

VIP INDUSTRIES LIMITED

**46th ANNUAL REPORT
2012-2013**



COMPANY INFORMATION	01
NOTICE	03
DIRECTORS' REPORT	11
REPORT ON CORPORATE GOVERNANCE	17
MANAGEMENT DISCUSSION AND ANALYSIS REPORT	28
AUDITORS' REPORT	32
BALANCE SHEET	36
STATEMENT OF PROFIT AND LOSS	37
CASH FLOW STATEMENT	38
NOTES FORMING PART OF ACCOUNTS	40
SECTION 212 STATEMENTS	61
CONSOLIDATED FINANCIAL STATEMENTS	64

BOARD OF DIRECTORS

Dilip G. Piramal (Chairman)
Radhika Piramal (Managing Director)
Ashish K. Saha (Director – Works)
D. K. Poddar
Vijay Kalantri
Vivek Nair
G. L. Mirchandani
Nirmal Gangwal (upto 15.5.2013)
Nabankur Gupta
Rajeev Gupta (w.e.f. 7.2.2013)

CHIEF FINANCIAL OFFICER

Jogendra Sethi

COMPANY SECRETARY & HEAD – LEGAL

Shreyas Trivedi

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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.

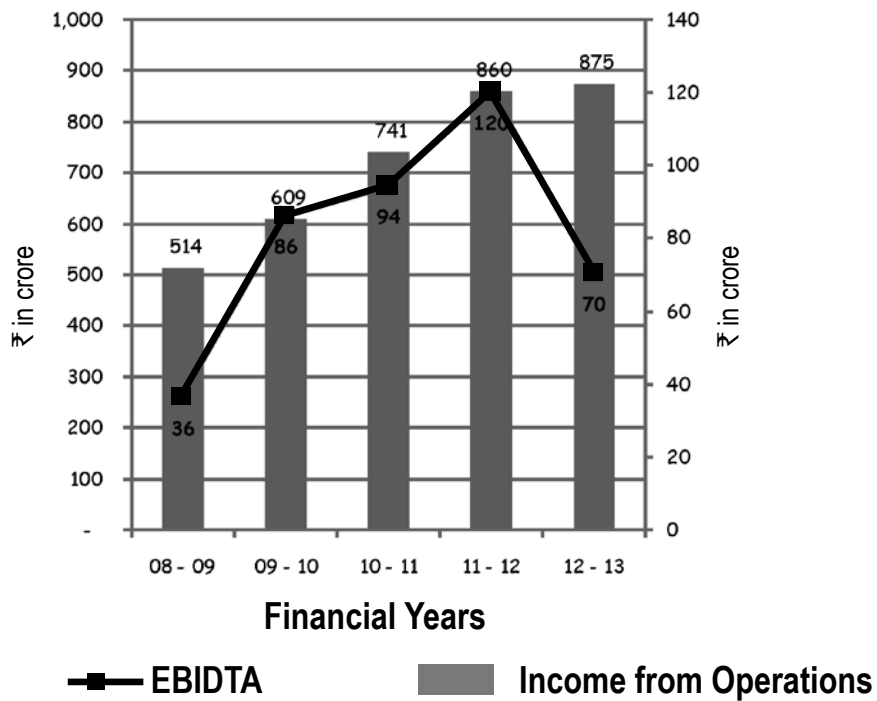
INVESTORS' SERVICES DEPARTMENT

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

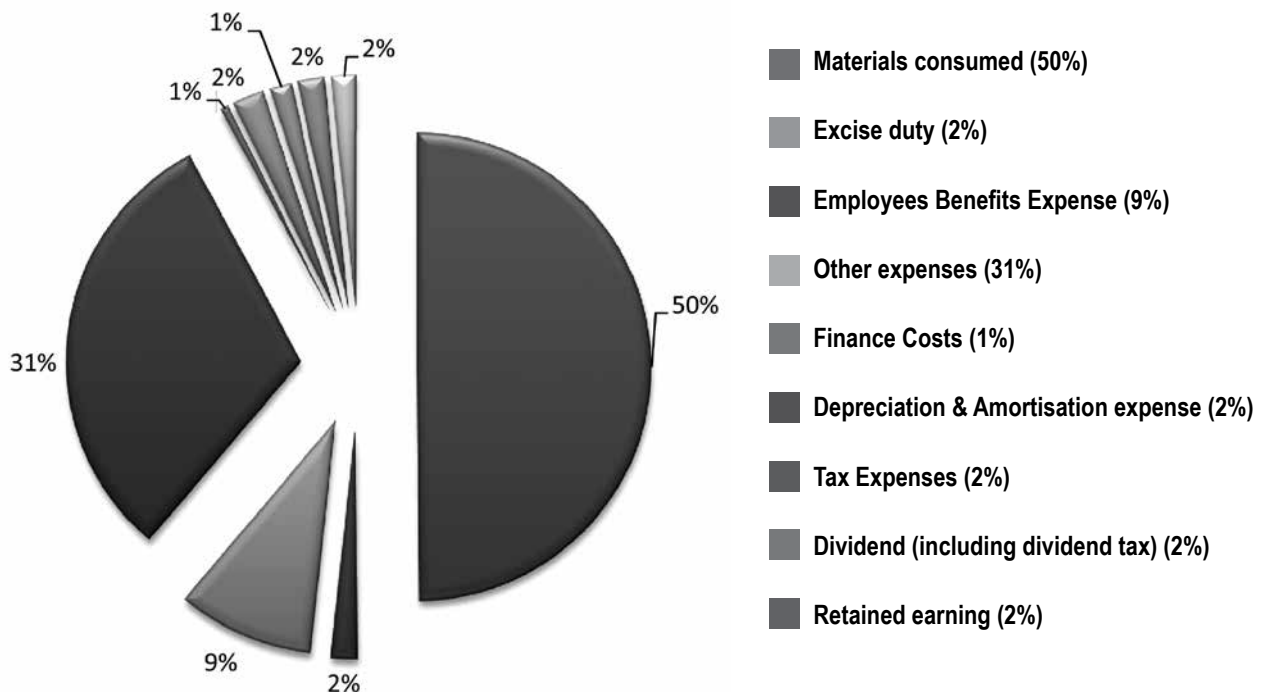
REGISTRAR & SHARE TRANSFER AGENT

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

Income from Operations and EBIDTA



Distribution of Earnings 2012-13



NOTICE is hereby given that the Forty Sixth 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 28th June 2013 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Vijay Kalantri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nabankur Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

6. To consider & if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Rajeev Gupta, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 7th February, 2013 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."
7. 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. Dilip G. Piramal as a Whole-time Director designated as the Chairman of the Company for a period of five years from 15th May, 2013 to 14th May, 2018 (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. Dilip G. Piramal, a draft of which is placed before this Meeting:

SALARY

Basic Salary of ₹ 4,00,000 per month in the scale of ₹ 4,00,000 - ₹ 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 / ALLOWANCES

Following perquisites / allowances 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 (including performance pay) 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.

Medical Reimbursement

Reimbursement of actual medical expenses 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.

Club Fees

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

Personal Accident Insurance

As per policy of the Company.

Earned / Privilege leave

On full pay and allowance as per the policy of the Company. Encashment of accumulated leave but not availed during the tenure or at the end of tenure, as the case may be will be as per the policy of the Company. Encashment of accumulated leave shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

Car & Telephones

As per the policy of the Company.

SITTING FEES

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

GENERAL

The Chairman shall be eligible for financial assistance for housing etc. as per the rules of the Company from time to time. The Chairman shall be subject to the other service conditions, rules and regulations of the Company 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 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. Dilip G. Piramal shall be such as may be approved by the Central Government. However, in the event of the Central Government not providing its approval, Mr. Dilip G. 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-allocate / re-designate, the duties and responsibilities of Mr. Dilip G. 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 Mr. Dilip G. 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 : 15th May, 2013
Registered Office:
78-A, MIDC Estate, Satpur,
Nashik – 422 007

ANNEXURE TO THE NOTICE

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

ITEM NO. 6

The Board of Directors (the Board) at its meeting held on 7th February, 2013 appointed Mr. Rajeev Gupta, as an Additional Director of the Company with effect from 7th February, 2013 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. Rajeev Gupta 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 Act from a shareholder intimating her intention to propose Mr. Rajeev Gupta as a candidate for the office of Director.

Mr. Rajeev Gupta, 54, is M.B.A. from IIM-Ahmedabad and B.Tech. from IIT-Banaras Hindu University and has vast experience in the field of Corporate Management. Mr. Gupta was the Managing Director of Carlyle Asia Partners and the Head of the Carlyle India Buyout Team and Head of Investment Banking of DSP Merrill Lynch Limited. Prior to joining DSP Merrill Lynch Limited, Mr. Gupta was President and CEO of Cosmo Ferrites Limited, a leading Indian manufacturer of high technology soft ferrites.

The Board of Directors recommends passing of the Resolution as set out in Item No. 6 of the accompanying Notice.

None of the Directors other than Mr. Rajeev Gupta are, in any way, concerned or interested or deemed to be concerned or interested in passing of the said resolution.

ITEM NO. 7

As the Members of the Company are aware, Mr. Dilip G. Piramal, a renowned industrialist with rich business experience of over four decades, is the Chairman of the Company.

Mr. Dilip G. Piramal, as the non-executive Chairman of the Company has been giving his valuable guidance and advice to the Company on various important business aspects and key issues on a daily basis which requires him to devote substantial time.

In view of the above, the Board of Directors at its meeting held on 15th May, 2013 appointed Mr. Dilip G. Piramal, as a Whole-time Director of the Company designated as the Chairman of the Company with effect from 15th May, 2013 upto 14th May, 2018 pursuant to Sections 198, 269, 309, and 310 of the Companies Act, 1956 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 Chairman.

The details of remuneration to be paid to Mr. Dilip G. Piramal as the Chairman of the Company, subject to the approval of shareholders by way of Ordinary Resolution are as set out at Item No. 7 of the accompanying Notice.

Inspection by Members:

The draft of the Agreement to be entered into between the Company and Mr. Dilip G. Piramal as the Chairman 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. 7 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.

This should also be treated as notice under section 302 of the Companies Act, 1956 in respect of appointment of Mr. Dilip G. Piramal with effect from 15th May 2013.

By Order of the Board of Directors

SHREYAS TRIVEDI
General Manager – Legal
& Company Secretary

Place : Mumbai
Dated : 15th May, 2013
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. 6 and 7 of the accompanying Notice and the details in respect of the Directors proposed to be appointed / re-appointed at the ensuing 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 18th June, 2013 to Friday, the 28th June, 2013 (both days inclusive).
- (e) The dividend as recommended by the Board of Directors if approved by the Members at the ensuing Annual General Meeting will be paid on Thursday, the 4th July, 2013 as under:

- i) To the Members holding shares in physical form whose names appear in the Company's Register of Members as on 28th June, 2013.
 - 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 17th June, 2013.
- (f) Members desirous of obtaining any information in respect of Annual Accounts and operations of the Company are requested to write to the Company at least one week before the Meeting, to enable the Company to make available the required information at the Meeting.
- (g) 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, 2012 updated till the date of 45th Annual General Meeting i.e. 14th September, 2012. Members who have not yet encashed their dividend warrants for the years 2005-2006 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 2005-2006 is due for transfer to the Fund on 25th September, 2013.
- (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.

