TRADE RECEIVABLES (Unsecured, Considered Good, unless specified otherwise) Outstanding For More Than Six Months

Considered Good	6.08	8.85
Considered Doubtful	0.60	0.77
Others		
Considered Good	118.66	130.97
Considered Doubtful	-	-
Less : Allowance for Bad & Doubtful Debts	0.60	0.77
	124.74	139.82

15 CASH AND BANK BALANCES:

Cash and Cash Equivalents :

Balances With Banks in:

Current Accounts	9.11	2.79
Remittance in Transit	3.93	2.34
Cash on Hand	0.58	0.49
	(A) 13.62	5.62

Other Bank Balances :

Unclaimed dividend Accounts	1.44	1.04
Margin Money Account (Refer Note No. 15.1)	3.21	2.62
	(B) 4.65	3.66
	(A+B) 18.27	9.28

Note No. 15.1

Margin money deposits amounting to ₹ 3.21 Crores (Previous Year ₹ 2.62 Crores) are lying with bank against Bank Guarantees and Letter of credit.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	(₹ in Crores)	
	As at 31 st March, 2012	As at 31 st March, 2011
16 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Deposits	1.44	4.95
Others		
Advance Recoverable in Cash or in kind or for value to be received	2.04	2.59
Advances to Employees	0.39	0.40
Advance to Suppliers	8.40	16.18
Balance with Statutory Authorities	4.57	3.19
Advance Income Tax (Net of Provision ₹ 7.75 Crores (Previous Year ₹ 13.07 Crores))	6.59	4.77
	23.43	32.08
17 OTHER CURRENT ASSETS		
Interest Receivable	0.49	0.35
Export Incentive Receivable	1.94	1.41
Others	7.34	7.13
	9.77	8.89
18 a) CONTINGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.04	0.04
2) Disputed Income Tax Liability	2.25	2.25
3) Disputed Sales Tax Liability	15.26	15.48
4) Bonds issued under EPCG scheme	3.83	4.23
5) Disputed Excise duty liability	0.73	0.11
6) Disputed Employees state insurance corporation dues.	0.08	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	0.53	1.99

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	(₹ in Crores)	
	Year ended 31 st March, 2012	Year ended 31 st March, 2011
19 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 19.1)	868.48	761.01
Sale of Services (Refer Note No. 19.2)	3.23	7.62
<u>Other Operating Revenues</u>		
Sale of Scrap	0.75	0.74
Export Incentive	1.97	2.06
Less: Excise Duty	14.17	13.00
	860.26	758.43
Note No 19.1: Sale of Products:		
Soft Luggage	530.18	425.91
Hard Luggage	302.01	304.88
Furniture	36.11	30.13
Others	0.18	0.09
	868.48	761.01
Note No 19.2: Sale of Services:		
Job Work	3.23	7.62
	3.23	7.62
20 OTHER INCOME		
Interest Income (Refer Note No. 20.1)	0.64	0.50
Dividend from Current Investment	0.04	-
<u>Other Non Operating Income</u>		
Net Gain on Foreign Currency Transactions	-	0.67
Miscellaneous Income (Rent, Royalty etc.)	0.80	1.16
	1.48	2.33
Note No. 20.1: Break-up of Interest received:		
Interest Income on Deposits with Banks	0.29	0.15
Interest Income on Income Tax refund	0.09	0.17
Interest Income on Inter Corporate Deposits	0.10	0.04
Interest Income on Others	0.16	0.14
	0.64	0.50
21 COST OF MATERIALS CONSUMED:		
Cost of Materials Consumed (Refer Note No. 21.1)	167.40	164.12
Note No. 21.1: Cost of Material Consumed:		
High Density Polyethylene (HDPE)	3.32	3.59
Aluminium Sections	15.28	13.57
Polypropylene	50.80	46.61
Components & Other Materials	98.00	100.35
	167.40	164.12
22 PURCHASES OF STOCK IN TRADE		
Soft Luggage	274.07	216.89
	274.07	216.89

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	Year ended 31 st March, 2012	(₹ in Crores) Year ended 31 st March, 2011
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Finished Goods		
Opening Stock	31.33	26.80
Closing Stock	33.51	31.33
	(2.18)	(4.53)
Work-in-Progress		
Opening Stock	6.28	4.76
Closing Stock	6.73	6.28
	(0.45)	(1.52)
Stock-in-Trade		
Opening Stock	65.10	42.75
Closing Stock	89.85	65.10
	(24.75)	(22.35)
	(27.38)	(28.40)
24 EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	70.23	64.85
Contribution to Provident Fund & Other Funds	7.29	7.05
Staff Welfare Expenses	4.13	3.73
	81.65	75.63
25 FINANCE COST		
Interest Expense (Refer Note No. 25.1)	3.32	3.66
Other Borrowing Cost		
Bank Finance Cost	0.71	0.76
Net Gain/Loss on Foreign currency transactions	2.91	0.03
	6.94	4.45
Note No. 25.1: Break-up of Interest Expense:		
Interest Expense on Bank Borrowings	3.29	3.64
Interest Expense on Others	0.03	0.02
	3.32	3.66
26 OTHER EXPENSES		
Consumption of Stores and Spare parts	2.17	2.61
Power & Fuel	12.17	10.92
Rent	26.79	19.36
Repairs		
for Buildings	0.09	0.12
for Machinery	0.94	0.85
for Other Repairs	3.65	3.06
Insurance	0.35	0.33
Rates and Taxes (includes Wealth Tax ₹ 0.05 in Crores (Previous Year ₹ 0.06 Crores))	1.50	1.46
Payment to Auditor (Refer Note No. 26.1)	0.26	0.47
Freight, Handling and Octroi	40.58	39.52
Discounts & Rebates	66.12	54.40
Commission on Sales	0.99	1.23
Advertisement and Brand Marketing	44.64	37.21
Travelling & Conveyance	12.51	10.69

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	Year ended		(₹ in Crores)	
	31 st March, 2012		Year ended	
			31 st March, 2011	
Legal & Professional Fees	3.40			2.24
Royalty	-			1.25
Communication Cost	3.43			2.94
Bank Charges & Commission	2.05			1.69
Human Resource Procurement	12.08			8.23
Directors' Fees	0.05			0.06
Allowance for Bad & Doubtful Debts	-			0.59
Bad Debts written off during the year	0.07		0.41	
Less :- Allowance for Bad & Doubtful Debts Written back	0.06	0.01	-	0.41
Net Loss on Foreign Currency Transactions		0.70		-
Loss on Sale of Fixed Assets		0.56		0.28
Miscellaneous Expenses		10.85		9.93
		<u>245.89</u>		<u>209.85</u>

Note No. 26.1 : Payment to Statutory Auditors:

Audit Fees (including Limited Review)	0.12		0.20	
Tax Audit Fees	0.02		0.02	
Certification & other services	0.07		0.19	
Income Tax Representation	0.03		0.03	
Towards Service Tax	0.02	0.26	0.04	0.48

27 EARNING PER SHARE (EPS):

Earnings per Share excluding extraordinary items (net of tax expense) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:

Profit/(Loss) before taxation and extraordinary items	95.88		103.22	
Less : Provision for taxation (net of extra-ordinary items)	20.24		23.99	
Less : Deferred tax (net of extra-ordinary items)	8.02		(9.59)	
Less : Income Tax of earlier year	0.01		(0.49)	
Profit/(Loss) attributable to the shareholders	<u>67.61</u>		<u>89.31</u>	
Basic/Weighted average number of Equity Shares outstanding during the year	14,13,17,315		14,13,17,315	
Face value of Equity Share (₹)	2		2	
Basic/Diluted Earnings per share (₹)	4.78		6.32	

Earning per Share (EPS) including extraordinary items - The numerators and denominators used to calculate Basic and Diluted Earnings per share:

Profit/(Loss) attributable to the shareholders	67.61		88.72	
* Basic/Weighted average number of Equity Shares outstanding during the year	14,13,17,315		14,13,17,315	
Face value of Equity Share (₹)	2		2	
Basic/Diluted Earnings per share (₹)	4.78		6.28	

* Note :- During the year, equity shares of the company were sub divided from par value of ₹ 10 to 5 (five) equity shares of ₹ 2 each resulting in total number of Equity shares increased to 14,13,17,315 equity shares of ₹ 2 each. For better comparison 14,13,17,315 equity shares have been considered for both FY 2011-12 and FY 2010-11.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

28 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: Carlton Travel Goods Ltd.