**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. Vijay Kalantri	Mr. Nabankur Gupta
Date of Birth	05/01/1949	15/10/1948
Date of Appointment	22/05/2000	13/05/2011
Qualification	G.C.D. & Textile Diploma	B.E. (Electrical)
Experience in special functional area	Industrialist with rich business experience	Marketing and restructuring of business
Chairman / Director of other companies	<ol style="list-style-type: none"> 1. Reid & Taylor (India) Ltd. 2. Balaji Infra Projects Ltd. 3. Dighi Port Ltd. 4. Dighi Terminals Pvt. Ltd. 5. S Kumars Nationwide Ltd. 6. Hindustan Housing Finance & Development Corporation Ltd. 7. Goenka Diamond & Jewels Ltd. 8. Dighi Project Development Co. Ltd. 9. Vindhyachal Hydro Power Ltd. 10. Dighi Logistics Pvt. Ltd. 11. Shree Ram Urban Infrastructure Ltd. 12. SAB Industries Ltd. 13. Zicom Electronic Security Systems Ltd. 14. Courier Publications Pvt. Ltd. 15. Brandhouse Retails Ltd. 	<ol style="list-style-type: none"> 1. J.K. Investo Trade (India) Ltd. 2. Pritish Nandy Communication Ltd. 3. Raymond Ltd. 4. Cravatex Ltd. 5. Magma Fincorp Ltd. 6. Colourplus Fashions Ltd. 7. PNC Wellness Ltd. 8. J. K. Helene Curtis Ltd. 9. Bharat Business Channel Ltd. 10. Quantum Advisors Pvt. Ltd. 11. Blueocean Capital Advisory Services Pvt. Ltd. 12. Gomukhi Indus Capital Advisory Pvt. Ltd.
Chairman / Member of Committees of other companies	<ol style="list-style-type: none"> 1. Goenka Diamond & Jewels Ltd. <ul style="list-style-type: none"> ● Audit Committee – Member ● Investors Grievances & Share Transfer Committee – Member 2. Zicom Electronic Security Systems Ltd <ul style="list-style-type: none"> ● Audit Committee – Member 	<ol style="list-style-type: none"> 1. J.K. Investo Trade (India) Ltd. <ul style="list-style-type: none"> ● Audit Committee– Chairman ● Shareholders' / Investors Grievances Committee - Member ● Investment Committee – Member 2. Pritish Nandy Communication Ltd. <ul style="list-style-type: none"> ● Audit Committee - Member

	<p>3. S Kumars Nationwide Ltd. ● Audit Committee – Chairman</p> <p>5. Brandhouse Retails Ltd. ● Audit Committee – Chairman ● Investors Grievances & Share Transfer Committee – Chairman</p>	<p>3. Raymond Ltd. ● Shareholders' / Investors Grievances Committee - Chairman ● Audit Committee - Member</p> <p>4. Cravatex Ltd. ● Audit Committee - Member</p> <p>5. Quantum Advisors Pvt. Ltd. ● Audit Committee - Member</p>
No. of shares held in the Company	Nil	1000

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. Rajeev Gupta	Mr. Dilip G. Piramal
Date of Birth	19/03/1958	02/11/1949
Date of Appointment	07/02/2013	04/06/1979
Qualification	MBA from IIM - Ahmedabad and B.Tech from IIT-Banaras Hindu University	B. Com.
Experience in special functional area	Corporate Management	Industrialist with rich business experience
Chairman / Director of other companies	<p>1. Cosmo Films Ltd.</p> <p>2. Vardhman Special Steels Ltd.</p> <p>3. Dalmia Cement (Bharat) Ltd.</p> <p>4. TVS Capital Funds Ltd.</p> <p>5. EIH Ltd.</p> <p>6. Arpwood Capital Pvt. Ltd.</p>	<p>1. DGP Securities Ltd.</p> <p>2. Alkyl Amines Chemicals Ltd.</p> <p>3. Kiddy Plast Ltd.</p> <p>4. Gazelle Travels Pvt. Ltd.</p> <p>5. DGP Enterprises Pvt. Ltd.</p> <p>6. KEC International Ltd.</p> <p>7. DGP Capital Management Ltd.</p>
Chairman/ Member of Committees of other companies	<p>1. Cosmo Films Ltd. ● Audit Committee – Member</p>	Nil
No. of shares held in the Company	Nil	3020

Your Directors are pleased to present the 46th Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2013.

FINANCIAL RESULTS

(₹ in Crores)

	Year ended 31.3.2013	Year ended 31.3.2012
Revenue from Operations and Other Income	876.86	861.68
Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	70.30	120.19
Finance Cost	5.14	6.94
Depreciation and Amortisation Expenses	19.80	17.29
Profit Before Tax	45.36	95.96
Tax Expenses	13.84	28.27
Profit for the year	31.52	67.69
Profit brought forward from previous year	36.11	36.11
Appropriations:		
Transferred to General Reserve	14.99	41.41
Interim Dividend	-	8.48
Proposed Dividend	14.13	14.13
Tax on Dividend	2.40	3.67
Closing Balance	36.11	36.11

OVERALL PERFORMANCE AND OUTLOOK

During the financial year ended 31st March 2013, revenue from Operations & Other Income was ₹ 876.86 crores as against ₹ 861.68 crores last year, representing an increase of 1.76% over the corresponding period of the previous year. Profit after Tax for the year under review amounted to ₹ 31.52 crores representing a decline of 53% over the previous year. During the year under review, there was continued pressure on gross margins due to the weak Rupee against US Dollar on imported soft luggage, which constitutes majority of your Company's sales. Your Company was able to pass on only part of the cost increases to its customers due to weak macroeconomic demand. The outlook for the current year is challenging across traditional trade and modern retail sales channels mainly due to a sluggish economy. However, your Company expects to grow despite the adverse environment due to its strong brands, innovative products, extensive distribution network and attractive advertising campaigns.

As on 31st March, 2013, the Reserves and Surplus of your Company stood at ₹ 229.26 crores.

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 dividend of ₹ 1 (Rupee One only) per equity share of ₹ 2 each (previous year ₹ 1.60 per equity share of ₹ 2 each) for the financial year 2012-13.

EXPORTS AND INTERNATIONAL OPERATIONS

International Sales for the year ended 31st March 2013 were at ₹ 75.15 crores as against ₹ 82.87 crores in the previous

year, a decline of 9.33% over the previous year. Highly uncertain market conditions and weak economic scenario in European and Asia Pacific Countries led to decline in business and is the prime reason for overall decline in exports. However, your Company is working on strengthening its distribution network to increase international sales. Your Company expects better results from the introduction of its new ranges which will further strengthen the market share in the coming years.

SUBSIDIARY IN BANGLADESH

Your Company invested till 31st March 2013, approximately. ₹ 3.50 crores (Rupees Three Crores Fifty Lacs) in its wholly owned subsidiary, VIP Industries Bangladesh Private Limited for setting up a manufacturing unit for luggage in Bangladesh. The civil and construction activities will be completed by September 2013 and manufacturing operations is expected to start by December 2013.

NEW AREA OF OPERATIONS – LADIES HAND BAGS SEGMENT

In October 2012, your Company entered a new product segment by launching ladies handbags under the brand "CAPRESE". For the six months of business operations since its introduction, Caprese has shown encouraging results. Your Company expects this segment to grow higher in the coming years. With a strong advertisement campaign and wide presence through various distribution channels, Caprese has already attracted lot of attention in the market.

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 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, your Directors confirm that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) such accounting policies are selected and applied consistently and judgements and estimates have been made 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) proper and sufficient care has been taken 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) the annual accounts for the financial year ended 31st March, 2013 have been prepared on a 'Going Concern' basis.

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 VIP Industries Bangladesh Private 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 VIP Industries Bangladesh Private Limited for the period from 5th April, 2012 to 31st March, 2013 and of Blow Plast Retail Limited for the full financial year 2012-13 are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for VIP Industries Bangladesh Private Ltd and Blow Plast Retail Limited is also enclosed. Copies of the relevant audited accounts of VIP Industries Bangladesh Private Ltd and Blow Plast Retail Limited can also be sought by any Member on making a written request to the Secretarial Department of your Company in this regard. The annual accounts of VIP Industries Bangladesh Private 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 Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

PUBLIC DEPOSITS

Your Company had not received instructions from 17 depositors for repayment of deposits amounting to ₹ 3,06,000 (Rupees Three Lakh Six Thousand Only) as at 31st March, 2013. Since then, no deposit has been repaid.

DIRECTORS

Mr. Rajeev Gupta was appointed as an Additional Director of your Company with effect from 7th February, 2013. The necessary approval of Members is being sought in the ensuing Annual General Meeting for the appointment of Mr. Rajeev Gupta as a Director of your Company.

Mr. Dilip G. Piramal, Chairman was appointed as a Whole-time Director of your Company for a period of 5 years with effect from 15th May 2013 subject to the approval of Members. He will continue to be designated as Chairman of your Company. The necessary approval of Members is being sought in the ensuing Annual General Meeting for the appointment and payment of remuneration to Mr. Dilip G. Piramal as Whole-time Director of your Company.

Mr. Vijay Kalantri and Mr. Nabankur Gupta, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Nirmal Gangwal ceased to be a Director of your Company with effect from 15th May 2013. Your Directors wish to place on record their appreciation for the guidance and inputs provided by Mr. Nirmal Gangwal during his tenure as a Director of your Company.

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.

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.

RSM Astute Consulting Private Limited were the Internal Auditors of your Company for the financial year 2012-13.

In terms of the amended Companies (Cost Accounting Records) Rules, 2011 notified by the Ministry of Corporate Affairs (MCA) vide Notification GSR 429(E) dated 03.06.2011 read with the Order dated 6th November 2012 issued by the Cost Audit Branch of MCA, your Company is required to file with MCA, the Compliance Report certified by the Practising Cost Accountants every year from the financial year 2011-12 onwards. To comply with the said Rules, M/s. Suraj Lahoti & Associates were appointed as the Cost Accountants for the financial year 2011-12.

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 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: 15th May, 2013

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:

- Reconditioning (Rewiring) of Bottom & Top heating trolley of Wonderpack (F3) make forming machine done to reduce energy consumption.
- For reducing the no-load losses of BP side 500 KVA transformer, the load of the same was shared on other 500 KVA transformer in low production months.
- Soft Luggage Warehouse in old BSR, 250 W Mercury vapor lamps - 107 numbers replaced by M.H. 150 W lamps.

b) Additional proposals:

- Replacement of continuous running motor with energy efficient motors.
- Submersible pumps to be installed in place of conventional Centrifugal Pumps in Hot well tank.
- CFL Light fitting in place of HPSV Lamps.
- Power Factor to be improved to 0.99 /1.00.

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 ₹15 lacs per annum, through reduction in energy consumption expected with above proposals at various 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:

- REACH compliance in PC and PP luggage.
- Development of New Light-weight Trolley.
- Inbuilt oil heating circuit provided for Aluminium moulds.
- Development of Hard+Soft hybrid luggage.

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

- Polycarbonate luggage with improved reliability and aesthetics.
- World Class products offered to consumers at low 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.

- iii) Future plan of action:
- Gloss improvement in chairs through research in material blends.
 - Research on polymeric materials, blends and finishes.
 - Alternate material development of luggage shells.

- iv) Expenditure on R&D:

(Amount ₹ in Crores)

Capital	-
Recurring	2.21
Total	<u>2.21</u>

R & D expenditure as a percentage of total turnover is 0.25%

- b) Technology Absorption, Adaption and Innovation:

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

Technology absorption from:

- Technical Journals.
- Training of personnel on powerful CAD/CAM tools.
- National and International exhibitions / seminars.
- Joint projects with major raw material suppliers to develop innovative technology.
- Training on safety & 'poka yoke' in tools and process to avoid accidents.
- Information from internet

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

- Enhancement of value to customer
- Manufacturing of large moulds in-house of International quality, specific to customer requirements.
- Effective utilization of polymers.
- 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.
- Development of new single stem trolley system.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during the year:

(Amount ₹ in Crores)

Used	235.12
Earned	76.43

By Order of the Board of Directors

DILIP G. PIRAMAL
Chairman

Place : Mumbai
Dated : 15th May, 2013

**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) consisted of ten Directors as on 31st March 2013 out of which eight are Non-executive Directors, seven of which are Independent Directors in terms of Clause 49(I)(A) of the Listing Agreement.