Country of Incorporation: United Kingdom

Extent of holding : 100%

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

Country of Incorporation: India

Extent of holding : 100%

29 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 ₹ 26.79 Crores (previous year ₹ 19.28 Crores) as Rent are charged as Rent and grouped under the Note No. 26 "Other Expenses". These leasing arrangements which are cancellable, range between 11 months and 5 years generally, or longer and are usually renewable by mutually agreed terms and conditions.

Rental Income of ₹ 0.13 Crores (previous year ₹ 0.13 Crores) from Operating leases are recognised in the Statement of Profit & Loss & roused under the Note No. 20 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2011-2012	2010-2011
Gross Block	1.21	1.21
Accumulated Depreciation	0.29	0.27
Written down value	0.92	0.94
Depreciation for the year	0.02	0.02

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

30 SEGMENT REPORTING:

Segment Information for the year ended 31st March, 2012

The Company has two primary business segments, viz i.Luggage & Accessories 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 not considered significant and accordingly no Primary segment is considered reportable. Since the segment revenue outside India in Previous year is more than 10% of the total assets, geographical segment is reported as the secondary segment.

Information about secondary geographical business segment

	2011 - 2012			2010 - 2011		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	775.59	86.14	861.73	667.06	93.70	760.76
Segment Assets	396.93	36.76	433.69	395.55	28.09	423.64
Capital Expenditure	12.57	8.56	21.13	11.31	3.23	14.54

Notes:

(a) The segment revenue in the geographical segments considered for disclosure are as follows:-

(i) Revenue within India includes sales to customers located within India and Earnings in India

(ii) Revenue outside India includes sales to customers located outside India and Earnings outside India

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

- (b) Segment Revenue, Segment Assets and Capital Expenditure include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

31 RELATED PARTY DISCLOSURES:

- A) Related party disclosure in accordance with Accounting Standard 18 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India (ICAI).

Name of Related Parties	Nature of Relationship
Parties where control exists:	
Key Management Personnel:	
Mr Dilip G. Piramal	Chairman
Mr. Sudhir Jatia	Managing Director (resigned 30/04/2010)
Ms. Radhika Piramal	Managing Director (w.e.f 01/05/2010)
Mr. Premanand Thangavelu	Director Works (w.e.f 27/07/2010 and resigned on 31.01.2012)
Mr. Ashish K Saha	Director Works (w.e.f 01/02/2012)

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

Name of Related Parties	Nature of Transaction during the year	(₹ in Crores)	
		2011-2012	2010-2011
1. Mr Dilip G. Piramal	Commission Paid	0.73	1.11
2. Mr. Sudhir Jatia	Remuneration Paid	-	1.15
3. Ms. Radhika Piramal	Remuneration Paid	1.09	0.93
	Commission Paid	0.73	1.11
4 .Mr. Premanand Thangavelu	Remuneration Paid	0.48	0.36
5. Mr. Ashish Saha	Remuneration Paid	0.05	-

Note : Related party relationship is as identified by the company and relied upon by the Auditors.

32 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 :

Particulars	(₹ in Crores)	
	2011-2012	2010-2011
Employer's Contribution to Provident Fund	3.33	2.98

Defined Benefit Plan

The Company has schemes for long-term benefits such as provident fund, gratuity and leave encashment. 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 and leave encashment. 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 FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

The following table sets out the assumptions taken, status of the gratuity plan and leave encashment and the amount recognised in the Company Financial Statements as on 31st March, 2012.