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

During the financial year 2012-13, four Board Meetings were held on the following dates:

1. 2.5.2012
2. 7.8.2012
3. 31.10.2012
4. 7.2.2013

The details of the Directors on the Board of your Company as on 31st March, 2013 are given below:

Name	Category/ Designation	No. of shares held	Attendance Particulars		No. of Outside Director- ships (*)	No. of outside Committee positions held @	
			Board Meetings	Last AGM		Chairman	Member
Mr. Dilip G. Piramal ^	Chairman	3020	4	No	5	-	-
Ms. Radhika Piramal	Managing Director	222000	4	Yes	3	-	-
Mr. A. K. Saha	Director -Works	-	4	Yes	2	-	-

Mr. D. K. Poddar	Independent, Non-Executive Director	-	4	No	7	-	2
Mr. Vivek Nair	Independent, Non-Executive Director	-	-	No	5	-	2
Mr. Vijay Kalantri	Independent, Non-Executive Director	-	3	Yes	14	3	3
Mr. Nirmal Gangwal \$	Independent, Non-Executive Director	-	3	No	5	-	2
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	2	No	5	-	1
Mr. Nabankur Gupta	Independent, Non-Executive Director	1000	3	No	9	2	4
Mr. Rajeev Gupta #	Independent, Non-Executive Director	-	1	NA	5	-	1

NOTE:

- # Mr. Rajeev Gupta was appointed as an Additional Director of your Company with effect from 7th February, 2013.
- ^ Mr. Dilip G. Piramal has been appointed as a whole-time Director of your Company for a period of 5 years with effect from 15th May 2013. He will continue to be designated as Chairman of your Company.
- * 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 chairmanship / membership of Audit Committee and Shareholders' / Investors' Grievances Committee are considered.
- \$ Mr. Nirmal Gangwal, has ceased to be a Director of your Company with effect from 15th May 2013.

Board Procedure

The Board meets at least once in a quarter, interalia, 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, 2013 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, interalia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. RSM Astute Consulting Private Limited (RSM) were the Internal Auditors of your Company for the financial year 2012-13.

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, 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 financially literate as prescribed in the Listing Agreement. Other than Mr. Dilip G. Piramal, Chairman who was appointed as the Whole-time Director with effect from 15th May 2013, all the Committee Members are Non-Executive Directors.

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.

The Audit Committee met four times during the year on 2.5.2012, 7.8.2012, 31.10.2012 and 7.2.2013.

The details of the compositions, 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	4	4
Mr. Dilip G. Piramal	Member	4	4
Mr. Vijay Kalantri	Member	4	3
Mr. G. L. Mirchandani	Member	4	2

Mr. Vijay Kalantri Member of the Committee was present at the 45th Annual General Meeting of your Company held on 14th September, 2012 to answer the shareholders' 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.

In terms of the amended Companies (Cost Accounting Records) Rules, 2011 notified by the Ministry of Corporate Affairs (MCA) vide Notification GSR 429(E) dated 03.06.2011 read with the Order dated 6th November 2012 issued by the Cost Audit Branch of MCA, your Company is required to file with MCA, the Compliance Report certified by the Practicing Cost Accountants every year from the financial year 2011-12 onwards. To comply with the said Rules, M/s. Suraj Lahoti & Associates were appointed as the Cost Accountants for the financial year 2011-12.

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. Other than Mr. Dilip G. Piramal, Chairman who was appointed as the Whole-time Director with effect from 15th May 2013, all the Committee Members are Non-Executive Directors.

Mr. D. K. Poddar, Independent Director is the Chairman of the Committee. No meeting of the Remuneration and Compensation Committee was held during the year under review.

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 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 Section 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 ₹ 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	1,00,000	48,72,000	49,72,000
Mr. Vivek Nair	-	-	-
Mr. Vijay Kalantri	75,000	-	75,000
Mr. D. K. Poddar	1,00,000	-	1,00,000
Mr. G. L. Mirchandani	50,000	-	50,000
Mr. Nirmal Gangwal	60,000	-	60,000
Mr. Nabankur Gupta	60,000	-	60,000
Mr. Rajeev Gupta	20,000	-	20,000

ii) Executive Directors' Remuneration:

a) Managing Director

Ms. Radhika Piramal was re-appointed as the Managing Director of your Company with effect from 13th July, 2012 to 12th July, 2017 (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, 2013

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal	-	1,08,54,588	48,72,000	-	1,57,26,588

*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.

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

Details of remuneration paid to the Whole-time Director for the period from 1st April, 2012 to 31st March, 2013 is as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Ashish K. Saha	-	43,45,060	-	-	43,45,060

*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 Investors' Grievances & Share Transfer Committee include redressing shareholder and investor complaints like non-receipt of transfer and transmission of shares, non receipt of issue 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 investor 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 57,910 investors comprising of shareholders and fixed deposit holders as on 31st March, 2013. During the year under Report, your Company processed 206 share transfers comprising of 97,745 equity shares in the physical form. Your Company received 115 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 week and approves all matters related to shares vis-à-vis transfers, transmissions, dematerialization and re-materialization of shares etc. In case of shares held in physical form, all transfers are completed within the stipulated time from the date of receipt of complete documents.

GENERAL BODY MEETINGS:

Particulars of General Meetings held during last three years:

Annual General Meeting (AGM)	Date	Venue	Time	No. of Special Resolutions Passed
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
45 th AGM(2011-2012)	14 th September, 2012	"NIWEC", Satpur, Nashik – 422 007	11.00 a.m.	-

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

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.

45th Annual General Meeting held on 14th September, 2012

No special resolution was passed.

Postal Ballot

During the year ended 31st March, 2013, no resolution was 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 2012-2013. The details of transactions between your Company and the related parties are given for information under Note No. 30 of the Notes to Accounts to the Balance Sheet as at 31st March, 2013.

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

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 2012-13.

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, Free Press Journal and Navashakti. These are not sent individually to the shareholders.

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 /unclaimed amount of dividend, fixed deposits and interest accrued thereon, lying with the Company upto the last AGM i.e. 14th September, 2012.

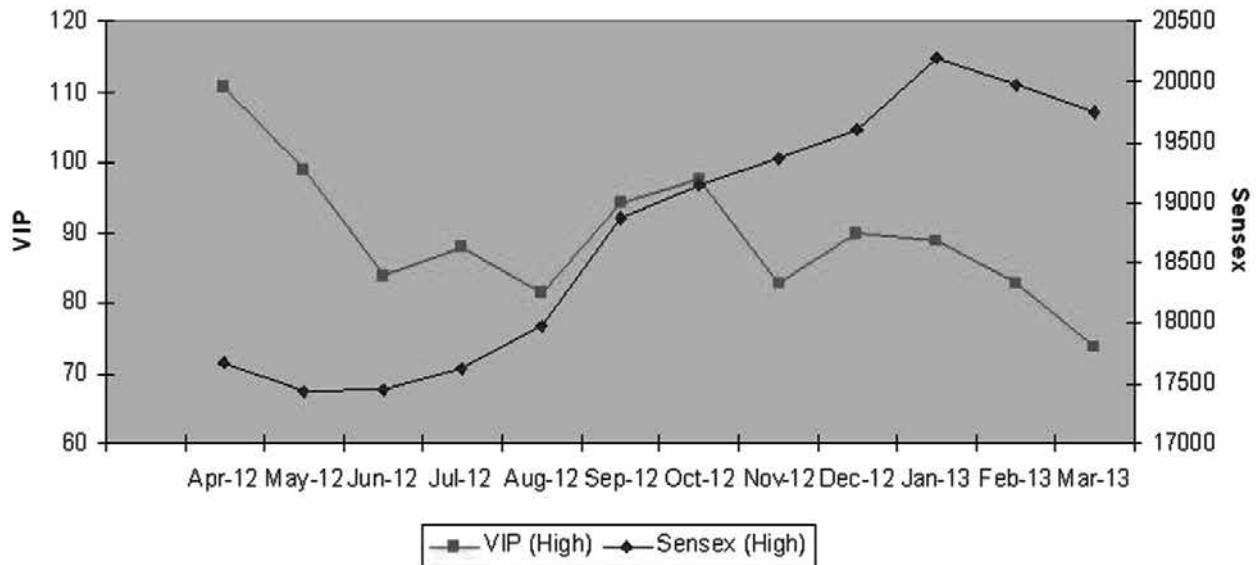
Management Discussion and Analysis Report forms part of the Annual Report

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:
 - Day, Date and Time : Friday, 28th June 2013 at 12.00 noon
 - 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
 3. Second Quarter Results : By 14th November of each year
 4. Third Quarter Results : By 14th February of each year
3. Date of Book Closure : Tuesday, 18th June 2013 to Friday, 28th June 2013 (both days inclusive)
4. Dividend Payment Date (2012-13) : Tuesday, 4th July 2013.
5. Listing on Stock Exchange :
 1. Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.
 2. National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
6. Listing Fees : Listing fees of both the Stock Exchanges for the year 2013 - 14 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:

Period (Year 2012- 13)	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Sensex (High)	High (₹)	Low (₹)	Nifty (High)
April 2012	110.60	94.35	17664.10	110.00	94.10	5378.75
May 2012	99.00	77.35	17432.33	99.00	77.30	5279.60
June 2012	83.95	72.65	17448.48	84.00	74.10	5286.25
July 2012	87.85	68.55	17631.19	87.90	68.45	5348.55
August 2012	81.25	69.40	17972.54	81.25	69.40	5448.60
September 2012	94.20	73.50	18869.94	94.25	73.50	5735.15
October 2012	97.65	81.35	19137.29	99.90	81.25	5815.35
November 2012	82.65	74.20	19372.70	82.50	74.75	5885.25
December 2012	89.80	81.10	19612.18	89.75	81.00	5965.15
January 2013	88.80	80.00	20203.60	88.70	78.50	6111.80
February 2013	82.80	64.30	19966.69	82.75	62.90	6052.95
March 2013	73.80	57.00	19754.66	73.45	54.10	5971.20

Stock Performance - VIP v/s Sensex



9. Distribution Schedule and Shareholding Pattern as on 31st March, 2013.

DISTRIBUTION SCHEDULE			SHAREHOLDING PATTERN		
Category	No. of Shareholders	No. of Shares	Category of Shareholders	No. of Shares	%
Upto 500	46948	8300456	Promoters	73617175	52.09
501- 1000	4709	4045381	Mutual Funds and UTI	991811	0.70
1001 – 2000	3221	5101642	Banks, Financial Institutions, Insurance Companies	211115	0.15
2001 – 3000	1452	3593178	Foreign Institutional Investors	10792523	7.64
3001 – 4000	486	1730075	Bodies Corporate	4978637	3.52
4001 – 5000	343	1593946	Indian Public	48743148	34.50
5001 – 10000	426	3035093	Non Resident Individuals/ Overseas Corporate Bodies	1981906	1.40
10001 and Above	308	113917544	Others – Directors and their Relatives	1000	0.00
TOTAL	57893	141317315	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 (W), Mumbai – 400 078.
Tel. No.: 022 – 25963838,
Fax No.: 022- 25946969

11. Dematerialisation of shares and liquidity

: 95.56% of the paid-up capital of your Company has been dematerialized as on 31st March, 2013. 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 – 422 007.
(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
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 (W), Mumbai-400078.
Tel. No. +91 022- 25963838, Fax No.: +91 022-25946969
ii) The Company Secretary
V.I.P. Industries Limited
5th Floor, DGP House, 88-C,
Old Prabhadevi Road, Mumbai – 400 025
Tel No.+91 022 - 66539000, Fax No.: +91 022 –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. **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
- ii. **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.
- iii. **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, 2013.

For **V.I.P. INDUSTRIES LIMITED**
RADHIKA PIRAMAL
Managing Director

Place : Mumbai
Dated : 15th May, 2013

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 March 31, 2013 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;
- (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 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

Dated : 15th May, 2013

A. INDUSTRY STRUCTURE AND DEVELOPMENT

LUGGAGE

Domestic Markets

Overall the luggage industry in India witnessed positive but slow growth in demand across all price points and all product categories during the year under review.

There was a positive demand in the first quarter of the year under review in spite of a short marriage season. However, during the remaining part of the year, there were challenges in demand due to higher air fares which reduced the growth of air passenger traffic to single digit as compared to around 15% increase in the 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 due to the continuous weakening of rupee against US Dollar. Increase in cost of raw materials including plastic and aluminum and increase in freight costs have further impacted the costs.

Hypermarket channel has shown robust organic growth during the year and has grown far rapidly than other distribution channels. The short haul sub-categories like backpacks, business satchels and duffel trollies 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 declined by around 9%. The decline was mainly in Europe and Asia Pacific. However, your Company continued to achieve growth in Middle East countries by 16%. 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 exploring new business opportunities through private label manufacturing, especially in the fast growing Polycarbonate segment.

Ladies Hand Bags

Your Company has successfully launched Ladies Hand Bags (LHB) under "Caprese" brand in October 2012. The Company tasted success with its first TV advertising campaign and the response was so positive that with just one advertising campaign, "Caprese" has been adjudged as Second highest recalled brand in ladies hand bags segment as per the survey conducted by TNS Global. Caprese has an advantage of strong distribution network of your Company. Caprese is available at more than 425 stores across the country at selected Company run stores, franchisee stores, Departmental Stores (Shoppers Stop, Pantaloon, Lifestyle, Central and Reliance Footprint) and several multi-brand stores. LHB segment has tremendous potential due to absence of any national level brand.

MOULDED FURNITURE

Moderna Furniture business contracted by 5% due to lesser demand during the year under review. 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 Northern, Western and Southern India where it has a major share in Institutions and hire markets.

B. OPPORTUNITIES AND THREATS**LUGGAGE**

With the revival of demand in key channels like CSD, it is expected that your Company will be benefited. Your Company expects domestic luggage market growth to be good in the long run due to better economic growth, good marriage season and increase in air travel passengers.

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 has also launched new related categories like travel accessories, wallets, belts etc. mainly to be sold through its extensive exclusive distribution channels. Your Company has been successful in selling its products through e-commerce, which is emerging as another fast growing distribution channel. The Company is also active on digital media and has around one lac fans on Facebook.

Weak rupee continues to keep pressure on profitability of your Company. Your Company’s market leadership and strong brands enable it to take price increases and share higher cost with consumers.

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 was successful in passing on part increased cost through price increases.

C. SEGMENT / PRODUCT WISE PERFORMANCE**LUGGAGE**

VIP brand continues to dominate the Indian luggage market with maximum share of any single brand. During the year, several new ranges were launched under VIP Brand including “Aerlite” which is lightest ever VIP Luggage. There were several new launches in the business ranges like Forbes and Saffron which were also well received by consumers. Overall various initiatives during the year have helped the brand to retain its leadership position and grow at a healthy rate.

Skybags has done extremely well in the year under review. Skybags brand had several new successful launches. TV campaign of Graffiti Skybags helped to revolutionize polycarbonate luggage category in India. The brand is positioned as stylish modern travel gear, endorsed by bollywood celebrity John Abraham.

Your Company rolled out a new collection of Carlton brand during the year. The brand has been supported with various marketing activities mainly TV ad campaign, Jet airline baggage tags and advertisement in VFS Centres for UK Visa. Your Company also has two Carlton stores in premium locations in Delhi and one in Mumbai which helps showcase the brand in the right ambience.

Other brands portfolio includes Alfa and Aristocrat which have been able to offer value for money offering during the year. New ranges were also introduced in Alfa which are very popular during marriage season.

MOULDED FURNITURE

Focus on institutional business has also helped your Company to achieve better results from this segment. 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 the 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 major luggage brands.

MOULDED FURNITURE

Your Company is confident that it will be able to grow the business 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 consumers. 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. To reduce dependence on China for soft luggage in long run, your Company has taken a strategic decision to set up a soft luggage manufacturing facility in Bangladesh through its wholly owned subsidiary namely VIP Industries Bangladesh Private Limited which is expected to commence production during 3rd quarter of financial year 2013-14. Initially, manufacturing capacity in Bangladesh will be small which may be increased over the next 3 - 5 years.

F. INTERNAL CONTROL SYSTEMS

RSM Astute Consulting Private Limited were appointed as 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.

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.

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, 2013 was at ₹ 876.86 crores (Previous Year ₹ 861.68 crores).

EXPENDITURE:

Your Company continued its focus on cost management initiatives.

PROFIT:

Profit after Tax for the year under review amounted to ₹ 31.52 crores (Previous Year ₹ 67.69 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 like Shopper Stop, Lifestyle, Hyper Stores like 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 onwards 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 2013 was 1656.

To the Members of VIP INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of VIP INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, 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 purpose of our audit;
- (ii) in our opinion proper books of accounts as required by law have been kept by the Company so far as 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 accounts;
- (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement 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 as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Ashish Bairagra
 Partner
 Membership No. 109931

Place: Mumbai
 Date: 15th May, 2013

Annexure referred to in paragraph titled as “Report on other Legal and Regulatory Requirements” of Auditors’ report to the members VIP Industries Limited for the year ended 31st March 2013.

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.
- (viii) The Central Government has prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 and such accounts and records have been made and maintained by the Company. However, no detailed examinations of such records and accounts have been carried out by us.
- (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, Sales Tax ₹ 213,218 and Income Tax of ₹ 116,437.

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:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax/VAT and Entry Tax	7,119,463	Various years from 1992-93 to 2008-09	Assistant Commissioner of Sales Tax
			11,259,804	Various years from 1990-91 to 2007-08	Deputy/Sr. Deputy Commissioner of Sales Tax (Appeals)
			54,431,063	Various years from 1993-94 to 2010-11	Joint/Sr. Joint Commissioner of Sales Tax (Appeals)
			39,931,531	Various years from 1999-2000 to 2002-03	Joint Director of Industries
			21,331,797	Various years from 1983-84 to 2006-07	Sales Tax Tribunal
			10,544,182	Various years from 1999-2000 to 2004-05	Honourable High Court
2.	Income Tax Act, 1961	Income Tax	2,733,418	2005-2006	Commissioner of Income Tax (Appeals)
			1,405,783	2004-2005 and 2005-06	Honourable High Court

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2013. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2013 and in the immediately preceding financial year ended March 31, 2012.
- (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, 2013.

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

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 15th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	28.26	28.26
(b) Reserves & Surplus	2	229.26	214.32
		257.52	242.58
(2) Non Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	0.70	1.83
(b) Other Long Term Liabilities	4	0.38	0.57
(c) Long Term Provisions	5	2.15	1.87
		3.23	4.27
(3) Current Liabilities			
(a) Short Term Borrowings	6	41.50	84.15
(b) Trade Payables	7	73.82	65.76
(c) Other Current Liabilities	8	17.68	18.23
(d) Short Term Provisions	9	19.28	17.27
TOTAL		152.28	185.41
		413.03	432.26
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		76.14	80.51
(ii) Intangible Assets		1.49	2.37
(iii) Capital Work - in - Progress		0.79	0.76
		78.42	83.64
(b) Non Current Investments	11	3.55	0.36
(c) Long Term Loans and Advances	12	29.09	28.05
		32.64	28.41
(2) Current Assets			
(a) Inventories	13	145.24	144.12
(b) Trade Receivables	14	104.10	124.65
(c) Cash & Bank Balances	15	13.42	18.24
(d) Short Term Loans and Advances	16	26.78	23.43
(e) Other Current Assets	17	12.43	9.77
TOTAL		301.97	320.21
		413.03	432.26
Contingent Liabilities and Commitments	18		
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS 1 to 48			
The notes referred above form an integral part of the Balance sheet.			

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 15th May, 2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the Year ended 31st March, 2013	(₹ in Crores) For the Year ended 31st March, 2012
INCOME:			
Revenue from Operations	19	875.03	860.22
Other Income	20	1.83	1.46
Total Revenue		876.86	861.68
EXPENSES:			
Cost of Materials Consumed	21	149.43	167.40
Purchases of Stock - in - Trade	22	293.49	274.06
Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - Trade	23	2.37	(27.47)
Employee Benefit Expenses	24	84.74	81.64
Finance Costs	25	5.14	6.94
Depreciation & Amortization Expenses	10	19.80	17.29
Other Expenses	26	276.53	245.86
Total Expenses		831.50	765.72
Profit before tax		45.36	95.96
<u>Less : Tax expenses</u>			
(1) Current tax		14.90	19.38
(2) Deferred tax		(1.12)	8.88
(3) Income Tax for earlier years		0.06	0.01
		13.84	28.27
Profit for the year		31.52	67.69
Earning per equity share (EPS) of face value of ₹ 2 each :	27		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		2.23	4.79
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		2.23	4.79

**SIGNIFICANT ACCOUNTING POLICIES &
NOTES FORMING PART OF 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.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 15th May, 2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For the Year ended 31 st March, 2013	(₹ in Crores) For the Year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & Extraordinary item	45.36	95.96
Adjusted for:		
Depreciation/ Amortisation	19.80	17.29
Dividend Received	(0.13)	(0.04)
Interest Expense	2.07	3.32
Interest Income	(0.83)	(0.64)
(Gain) /Loss on Exchange Rate Fluctuation	0.02	0.74
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence (Net)	<u>0.37</u>	<u>0.55</u>
	<u>21.25</u>	<u>21.17</u>
Operating profit before working capital changes	66.61	117.13
Adjusted for :		
Trade and Other Receivables	8.63	16.03
Inventories	(1.12)	(25.15)
Trade and Other Payables	<u>8.31</u>	<u>4.05</u>
	<u>15.82</u>	<u>(5.07)</u>
Cash Generated from Operations	82.43	112.06
Direct Taxes Paid (Net of refund received)	<u>(8.82)</u>	<u>(28.21)</u>
NET CASH FROM OPERATING ACTIVITIES	73.61	83.85
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(13.34)	(20.57)
Intercompany deposits (given) /Received back	0.00	(1.00)
Investments in Subsidiary	(3.19)	0.00
Sale of Fixed Assets	0.46	0.58
Interest Received	0.89	0.49
Dividend Received	<u>0.13</u>	<u>0.04</u>
NET CASH USED IN INVESTING ACTIVITIES	(15.05)	(20.46)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For the Year ended 31 st March, 2013	(₹ in Crores) For the Year ended 31 st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(2.34)	(3.17)
Proceeds / (Repayments) from / of Borrowings (net)	(42.88)	(19.57)
Dividend paid (inclusive of Dividend Distribution Tax)	(16.30)	(32.45)
NET CASH USED IN FINANCING ACTIVITIES	(61.52)	(55.19)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	(2.96)	8.20
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	13.36	5.16
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	10.40	13.36
	(2.96)	8.20

Notes:

(1) Cash and Cash Equivalents include :

Cash and Cheques on Hand	0.59	0.58
Balances with Scheduled Banks in :		
*Current Accounts	5.00	8.85
Remittance in Transit	4.81	3.93
Total	10.40	13.36

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

(2) Interest received includes interest received on account of income tax refund of ₹ 0.49 Crores (Previous year ₹ 0.09 Crores) which has been considered from operational activities of the company.