	2011-2012		2010-2011	
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(₹ in Crores)				
(i) Assumptions				
Discount Rate	8.5%	8.5%	8%	8%
Rate of increase in Compensation levels	5%	5%	5%	5%
(ii) Change in present value of obligation				
Projected Benefit Obligations at the beginning of the year	17.50	1.78	16.39	1.95
Interest Cost	1.29	0.12	1.20	0.12
Service Cost	1.02	0.68	1.38	0.57
Benefits paid	(2.87)	(0.64)	(2.84)	(0.79)
Actuarial (gain) / loss on obligations	1.37	(0.43)	1.37	(0.07)
Projected Benefit Obligations at the end of the year	18.31	1.51	17.50	1.78
(iii) Changes in Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	14.63	-	14.34	-
Adjustment to opening Fair value of Plan Assets	2.87	-	-	-
Expected Return on Plan Assets	1.65	-	1.29	-
Contributions	3.27	0.64	2.05	0.79
Benefits paid	(2.87)	(0.64)	(2.84)	(0.79)
Gain / (loss) on Plan Assets	(1.13)	-	(0.21)	-
Fair value of Plan Assets at the end of the year	18.42	-	14.63	-
(iv) Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	14.63	-	14.34	-
Adjustment to opening Fair value of Plan Assets	2.87	-	-	-
Actual return on Plan Assets	0.52	-	1.08	-
Contributions	3.27	0.64	2.05	0.79
Benefits paid	(2.87)	(0.64)	(2.84)	(0.79)
Fair value of Plan Assets at the end of the year	18.42	-	14.63	-
Funded Status	0.11	(1.51)	(2.87)	(1.78)
Excess of actual over expected return on Plan Assets	(1.13)	-	(0.21)	-
(v) Actuarial gain/loss recognised :				
Actuarial gain/(loss) for the year - Obligation	(1.37)	0.43	(1.38)	0.07
Actuarial gain/(loss) for the year - Plan Assets	(1.13)	-	(0.21)	-
Total Gain/(loss) for the period	(2.50)	0.43	(1.59)	0.07
Actuarial gain/(loss) recognised for the period	(2.50)	0.43	(1.59)	0.07
(vi) The amounts to be recognised in the Balance Sheet and Statement of Profit or Loss				
Present value of obligations as at the end of the year	18.31	1.51	17.50	1.78
Fair value of plan assets as at the end of the year	18.42	-	14.63	-
Funded status	0.11	(1.51)	(2.87)	(1.78)
Net Asset/(liability) recognized in balance sheet	0.11	(1.51)	(2.87)	(1.78)
(vii) Expenses Recognised in statement of Profit & Loss				
Current Service Cost	1.02	0.68	1.38	0.57
Interest Cost	1.29	0.12	1.20	0.12
Expected return on Plan Assets	(1.65)	-	(1.30)	-
Net Actuarial (gain) / loss recognised in the year	2.50	(0.43)	1.59	(0.07)
Expenses recognised in the statement of Profit & Loss	3.16	0.37	2.87	0.62

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ in Crores)

	2011-2012		2010-2011	
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(viii) Movements in the liability recognised in the Balance Sheet				
Opening Net liability	2.87	1.78	2.05	1.95
Adjustment to opening Fair value of Plan Assets	(2.87)	-	-	-
Expense as above	3.16	0.37	2.87	0.62
Contributions	(3.27)	(0.64)	(2.05)	(0.79)
Closing Net liability	(0.11)	1.51	2.87	1.78
(ix) Experience Analysis - Liabilities				
Actuarial (Gain)/Loss due to change in bases	(0.83)	(0.03)	-	-
Experience (Gain) / Loss due to Change in Experience	2.20	(0.40)	1.38	(0.07)
Total	1.37	(0.43)	1.38	(0.07)
<u>Experience Analysis - Plan Assets</u>				
Experience (Gain) / Loss due to Change in Plan Assets	1.13	-	-	-

33 RESEARCH & DEVELOPMENT EXPENDITURE:

(₹ in Crores)

Particulars	2011-2012	2010-2011
Revenue Expenditure included in Employee Benefits	1.76	1.93
Revenue Expenditure included in other expenses	0.52	0.67
Closing Balance	2.28	2.60

34 DISCLOSURE RELATING TO WARRANTY PROVISIONS:

The movement in the following provisions is summarised as under :

(₹ in Crores)

Particulars	2011-2012	2011-2012
Opening	0.63	0.25
Additions	0.28	0.45
Utilisation/reversal	0.24	0.07
Closing Balance	0.67	0.63

Notes:

- The Closing Balance includes ₹ 0.25 Crores as Short Term and ₹ 0.42 Crores as Long Term in Current year (Previous year ₹ 0.24 Crores as Short Term and ₹ 0.40 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.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