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

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 15th May,2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May,2013

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
1 SHARE CAPITAL		
<u>Authorised Share Capital</u>		
246,500,000 Equity shares of ₹ 2/- each (Previous Year 246,500,000 Equity shares of ₹ 2/- each)	49.30	49.30
1000 9% Redeemable Cumulative Preference shares of ₹1000/- each (Previous Year 1000 Preference shares of ₹1000/- each)	0.10 <u>49.40</u>	0.10 <u>49.40</u>
<u>Issued, Subscribed and Fully Paid Up</u>		
141,317,315 Equity shares of ₹ 2/- each (Previous year 141,317,315 Equity shares of ₹ 2/- each)	28.26	28.26
Total Issued, Subscribed and Fully paid Up Share Capital	<u>28.26</u>	<u>28.26</u>

Note No.1.1: The reconciliation of the number of Equity shares outstanding at the beginning and at the end of reporting period 31st March, 2013:

Number of Equity shares at the beginning of the year	141,317,315	28,263,463*
Number of Equity shares at the end of the year	141,317,315	141,317,315

*During the previous 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 141,317,315 equity shares of par value 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 dividend of ₹1 (Previous Year ₹ 1.60) per share has been proposed to be distributed to Equity shareholders for the year ended 31st March, 2013. The total amount of dividend shall be ₹14.13 Crores and Dividend Distribution Tax ₹2.40 Crores

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

Name of the shareholders	As at 31 st March, 2013		As at 31 st March, 2012	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,156,765	25.59%
Vibhuti Investments Co. Ltd.	21,783,300	15.41%	21,783,300	15.41%
Jhunjhunwala Rakesh Radheshyam	10,077,500	7.13%	9,087,500	6.43%

		As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
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		1.14	1.19
Less : Transferred to Statement of Profit & Loss		0.05	0.05
At the end of the year	(D)	1.09	1.14
<u>General Reserve</u>			
At the beginning of the year		143.24	101.83
Add: Transferred from surplus		14.99	41.41
At the end of the year	(E)	158.23	143.24
<u>Surplus</u>			
At the beginning of the year		36.11	36.11
Add: Net profit after tax transferred from Statement of Profit & Loss		31.52	67.69
Amount available for appropriation		67.63	103.80
Less : Appropriations			
Interim Dividend		-	8.48
Final Dividend		14.13	14.13
Dividend Distribution Tax		2.40	3.67
Amount transferred to general reserve		14.99	41.41
At the end of the year	(F)	36.11	36.11
Total Reserves & Surplus	(A+B+C+D+E+F)	229.26	214.32
3 DEFERRED TAX LIABILITIES (NET)			
<u>Deferred Tax Liabilities</u>			
On account of difference in depreciation as per books and income tax		1.85	3.18
	(A)	1.85	3.18
<u>Deferred Tax Assets</u>			
On account of Expenses allowable under income tax on payment basis		0.80	0.72
On account of Voluntary Retirement Scheme		-	0.44
On account of Allowance for Bad & Doubtful Debts		0.35	0.19
	(B)	1.15	1.35
Net Deferred Tax Liabilities	(A-B)	0.70	1.83
4 OTHER LONG TERM LIABILITIES			
<u>Others</u>			
Deposits		0.35	0.54
Retention Money		0.03	0.03
		0.38	0.57

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
5 LONG TERM PROVISIONS		
<u>Provisions for Employee Benefits</u>		
Leave Encashment (Refer Note No. 31)	1.51	1.42
Others		
Provision for Warranty (Refer Note No. 38)	<u>0.64</u>	<u>0.45</u>
	<u>2.15</u>	<u>1.87</u>
6 SHORT TERM BORROWINGS		
<u>Cash Credit and Demand loan from Banks</u>		
Secured (Refer Note No. 6.1)	1.10	14.20
Unsecured	-	0.02
<u>Other Loans and Advances</u>		
Secured (Refer Note No. 6.1)	-	13.81
Unsecured	<u>40.40</u>	<u>56.12</u>
	<u>41.50</u>	<u>84.15</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.		
7 TRADE PAYABLES		
Sundry Creditors for Goods (Refer Note No. 7.1)	45.70	40.61
Sundry Creditors for Expenses (Refer Note No. 7.1)	<u>28.12</u>	<u>25.15</u>
	<u>73.82</u>	<u>65.76</u>
Note No. 7.1		
The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act, have not been given. The same has been relied upon by the Auditors.		
8 OTHER CURRENT LIABILITIES		
Interest Accrued but not due on Borrowings	0.08	0.35
Unclaimed Dividends	1.57	1.44
Unclaimed Matured Deposit and Interest Accrued thereon	0.09	0.12
<u>Other Liabilities</u>		
Sundry Creditors For Capital Goods	0.11	0.13
Advances from Customers	2.49	2.90
Statutory Liabilities	6.33	5.87
Others	<u>7.01</u>	<u>7.42</u>
	<u>17.68</u>	<u>18.23</u>
9 SHORT TERM PROVISIONS		
<u>Provision for Employee Benefits</u>		
For Leave Encashment (Refer Note No. 31)	0.29	0.09
<u>Other Provisions</u>		
Provision For Income Tax (Net of Advance Tax ₹ 37.65 Crores (Previous Year ₹ 1.45 Crores))	2.14	0.53
Proposed Dividend	14.13	14.13
Dividend Distribution Tax	2.40	2.29
Provision for Warranty (Refer Note No. 38)	<u>0.32</u>	<u>0.23</u>
	<u>19.28</u>	<u>17.27</u>

10. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				(₹ in Crores) NET BLOCK	
	As at 31 st March, 2012	Additions	Deductions / Adjustments	As at 31 st March, 2013	As at 31 st March, 2012	For the year	Deductions/ Adjustments	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Freehold Land	0.03	-	-	0.03	-	-	-	-	0.03	0.03
Leasehold Land	4.43	1.63	-	6.06	-	-	-	-	6.06	4.43
Buildings (Refer Note No. 10.1 & 28)	40.36	0.38	-	40.74	14.78	1.28	-	16.06	24.68	25.58
Plant and Machinery (Refer Note No. 10.2)	90.90	0.91	0.07	91.74	75.04	3.53	0.06	78.51	13.23	15.86
Moulds and Dies	78.69	4.86	-	83.55	61.63	9.06	-	70.69	12.86	17.06
Furniture & Fixtures	29.69	4.08	-	33.77	19.00	3.43	-	22.43	11.34	10.69
Office Equipments	1.92	0.19	-	2.11	0.76	0.09	-	0.85	1.26	1.16
Data Processing Machines	14.26	1.33	0.01	15.58	12.74	0.74	0.01	13.47	2.11	1.52
Vehicles	5.86	1.75	1.44	6.17	1.68	0.54	0.62	1.60	4.57	4.18
Total Tangible Assets	266.14	15.13	1.52	279.75	185.63	18.67	0.69	203.61	76.14	80.51
Tangible Assets (Previous Year)	(247.22)	(20.48)	(1.56)	(266.14)	(169.83)	(16.22)	(0.42)	(185.63)	(80.51)	-
Intangible Assets:										
Patents and Trademarks	9.08	-	-	9.08	7.57	0.70	-	8.27	0.81	1.50
Computer Software	4.94	0.24	-	5.18	4.07	0.43	-	4.50	0.68	0.87
Total Intangible Assets	14.02	0.24	-	14.26	11.64	1.13	-	12.77	1.49	2.37
Intangible Assets (Previous Year)	(13.37)	(0.65)	-	(14.02)	(10.58)	(1.07)	-	(11.65)	(2.37)	-
Capital Work- in- Progress	-	-	-	-	-	-	-	-	0.79	0.76

Note No 10.1: Building

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

11 NON CURRENT INVESTMENTS

			(₹ in Crores)	
	Face Value per Unit ₹	Number of Units	As at 31 st March, 2013	As at 31 st March, 2012
Non Trade Investments (at cost)				
Quoted				
In Equity Instruments				
Windsor Machines Limited.	2	4,560,760	16.37	16.37
(4,560,760 Equity shares, ₹ 2/- each fully paid up, Previous year 4,560,760 Equity shares, ₹ 2/- each fully paid up.)				
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 ₹ 4.74 Crores (previous year ₹ 7.31 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 Companies</u>				
Carlton Travel Goods Ltd. (Face Value of GBP 1) (Refer Note No. 45)	-	200,000	1.66	1.66
Blow Plast Retail Ltd.	10	50,000	0.05	0.05
VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)		4,640,049	3.19	-
<u>Investments in Joint Venture</u>				
VIP Nitol Industries Limited. (Face Value of BDT 1,000) (Refer Note No. 44)	-	25,003	2.12	2.12
b) Others				
Taluka Audyogik Sahakari Vasahat Maryadit, Sinnar	100	10	-	-
Total Value of Unquoted Investments			<u>7.02</u>	<u>3.83</u>
Total of Long Term Investments			23.39	20.20
Less : Provision for Diminution in the value of Investment			19.84	19.84
Net Value of Investments			<u>3.55</u>	<u>0.36</u>

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
12 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	1.64	3.71
Deposits	19.03	15.61
Other loans & Advances		
Advance Recoverable in Cash or in kind or for value to be received	0.69	0.69
Sales Tax Advance/Refund	5.11	2.48
Inter Corporate Deposits	1.17	1.17
Advance Tax (Net of Provision for Taxation ₹ 19.59 Crores (Previous Year ₹ 53.76 Crores))	1.45	4.39
	29.09	28.05
13 INVENTORIES		
Raw Materials (Refer Note No 13.1)	15.77	12.31
Work-in-Progress	5.66	6.71
Finished Goods (Refer Note No 13.1)	37.66	33.51
Stock-in-Trade (Refer Note No 13.1)	84.39	89.85
Stores & Spares, Packing Material and others	1.76	1.74
	145.24	144.12
Note 13.1 : Goods in Transit		
Raw Materials inventory includes Goods-in transit ₹ 0.06 Crores (Previous year ₹ 0.07 Crores)		
Finished Goods inventory includes Goods-in transit ₹ 0.04 Crores (Previous year ₹ 0.02 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 4.56 Crores (Previous year ₹ 14.56 Crores)		
14 TRADE RECEIVABLES		
(Unsecured)		
<u>Outstanding For More Than Six Months</u>		
Considered Good	6.85	6.05
Considered Doubtful	1.05	0.60
<u>Others</u>		
Considered Good	97.25	118.60
Less : Provision for Bad & Doubtful Debts	1.05	0.60
	104.10	124.65
15 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
<u>Balances With Banks in:</u>		
Current Accounts	5.00	8.85
Remittance in Transit	4.81	3.93
Cash on Hand	0.59	0.58
	(A) 10.40	13.36
Other Bank Balances :		
Unclaimed dividend Accounts (Refer Note No. 15.1)	1.57	1.45
Unclaimed Matured Deposits (Refer Note No. 15.1)	0.09	0.22
Margin Money Account (Refer Note No. 15.2)	1.36	3.21
	(B) 3.02	4.88
	(A+B) 13.42	18.24

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
Note No. 15.1		
The Balances can be utilized only towards settlement of the unclaimed dividend/unclaimed matured deposits.		
Note No. 15.2		
Margin money deposits amounting to ₹ 1.36 Crores (Previous Year ₹ 3.21 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
16 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Advance to Subsidiary (VIP Industries Bangladesh Pvt. Ltd.)	0.25	-
Deposits	1.27	1.44
<u>Others</u>		
Advance Recoverable in Cash or in kind or for value to be received	2.11	2.04
Advances to Employees	0.45	0.38
Advance to Suppliers	12.37	8.41
Balance with Statutory Authorities	5.35	4.57
Advance Income Tax (Net of Provision ₹ 19.42 Crores (Previous Year ₹ 7.75 Crores))	4.98	6.59
	26.78	23.43
17 OTHER CURRENT ASSETS		
Interest accrued on deposits	0.43	0.49
Export Incentive Receivable	1.77	1.94
<u>Others:</u>		
Octroi Receivable	0.02	0.02
SAD Refund Receivable	10.18	7.29
Other Miscellaneous Receivables	0.03	0.03
	12.43	9.77
18 a) CONTIGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.13	0.04
2) Disputed Income Tax Liability	4.08	2.25
3) Disputed Sales Tax Liability	16.53	15.26
4) Bonds issued under EPCG scheme	4.09	3.83
5) Disputed Excise duty liability	0.47	0.74
6) Disputed Employees state insurance corporation.	0.08	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	0.27	0.53

	For the Year ended 31 st March, 2013	(₹ in Crores) For the Year ended 31 st March, 2012
19 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 19.1)	887.80	868.44
Income from Services (Refer Note No. 19.2)	1.49	3.23
<u>Other Operating Revenues</u>		
Sale of Scrap	0.64	0.75
Export Incentive	1.54	1.97
Less: Excise Duty	16.44	14.17
	875.03	860.22
Note No 19.1: Sale of Products:		
Soft Luggage	586.46	530.15
Hard Luggage	266.64	302.00
Furniture	34.66	36.11
Others	0.04	0.18
	887.80	868.44
Note No 19.2: Income from Services:		
Job Work	1.49	3.23
	1.49	3.23
20 OTHER INCOME		
Interest Income (Refer Note No. 20.1)	0.83	0.64
Dividend from Current Investment	0.13	0.04
<u>Other Non Operating Income</u>		
Miscellaneous Income (Rent, Royalty etc.)	0.87	0.78
	1.83	1.46
Note No. 20.1: Break-up of Interest received		
Interest Income on Deposits with Banks	0.20	0.29
Interest Income on Income Tax refund	0.49	0.09
Interest Income on Inter Corporate Deposits	0.11	0.10
Interest Income on Others	0.03	0.16
	0.83	0.64
21 COST OF MATERIALS CONSUMED		
Cost of Materials Consumed (Refer Note No.21.1 & Note No. 33)	149.43	167.40
Note No. 21.1: Cost of Materials Consumed		
High Density Polyethylene (HDPE)	2.94	3.32
Aluminium Sections	11.07	15.28
Polypropylene	44.85	50.80
Components & Other Materials	90.57	98.00
	149.43	167.40

	For the Year ended 31 st March, 2013	(₹ in Crores) For the Year ended 31 st March, 2012
22 PURCHASES OF STOCK IN TRADE		
Soft Luggage	293.49	274.06
	<u>293.49</u>	<u>274.06</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Finished Goods		
Opening Stock	33.51	31.33
Closing Stock	<u>37.66</u>	<u>33.51</u>
	(4.15)	(2.18)
Work-in-Progress		
Opening Stock	6.73	6.28
Closing Stock	<u>5.67</u>	<u>6.73</u>
	1.06	(0.45)
Stock-in-Trade		
Opening Stock	89.85	65.01
Closing Stock	<u>84.39</u>	<u>89.85</u>
	5.46	(24.84)
	<u>2.37</u>	<u>(27.47)</u>
24 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	75.83	70.23
Contribution to Provident Fund & Other Funds	5.08	7.28
Staff Welfare Expenses	3.83	4.13
	<u>84.74</u>	<u>81.64</u>
25 FINANCE COSTS		
Interest Expense (Refer Note No. 25.1)	2.07	3.32
Other Borrowing Costs	0.26	0.71
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	2.81	2.91
	<u>5.14</u>	<u>6.94</u>
Note No. 25.1: Break-up of Interest Expense		
Interest Expense on Bank Borrowings	1.98	3.29
Interest Expense on Others	0.09	0.03
	<u>2.07</u>	<u>3.32</u>

	For the Year ended 31 st March, 2013		(₹ in Crores) For the Year ended 31 st March, 2012	
26 OTHER EXPENSES				
Consumption of Stores and Spare parts (Refer Note No. 34)		1.56		2.17
Power & Fuel		13.44		12.17
Rent		35.82		26.66
<u>Repairs</u>				
for Buildings	0.28		0.09	
for Machinery	0.33		0.94	
for Others	<u>4.64</u>	5.25	<u>3.65</u>	4.68
Insurance		0.18		0.34
Rates and Taxes (includes Wealth Tax ₹ 0.05 Crores (Previous Year ₹ 0.05 Crores))		2.67		1.50
Payment to Auditor (Refer Note No. 26.1)		0.24		0.25
Freight, Handling and Octroi		44.30		40.70
Discounts & Rebates		73.63		66.12
Commission on Sales		1.04		0.99
Advertisement and Brand Marketing		44.10		44.64
Travelling & Conveyance		12.68		12.51
Legal & Professional Fees		2.11		3.38
Communication Cost		3.69		3.43
Bank Charges & Commission		2.20		2.05
Human Resource Procurement		19.31		12.08
Directors' Fees		0.05		0.05
Bad & Doubtful Debts		0.73		-
Bad Debts written off during the year	0.29		27.06	
Less :- Provision for Bad & Doubtful Debts	<u>0.29</u>	-	<u>27.06</u>	-
Net Loss on Foreign Currency Transactions		1.70		0.70
Loss on Sale of Fixed Assets (Net)		0.37		0.56
Miscellaneous Expenses		11.46		10.88
		<u>276.53</u>		<u>245.86</u>

Note No. 26.1 : Payment to Statutory Auditor

Audit Fees (including Limited Review)	0.12		0.12	
Tax Audit Fees	0.02		0.02	
Certification & other services	0.05		0.07	
Income Tax Representation	0.03		0.03	
Towards Service Tax	<u>0.02</u>	0.24	<u>0.02</u>	0.26

	For the Year ended 31 st March, 2013	(₹ in Crores) For the Year ended 31 st March, 2012
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 before taxation and extraordinary items	45.36	95.96
Less : Provision for taxation (net of extra-ordinary items)	15.30	20.24
Less : Deferred tax (net of extra-ordinary items)	(1.57)	8.02
Less : Income Tax of earlier year	0.06	0.01
Profit attributable to the shareholders	31.57	67.69
Basic/Weighted average number of Equity Shares outstanding during the year	141,317,315	141,317,315
Face value of Equity Share (₹)	2.00	2.00
Basic/Diluted Earnings per share (₹)	2.23	4.79

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

Profit attributable to the shareholders	31.52	67.69
Basic/Weighted average number of Equity Shares outstanding during the year	141,317,315	141,317,315
Face value of Equity Share (₹)	2.00	2.00
Basic/Diluted Earnings per share (₹)	2.23	4.79

28 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 licence basis). The aggregate lease rentals of ₹ **35.82 Crores** (previous year ₹ 26.66 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 ₹ **0.54 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 leave and licence are as under:

	(₹ in Crores)	
	2012-2013	2011-2012
Gross Block	1.21	1.21
Accumulated Depreciation	0.31	0.29
Written down value	0.90	0.92
Depreciation for the year	0.02	0.02

29 SEGMENT REPORTING:**Segment Information for the year ended 31st March, 2013**

The Company has three primary business segments, viz i. Luggage & Accessories ii. Furniture and iii Ladies Handbag. Since the segment revenue, segment result and segment assets of the segment 'Furniture' and 'Ladies Handbag' are less than 10% of the respective totals, the same are considered insignificant 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**(₹ in Crores)**

	2012 - 13			2011 - 12		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	799.73	77.14	876.87	777.05	84.63	861.68
Segment Assets	382.02	32.15	414.17	386.40	47.21	433.61
Capital Expenditure	13.06	2.31	15.37	12.57	8.56	21.13

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.

30 RELATED PARTY DISCLOSURES:**A) Name of the related parties and description of relationship****Name of Related Parties****Nature of Relationship****Parties where control exists:**

Carlton Travel Goods Ltd.

Wholly owned Subsidiary Company (Dissolved on 06.12.2011)

Blow Plast Retail Ltd.

Wholly owned Subsidiary Company

VIP Industries Bangladesh Pvt Ltd.

Wholly owned Subsidiary Company (W.e.f. 05.04.2012)

VIP Nitol Industries Ltd.

Joint Venture

Key Management Personnel:

Mr Dilip G. Piramal

Chairman

Ms. Radhika Piramal

Managing Director

Mr. Premanand Thangavelu

Director Works (Till 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.

Name of Related Parties	Nature of Transactions during the year	(₹ in Crores)	
		2012-2013	2011-2012
1. Carlton Travel Goods Ltd.	Bad Debts written off	-	27.01
2. VIP Industries Bangladesh Pvt Ltd.	Equity Contribution	3.19	-
	Advance to subsidiary	0.22	-
3. Mr Dilip G. Piramal	Commission	0.49	0.73
4. Ms. Radhika Piramal	Remuneration Paid	1.09	1.09
	Commission	0.49	0.73
5. Mr. Premanand Thangavelu	Remuneration Paid	-	0.48
6. Mr. Ashish Saha	Remuneration Paid	0.43	0.05

C) Balance at the year end.

Name of Related Parties	Particulars	(₹ in Crores)	
		As at 31 st March, 2013	As at 31 st March, 2012
1. VIP Industries Bangladesh Pvt Ltd	Advances Receivables	0.25	-
2. Mr Dilip G. Piramal	Commission payable	0.49	0.73
3. Ms. Radhika Piramal	Commission payable	0.49	0.73

Note : Related party relationships are as identified by the company and relied upon by the Auditors.

31 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)	
	2012-13	2011-12
Employer's Contribution to Provident Fund	3.33	3.33

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, 2013.

	(₹ in Crores)			
	2012-13 Gratuity	2012-13 Leave Encashment	2011-12 Gratuity	2011-12 Leave Encashment
	(Funded plan)	(Non-funded plan)	(Funded plan)	(Non-funded plan)
Discount Rate	8.15%	8.15%	8.5%	8.5%
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	18.31	1.51	17.50	1.78
Interest Cost	1.45	0.11	1.29	0.12
Service Cost	1.55	0.59	1.02	0.68
Benefits paid	(2.57)	(0.45)	(2.87)	(0.64)
Actuarial (gain) / loss on obligations	(0.25)	0.05	1.37	(0.43)
Projected Benefit Obligations at the end of the year	18.49	1.81	18.31	1.51
(iii) Changes in Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	18.42	-	14.63	-
Adjustment to opening Fair value of Plan Assets	-	-	2.87	-
Expected Return on Plan Assets	1.65	-	1.65	-
Contributions	1.12	0.45	3.27	0.64
Benefits paid	(2.57)	(0.45)	(2.87)	(0.64)
Gain / (loss) on Plan Assets	0.13	-	(1.13)	-
Fair value of Plan Assets at the end of the year	18.75	-	18.42	-
(iv) Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	18.42	-	14.63	-
Adjustment to opening Fair value of Plan Assets	-	-	2.87	-
Actual return on Plan Assets	1.78	-	0.52	-
Contributions	1.12	0.45	3.27	0.64
Benefits paid	(2.57)	(0.45)	(2.87)	(0.64)
Fair value of Plan Assets at the end of the year	18.75	-	18.42	-
Funded Status	0.25	(1.81)	0.11	(1.51)
Excess of actual over expected return on Plan Assets	0.13	-	(1.13)	-
(v) Actuarial gain/loss recognised :				
Actuarial gain/(loss) for the year - Obligation	0.25	(0.05)	(1.37)	0.43
Actuarial gain/(loss) for the year - Plan Assets	0.13	-	(1.13)	-
Total Gain/(loss) for the period	0.38	(0.05)	(2.50)	0.43
Actuarial gain/(loss) recognised for the period	0.38	(0.05)	(2.50)	0.43
Unrecognised Actuarial Gain/(Loss)	0.00	-	0.00	0.00

	2012-13 Gratuity (Funded plan)	2012-13 Leave Encashment (Non-funded plan)	2011-12 Gratuity (Funded plan)	(₹ in Crores) 2011-12 Leave Encashment (Non-funded plan)
(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	18.50	1.81	18.31	1.51
Fair value of plan assets as at the end of the year	18.75	-	18.42	-
Funded status	0.25	(1.81)	0.11	(1.51)
Unrecognised Actuarial Gain/(Loss)	-	-	0.00	0.00
Net Asset /(liability) recognized in balance sheet	0.25	(1.81)	0.11	(1.51)
(vii) Expenses Recognised in statement of Profit & Loss				
Current Service Cost	1.55	0.59	1.02	0.68
Interest Cost	1.45	0.11	1.29	0.12
Expected return on Plan Assets	(1.65)	-	(1.65)	-
Net Actuarial (gain) / loss recognised in the year	(0.38)	0.05	2.50	(0.43)
Expenses recognised in the statement of Profit & Loss	0.97	0.75	3.16	0.37
(viii) Movements in the liability recognised in the Balance Sheet				
Opening Net liability	(0.11)	1.51	2.87	1.78
Adjustment to opening Fair value of Plan Assets	-	-	(2.87)	-
Expense as above	0.97	0.75	3.16	0.37
Contributions	(1.12)	(0.45)	(3.27)	(0.64)
Closing Net liability	(0.25)	1.81	(0.11)	1.51
(ix) Experience Analysis - Liabilities				
Actuarial (Gain)/Loss due to change in bases	0.34	0.02	(0.83)	(0.03)
Experience (Gain) / Loss due to Change in Experience	(0.59)	0.03	2.20	(0.40)
Total	(0.25)	0.05	1.37	(0.43)
Experience Analysis - Plan Assets				
Experience (Gain) / Loss due to Change in Plan Assets	(0.13)	-	1.13	-
Current Liability	-	0.29	-	0.09
Non-Current Liability	-	1.51	-	1.42