35 DERIVATIVES:

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

Particulars	As on 31.03.2012		As on 31.03.2011		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
a) Receivables:-					
	0.30	44,430	1.32	207,525	EUR
	18.46	3,628,227	12.00	2,690,562	USD
	0.11	162,402	0.14	244,660	HKD
	0.16	19,276	0.22	30,528	GBP
b) Payables:-					
	1.05	154,334	0.61	96,049	EUR
	0.19	139,038	0.49	399,503	AED
	52.84	10,386,799	18.41	4,127,519	USD
	0.05	73,816	0.07	125,000	HKD
	0.02	5,564	0.02	5,564	SGD
	-	-	0.08	11,574	GBP

36 STATEMENT OF SIGNIFANT ACCOUNTING POLICIES AND PRACTICES:-

A) BASIS OF ACCOUNTING:

The Financial Statements are prepared on the basis of historical cost convention and on the accounting principles of a going concern, complying with the Accounting Standards, issued by The Institute of Chartered Accountants of India, referred to in Section 211 (3C) of the Companies Act, 1956.

B) REVENUE RECOGNITION :

Sales are recognised when goods are supplied and are recorded at net of Value Added Tax and trade discount and is inclusive of Excise Duty.

C) FIXED ASSETS AND DEPRECIATION:

- Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on straight line method in accordance with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except on items of Furniture & Fixtures capitalised at the company run retail stores which are depreciated at the rate of 50% on pro-rata basis, computer hardware @ 25% on Straight line basis and Soft Luggage Moulds & Dies @ 50%. Leasehold land is not amortised over the period of the lease.
- 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:

- (c) Tangible Fixed Assets are stated at cost less depreciation. Depreciation is provided at the rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:
- Plant and Machinery 25% - Straight line
 - Fixtures, fittings & equipment 25% - Straight line

D) 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. Dividends are accounted for as and when received.

E) EMPLOYEE BENEFITS:

- (a) 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.
- (b) Contribution payable to the recommended Provident Fund is charged to Statement of Profit and Loss.
- (c) Liabilities in respect of 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.

F) INVENTORY:

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

Foreign Subsidiary:

Stock is valued at the lower of cost and net realisable value. Cost is mainly average cost and comprises direct costs incurred to bring the stock to their present location and condition.

G) FOREIGN CURRENCY TRANSACTIONS :

- (a) In respect of foreign exchange transaction, the transaction in foreign currency is recorded in rupees by applying the exchange rate prevailing at the time of the transaction. Amount short or excess realised/ incurred is transferred to Statement of Profit and Loss.
- (b) 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 .
- (c) 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:

- (d) Monetary assets and liabilities denominated in foreign currencies are translated into Pound sterling 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. All differences are taken to Profit and Loss Account.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

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) EXPORT BENEFITS:

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

I) 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. All other borrowing costs are charged to revenue.

J) TAXATION :

- (a) 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.
- (b) 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.

K) LEASE :

Lease rental in respect of assets acquired under operating leases are charged off to the Statement of Profit and Loss as as incurred. Lease rentals in respect of assets given under operating leases are credited to the Statement of Profit and Loss.

L) 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.

M) 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.

37 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

- 38 The Company had entered into an agreement to sale its stake in the Joint Venture, VIP NITOL Industries Limited. The sale has not been effected pending clearances from the authorities in Bangladesh. Consequently the disclosure under AS 27 is not applicable.
- 39 Opening Stock of Finished Goods included in cost of sales has been translated at average rate of exchange prevailing during the year. Consequently, Loss of ₹ **0.01 Crores** (previous year Gain of ₹ 0.49 Crores) has been debited to Statement of Profit & Loss. Further, Closing Stock of finished goods included in Statement of Profit & Loss and Balance Sheet has been translated at average rate of Exchange & closing rate of exchange respectively. Consequently, Gain of ₹ **Nil** (previous year Gain ₹ Nil) has been credited to Foreign Currency Translation Reserve.
- 40 During the year the Company has made a provision of ₹ **0.72 Crores** (previous year ₹ 0.64 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.
- 41 In the opinion of the Board, amounts of Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to at which they are stated.
- 42 The Financial Statement for the year ended 31st March 2011 had been prepared as per the then applicable, prerevised Schedule VI of the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956 the financial statement for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly the previous year figures have also been regrouped/reclassified to confirm to the current year's classification.