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

	(₹ in Crores)	
	2012-13	2011-12
a) Raw Material	6.01	10.17
b) Capital Goods	-	0.14
c) Stores & Spares	0.02	0.11
	<u>6.03</u>	<u>10.42</u>

33 IMPORTED AND INDIGENOUS RAW-MATERIALS AND COMPONENTS CONSUMED :

		2012-2013		2011-2012	
		%	Value	%	Value
Raw Materials					
	Imported*	4%	2.14	13%	9.26
	Indigenous	96%	56.72	87%	60.13
	Subtotal (A)	100%	<u>58.86</u>	100%	<u>69.39</u>
Components and other Raw Materials					
	Imported*	4%	4.02	3%	3.12
	Indigenous	96%	86.55	97%	94.89
	Subtotal (B)	100%	<u>90.57</u>	100%	<u>98.01</u>
	TOTAL (A)+(B)		<u>149.43</u>		<u>167.40</u>

* Excludes imported items purchased locally

34 IMPORTED AND INDIGENOUS STORES & SPARES CONSUMED:

		2012-2013		2011-2012	
		%	Value	%	Value
	Imported *	1%	0.02	5%	0.11
	Indigenous	99%	1.54	95%	2.06
		100%	<u>1.56</u>	100%	<u>2.17</u>

* Excludes imported items purchased locally

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

	2012-2013	2011-2012
a) Final Dividend :		
i) No. of non-resident shareholders (Numbers)	449	458
ii) No. of shares held by the shareholders (Numbers)	247,910	48,663
iii) Amount remitted (₹ in Crores)	0.02	0.03
iv) Year to which pertains	2011-12	2010-11
b) Interim Dividend :		
i) No. of non-resident shareholders (Numbers)	-	455
ii) No. of shares held by the shareholders (Numbers)	-	250000
iii) Amount remitted (₹ in Crores)	-	0.02
iv) Year to which pertains	-	2011-12

36 EXPENDITURE IN FOREIGN CURRENCY:

	2012-2013	2011-2012
Travelling	2.17	2.09
Interest	0.97	1.13
Commission	2.76	2.99
Capital assets	2.31	10.53
Import of goods	202.34	188.17
Payable on other accounts	18.54	17.45
	<u>229.09</u>	<u>222.36</u>

37 EARNINGS IN FOREIGN CURRENCY :

	2012-2013	2011-2012
FOB value of exports	75.15	82.87
Freight reimbursement	1.28	1.58
	<u>76.43</u>	<u>84.45</u>

38 DISCLOSURE RELATING TO WARRANTY PROVISIONS :

The movement in the following provisions is summarised as under :

	2012-2013	2011-2012
Opening	0.67	0.63
Additions	0.46	0.28
Utilisation/reversal	0.17	0.24
Closing Balance	<u>0.96</u>	<u>0.67</u>

Notes:

a) The Closing Balance includes ₹ 0.32 Crores as Short Term and ₹ 0.64 Crores as Long Term in Current year (Previous year ₹ 0.22 Crores as short Term and ₹ 0.45 Crores as Long Term)

b) A Provision has been recognised for the expected Warranty Claims on Product Sold based on past experience. It is expected that the majority of this expenditure will be incurred in the next 2-3 Years.

39 RESEARCH & DEVELOPMENT EXPENDITURE:

	2012-2013	2011-2012
Revenue Expenditure included in Employee Benefits	1.52	1.76
Revenue Expenditure included in other expenses	0.69	0.51
Closing Balance	<u>2.21</u>	<u>2.27</u>

40 DERIVATIVES :-

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

Buy or Sell	As on 31.03.2013		As on 31.03.2012		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ Crores	Amount in Foreign Currency	
BUY	0.99	182,652	NIL	NIL	USD

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

Particulars	As on 31.03.2013		As on 31.03.2012		Foreign Currency
	₹ Crores	Amount in Foreign Currency	₹ Crores	Amount in Foreign Currency	
a) Receivables :-					
	0.17	24,445	0.30	44,430	EUR
	11.13	2,050,107	18.51	3,638,855	USD
	0.15	218,820	0.25	378,222	HKD
	0.04	30,189	0.07	53,148	AED
	0.07	8,350	0.16	19,276	GBP
b) Payables :-					
	0.09	12,435	1.05	154,334	EUR
	0.30	205,468	0.19	139,038	AED
	43.47	8,004,782	72.96	14,342,256	USD
	0.14	195,128	0.05	73,816	HKD
	-	-	0.02	5,564	SGD
	0.00	174	-	-	GBP

41 CORPORATE INFORMATION

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

42 STATEMENT OF SIGNIFANT ACCOUNTING POLICIES AND PRACTICES:

A) BASIS OF ACCOUNTING:

The Financial Statements have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the mandatory accounting standards and the relevant provisions of the Companies Act, 1956.

B) USE OF ESTIMATES :

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

C) REVENUE RECOGNITION :

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

D) OTHER INCOME:

Interest Income is accounted on accrual basis. Dividend Income is accounted for as and when received.

E) 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.

F) 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.

G) EMPLOYEE BENEFITS:

- (i) Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Contribution payable to the recommended Provident Fund is charged to Statement of Profit and Loss.
- (iii) Liabilities in respect 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.

H) 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 are 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.

I) 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.

J) EXPORT BENEFITS:

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

K) GOVERNMENT GRANTS & SUBSIDY:

The Government Grants are treated as deferred income. The deferred income is recognised in the Statement of profit and loss on systematic and rational basis.

L) BORROWING COST :

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

M) 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.

N) LEASE :

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

O) 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 a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

P) 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.

Q) OPERATING CYCLE:

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

- 43** Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 44** 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. Further the Provision for Diminution in value of Investment of ₹ 2.12 Crores has already been made in the accounts.
- 45** 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 for which application has already been made to Reserve Bank of India.
- 46** During the year, the Company has made a provision of ₹ **1.23 Crores** (previous year ₹ 0.72 Crores) for excise duty on closing stocks, other than goods meant for exports in bonded warehouse. The excise duty is also included in valuation of the closing stock of finished goods inventories. There is no effect on the profit for the year.
- 47** In the opinion of the Board, amounts of Current Assets, Loans and Advances have value on realisation in the ordinary course of business at least equal to at which they are stated.
- 48** The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current presentation as per the revised schedule VI.

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 15th May,2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May,2013

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

Name of the Subsidiary Company: VIP Industries Bangladesh Private Limited

Reporting Currency : TAKA Exchange Rate as on 31st March, 2013 : 1 TAKA = ₹ 0.70

Sr No	Particulars	2012 - 2013		2011 - 2012	
		Exchange Rate	₹ in Crores	Exchange Rate	₹ in Crores
a	Capital	0.70	3.22	-	-
b	Reserves	0.70	-	-	-
c	Total Assets	0.70	3.50	-	-
d	Total Liabilities	0.70	0.28	-	-
e	Details of Investment (Other than investment in subsidiary)	0.70	-	-	-
f	Turnover (including other income)	0.70	-	-	-
g	Profit/(Loss) before Taxation	0.70	-	-	-
h	Provision for Taxation	0.70	-	-	-
i	Profit/(Loss) After Taxation	0.70	-	-	-
j	Proposed Dividend	0.70	-	-	-

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

Mumbai
Dated: 15th May, 2013

**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	2012 - 2013	2011 - 2012
		₹ 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)		
f	Turnover (including Other Income)	-	-
g	Profit before Taxation	-	-
h	Provision for Taxation	-	-
i	Profit after Taxation	-	-
j	Proposed Dividend	-	-

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

Mumbai
Dated: 15th May, 2013

To the Board of Directors of VIP INDUSTRIES LIMITED

We have audited the accompanying consolidated financial statements of **VIP INDUSTRIES LIMITED** ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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 March 31, 2013;
- (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 Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

1. We have audited the Financial Statement of the Subsidiary Company **Blow Plast Retail Limited** whose financial statement reflect total assets of ₹ 4,17,949 as at 31st March, 2013 and total revenue of ₹ Nil for the period ended on that date.
2. We did not audit the Financial Statement of the Subsidiary Company **VIP Industries Bangladesh Private Limited** whose financial statement reflect total assets of ₹ 35,040,012 as at 31st March, 2013 and total revenue of ₹ Nil for the period ended on that date. The financial statement of the Subsidiary, VIP Industries Bangladesh Private 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 VIP Industries Bangladesh Private Limited. Our opinion is not qualified in respect of this matter.

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

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 15th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012	
I EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	1	28.26	28.26	
(b) Reserves & Surplus	2	229.29	214.31	242.57
(2) Non Current Liabilities				
(a) Deferred Tax Liabilities (Net)	3	0.70	1.83	
(b) Other Long Term Liabilities	4	0.38	0.57	
(c) Long Term Provisions	5	2.15	1.87	4.27
(3) Current Liabilities				
(a) Short Term Borrowings	6	41.50	84.15	
(b) Trade Payables	7	73.85	65.76	
(c) Other Current Liabilities	8	17.68	18.23	
(d) Short Term Provisions	9	19.28	17.27	185.41
TOTAL		413.09	432.25	
II ASSETS				
(1) Non Current Assets				
(a) Fixed Assets	10			
(i) Tangible Assets		76.14	80.51	
(ii) Intangible Assets		1.49	2.37	
(iii) Capital Work - in - Progress		3.86	0.76	
			81.49	83.64
(b) Non Current Investments	11	0.31	0.31	
(c) Long Term Loans and Advances	12	29.29	28.05	
			29.60	28.36
(2) Current Assets				
(a) Inventories	13	145.24	144.12	
(b) Trade Receivables	14	104.10	124.65	
(c) Cash & Bank Balances	15	13.70	18.28	
(d) Short Term Loans and Advances	16	26.53	23.43	
(e) Other Current Assets	17	12.43	9.77	320.25
TOTAL		413.09	432.25	
Contingent Liabilities and Commitments	18			

**SIGNIFICANT ACCOUNTING POLICIES & NOTES
FORMING PART OF ACCOUNTS**

1 to 42

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

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 15th May, 2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the Year ended 31st March, 2013	(₹ in Crores) For the Year ended 31st March, 2012
INCOME:			
Revenue from Operations	19	875.03	860.26
Other Income	20	1.83	1.48
Total Revenue		<u>876.86</u>	<u>861.74</u>
EXPENSES:			
Cost of Materials Consumed	21	149.43	167.40
Purchases of Stock - in - Trade	22	293.49	274.07
Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - Trade	23	2.37	(27.38)
Employee Benefit Expenses	24	84.74	81.65
Finance Costs	25	5.14	6.94
Depreciation & Amortization Expenses	10	19.80	17.29
Other Expenses	26	276.53	245.89
Total Expenses		<u>831.50</u>	<u>765.86</u>
 Profit before tax		 45.36	 95.88
 Less : Tax expenses			
(1) Current tax		14.90	19.38
(2) Deferred tax		(1.12)	8.88
(3) Income Tax for earlier years		0.06	0.01
		<u>13.84</u>	<u>28.27</u>
 Profit for the year		 31.52	 67.61
 Earning per equity share (EPS) of face value of ₹ 2 each :	27		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		2.23	4.78
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		2.23	4.78

SIGNIFICANT ACCOUNTING POLICIES & NOTES

FORMING PART OF 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.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May,2013

Mumbai

Dated : 15th May,2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For the Year ended 31 ST March, 2013	(₹ in Crores) For the Year ended 31 ST March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & Extraordinary item	45.36	95.88
Adjusted for:		
Depreciation/ Amortisation	19.80	17.29
Dividend Received	(0.13)	(0.04)
Interest Expense	2.07	3.32
Interest Income	(0.83)	-
Bad & Doubtful debts	-	(0.17)
(Gain) /Loss on Exchange Rate Fluctuation	0.02	0.74
(Gain) /Loss on Transalation	0.04	0.01
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence (Net)	0.37	0.56
	<u>21.29</u>	<u>21.66</u>
Operating profit before working capital changes	<u>66.65</u>	<u>117.54</u>
Adjusted for :		
Trade and Other Receivables	8.68	16.85
Inventories	(1.12)	(25.06)
Trade and Other Payables	<u>8.34</u>	<u>2.95</u>
	<u>15.90</u>	<u>(5.26)</u>
Cash Generated from Operations	<u>82.55</u>	112.28
Direct Taxes Paid (Net of refund received)	<u>(8.82)</u>	<u>(28.21)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>73.73</u>	<u>84.07</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment		
Towards Capital Work in Process	(16.42)	(20.57)
Intercompany deposits (given) /Received back	-	(1.00)
Sale of Fixed Assets	0.46	0.58
Interest Received	0.89	0.49
Dividend Received	<u>0.13</u>	<u>0.04</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(14.94)</u>	<u>(20.46)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For the Year ended 31 st March, 2013	₹ in Crores For the Year ended 31 st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(2.34)	(3.80)
Proceeds / (Repayments) from / of Borrowings (net)	(42.88)	(19.57)
Dividend paid (inclusive of Dividend Distribution Tax)	(16.30)	(32.45)
NET CASH USED IN FINANCING ACTIVITIES	(61.52)	(55.82)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	(2.73)	7.79
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	13.41	5.62
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	10.68	13.41
	(2.73)	7.79

Notes:

(1) Cash and Cash Equivalents include :

Cash and Cheques on Hand	0.59	0.58
<u>Balances with Scheduled Banks in :</u>		
*Current Accounts	5.27	8.90
Remittance in Transit	4.82	3.93
Total	10.68	13.41

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

(2) Interest received includes interest received on account of income tax refund of ₹ 0.49 Crores (Previous year ₹ 0.09 Crores) which has been considered from operational activities of the company.