As per our report of even date attached.
for **M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No. : 12839

Place : Mumbai

Dated : 7th August, 2012

Dilip G Piramal
Radhika Piramal

D.K. Poddar

Jogendra Sethi

Shreyas Trivedi

Chairman

Managing Director

Director

Chief Financial Officer

Company Secretary

Place : Mumbai

Dated : 7th August, 2012



V.I.P. INDUSTRIES LIMITED

Registered Office: 78-A, MIDC Estate, Satpur, Nashik - 422 007, Maharashtra.

ATTENDANCE SLIP

45th Annual General Meeting on Friday, the 14th September, 2012, at 11.00 a.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional Attendance Slips on request.

NAME & ADDRESS OF THE SHAREHOLDER	L.F. NO./DP. ID & CL. ID	NO. OF SHARES HELD

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 45th Annual General Meeting of the Company at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007 on Friday, the 14th September, 2012, at 11.00 a.m.

SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING

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

----- TEAR HERE -----



V.I.P. INDUSTRIES LIMITED

Registered Office: 78-A, MIDC Estate, Satpur, Nashik - 422 007, Maharashtra.

PROXY FORM

L.F. NO./DP. ID & CL. ID:

I/We.....ofin the district of.....being a member/member(s) of V.I.P. INDUSTRIES LIMITED, hereby appoint.....ofin the district ofor failing him/her.....ofin the district ofas my/our proxy to attend and vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held on Friday, the 14th September, 2012, at 11.00 a.m. at "NIWEC",P-29, Street 14, MIDC, Satpur, Nashik - 422 007 and at any adjournment(s) thereof.

Signed thisday of2012.

Affix a
Re. 1
Revenue
Stamp

(Signature of the Shareholder)

NOTE: This Proxy Form in order to be effective, must be deposited, duly completed at the Registered Office of the Company, not less than 48 hours before the commencement of the aforesaid Meeting.

STANDALONE FINANCIAL - 5 YEAR HIGHLIGHTS

(₹ in Crores)

Description	31st March 2012	31st March 2011	31st March 2010	31st March 2009	31st March 2008
A. STATEMENT OF PROFIT & LOSS					
Gross Sales	868.44	744.59	614.04	520.85	567.23
Gross Profit after interest	113.25	91.40	78.33	23.51	39.33
Depreciation	17.29	14.82	17.28	14.07	14.78
Profit Before Tax	95.96	76.58	61.05	9.44	24.55
Taxation	28.27	14.50	11.00	0.53	4.45
Profit After Tax	67.69	62.02	50.05	8.91	20.10
Dividend (Including dividend distribution tax)	26.28	32.91	16.53	3.31	9.92
Retained Earnings	41.41	29.10	33.52	5.60	15.33
B. BALANCE SHEET					
Assets Employed:					
Fixed Assets (Net)	83.64	85.17	81.26	89.58	90.97
Investments	0.36	0.36	2.01	2.67	3.81
Net assets (Current and Non Current)	244.56	215.18	176.82	175.52	154.14
	328.56	300.71	260.09	267.77	248.92
Financed by:					
Net Worth	242.58	201.21	172.16	128.95	119.80
Loan Funds	84.15	106.54	87.32	136.01	125.53
Deferred Tax Liabilities (Net)	1.83	(7.04)	0.61	2.81	3.59
	328.56	300.71	260.09	267.77	248.92
C. KEY RATIOS / PERCENTAGES					
Profit Before Tax/Gross Sales (%)	11.05	10.28	9.94	1.81	4.33
Profit After Tax/Net Worth (%)	27.91	30.82	29.07	6.91	16.78
Earnings per Equity share (₹)	4.79	4.39	3.54	0.63	1.42
Book Value per share (₹)	17.17	14.24	12.18	9.13	8.48
Sales/ Fixed assets (Net)	10.38	8.74	7.55	5.81	6.24
Current Ratio	1.73	1.43	1.72	1.46	1.58
Dividend %	80	100	50	10	30
Note: The Earnings per equity share and Book value per share for previous years are calculated considering the revised number of Shares post share split for better comparison.					