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

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 15th May,2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May,2013

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
1 SHARE CAPITAL		
<u>Authorised Share Capital</u>		
246,500,000 Equity shares of ₹ 2/- each (Previous Year 246,500,000 Equity shares of ₹ 2/- each)	49.30	49.30
1000 9% Redeemable Cumulative Preference shares of ₹1000/- each (Previous Year 1000 Preference shares of ₹1000/- each)	0.10	0.10
	49.40	49.40
<u>Issued, Subscribed and Fully Paid Up</u>		
141,317,315 Equity shares of ₹ 2/- each (Previous year 141,317,315 Equity shares of ₹ 2/- each)	28.26	28.26
Total Issued, Subscribed and Fully paid Up Share Capital	28.26	28.26

Note No.1.1: The reconciliation of the number of Equity shares outstanding at the beginning and at the end of reporting period 31st March, 2013:

Number of Equity shares at the beginning of the year	141,317,315	28,263,463*
Number of Equity shares at the end of the year	141,317,315	141,317,315

*During the previous 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 141,317,315 equity shares of par value 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 dividend of ₹1 (Previous Year ₹ 1.60) per share has been proposed to be distributed to Equity shareholders for the year ended 31st March, 2013. The total amount of dividend shall be ₹14.13 Crores and Dividend Distribution Tax ₹2.40 Crores.

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

Name of the shareholders	As at 31 st March, 2013		As at 31 st March, 2012	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,156,765	25.59%
Vibhuti Investments Co. Ltd.	21,783,300	15.41%	21,783,300	15.41%
Jhunjhunwala Rakesh Radheshyam	10,077,500	7.13%	9,087,500	6.43%

2 RESERVES & SURPLUS

Capital Reserve

At the beginning and at the end of the year (A) 0.15 0.15

Capital Redemption Reserve

At the beginning and at the end of the year (B) 0.15 0.15

Securities Premium Reserve

At the beginning and at the end of the year (C) 33.53 33.53

Capital Incentive

At the beginning of the year 1.14 1.19

Less : Transferred to Statement of Profit & Loss 0.05 0.05

At the end of the year (D) 1.09 1.14

		As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
General Reserve			
At the beginning of the year		143.24	101.83
Add: Transferred from surplus		14.99	41.41
At the end of the year	(E)	<u>158.23</u>	<u>143.24</u>
Foreign Currency Translation Reserve	(F)	0.04	1.19
Surplus			
At the beginning of the year		34.91	34.99
Add : Foreign Currency Translation Reserve Adjusted		1.19	-
Add: Net profit after tax transferred from Statement of Profit & Loss		<u>31.52</u>	<u>67.61</u>
Amount available for appropriation		<u>67.62</u>	<u>102.60</u>
Less : Appropriations			
Interim Dividend		-	8.48
Final Dividend		14.13	14.13
Dividend Distribution Tax		2.40	3.67
Amount transferred to general reserve		14.99	41.41
At the end of the year	(G)	<u>36.10</u>	<u>34.91</u>
Total Reserves & Surplus	(A+B+C+D+E+F+G)	<u>229.29</u>	<u>214.31</u>
3 DEFERRED TAX LIABILITIES (NET)			
Deferred Tax Liabilities			
On account of difference in depreciation as per books and income tax		1.85	3.18
	(A)	<u>1.85</u>	<u>3.18</u>
Deferred Tax Assets			
On account of Expenses allowable under income tax on payment basis		0.80	0.72
On account of Voluntary Retirement Scheme		-	0.44
On account of Allowance for Bad & Doubtful Debts		0.35	0.19
	(B)	<u>1.15</u>	<u>1.35</u>
Net Deferred Tax Liabilities	(A-B)	<u>0.70</u>	<u>1.83</u>
4 OTHER LONG TERM LIABILITIES			
Others			
Deposits		0.35	0.54
Retention Money		0.03	0.03
		<u>0.38</u>	<u>0.57</u>
5 LONG TERM PROVISIONS			
Provisions for Employee Benefits			
Leave Encashment (Refer Note No. 32)		1.51	1.42
Others			
Provision for Warranty (Refer Note No. 33)		0.64	0.45
		<u>2.15</u>	<u>1.87</u>

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
6 SHORT TERM BORROWINGS		
<u>Cash Credit and Demand loan from Banks</u>		
Secured (Refer Note No. 6.1)	1.10	14.20
Unsecured	-	0.02
<u>Other Loans and Advances</u>		
Secured (Refer Note No. 6.1)	-	13.81
Unsecured	40.40	56.12
	<u>41.50</u>	<u>84.15</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.		
7 TRADE PAYABLES		
Sundry Creditors for Goods (Refer Note No. 7.1)	45.70	40.61
Sundry Creditors for Expenses (Refer Note No. 7.1)	28.15	25.15
	<u>73.85</u>	<u>65.76</u>
Note No. 7.1		
The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act, have not been given. The same has been relied upon by the Auditors.		
8 OTHER CURRENT LIABILITIES		
Interest Accrued but not due on Borrowings	0.08	0.35
Unclaimed Dividends	1.57	1.44
Unclaimed Matured Deposit and Interest Accrued thereon	0.09	0.12
<u>Other Liabilities</u>		
Sundry Creditors For Capital Goods	0.11	0.13
Advances from Customers	2.49	2.90
Statutory Liabilities	6.33	5.87
Others	7.01	7.42
	<u>17.68</u>	<u>18.23</u>
9 SHORT TERM PROVISIONS		
<u>Provision for Employee Benefits</u>		
For Leave Encashment (Refer Note No. 32)	0.29	0.09
<u>Other Provisions</u>		
Provision For Income Tax	2.14	0.53
(Net of Advance Tax ₹ 37.65 Crores (Previous Year ₹ 1.45 Crores))		
Proposed Dividend	14.13	14.13
Dividend Distribution Tax	2.40	2.29
Provision for Warranty (Refer Note No. 33)	0.32	0.23
	<u>19.28</u>	<u>17.27</u>

10. FIXED ASSETS

Particulars	(₹ in Crores)									
	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 31 st March, 2012	Additions	Deductions / Adjustments	As at 31 st March, 2013	As at 31 st March, 2012	For the year	Deductions/ Adjustments	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Tangible Assets:										
Freehold Land	0.03	-	-	0.03	-	-	-	-	0.03	0.03
Leasehold Land	4.43	1.63	-	6.06	-	-	-	-	6.06	4.43
Buildings (Refer Note No. 10.1 & 29)	40.36	0.38	-	40.74	14.78	1.28	-	16.06	24.68	25.58
Plant and Machinery (Refer Note No. 10.2)	90.90	0.91	0.07	91.74	75.04	3.53	0.06	78.51	13.23	15.86
Moulds and Dies	78.69	4.86	-	83.55	61.63	9.06	-	70.69	12.86	17.06
Furniture & Fixtures	29.69	4.08	-	33.77	19.00	3.43	0.00	22.43	11.34	10.69
Office Equipments	1.92	0.19	-	2.11	0.76	0.09	-	0.85	1.26	1.16
Data Processing Machines	14.26	1.33	0.01	15.58	12.74	0.74	0.01	13.47	2.11	1.52
Vehicles	5.86	1.75	1.44	6.17	1.68	0.54	0.62	1.60	4.57	4.18
Total Tangible Assets	266.14	15.13	1.52	279.75	185.63	18.67	0.69	203.61	76.14	80.51
Tangible Assets (Previous Year)	(247.22)	(20.48)	(1.56)	(266.14)	(169.83)	(16.22)	(0.42)	(185.63)	(80.51)	0.00
Intangible Assets:										
Patents and Trademarks	9.08	-	-	9.08	7.57	0.70	-	8.27	0.81	1.50
Computer Software	4.94	0.24	-	5.18	4.07	0.43	-	4.50	0.68	0.87
Total Intangible Assets	14.02	0.24	-	14.26	11.64	1.13	-	12.77	1.49	2.37
Intangible Assets (Previous Year)	(13.37)	(0.65)	-	(14.02)	(10.58)	(1.07)	-	(11.65)	(2.37)	-
Capital Work- in- Progress	-	-	-	-	-	-	-	-	3.86	0.76

Note No 10.1: Building

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

11 NON CURRENT INVESTMENTS

Particulars	Face Value per Unit ₹	Number of Units	(₹ in Crores)	
			As at 31 st March, 2013	As at 31 st March, 2012
Non Trade Investments (at cost)				
<u>Quoted</u>				
In Equity Instruments				
Windsor Machines Limited. (4,560,760 Equity shares, ₹ 2/- each fully paid up, Previous year 2,280,730 Equity shares, ₹ 10/- each fully paid up.)	2	4,560,760	16.37	16.37
Kemp & Co Ltd.	10	1,909	-	-
Jindal Southwest Holdings Ltd.	10	2,250	-	-
Total Value of Quoted Investments			16.37	16.37
Aggregate market value of Quoted Investments ₹ 4.74 Crores (previous year ₹ 7.31 Crores)				
<u>Unquoted</u>				
a) In Equity Instruments				
Dinnette Exclusive Club Pvt Ltd.	100	500	-	-
<u>The Saraswat Co Op Bank Ltd.</u>	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) (Refer Note No. 39)	-	25,003	2.12	2.12
<u>b) Others</u>				
Taluka Audyogik Sahakari Vasahat Maryadit, Sinnar	100	10	-	-
Total Value of Unquoted Investments			2.12	2.12
Total of Long Term Investments			18.49	18.49
Less : Provision for Diminution in the value of Investment			18.18	18.18
Net Value of Investments			0.31	0.31

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
12 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	1.64	3.71
Deposits	19.22	15.61
<u>Other loans & Advances</u>		
Advance Recoverable in Cash or in kind or for value to be received	0.70	0.69
Sales Tax Advance/Refund	5.11	2.48
Inter Corporate Deposits	1.17	1.17
Advance Tax (Net of Provision for Taxation ₹ 19.59 Crores (Previous Year ₹ 53.76 Crores))	1.45	4.39
	29.29	28.05
13 INVENTORIES		
Raw Materials (Refer Note No 13.1)	15.77	12.31
Work-in-Progress	5.66	6.71
Finished Goods (Refer Note No 13.1)	37.66	33.51
Stock-in-Trade (Refer Note No 13.1)	84.39	89.85
Stores & Spares, Packing Material and others	1.76	1.74
	145.24	144.12
Note 13.1 : Goods in Transit		
Raw Materials inventory includes Goods-in transit ₹ 0.06 Crores (Previous year ₹ 0.07 Crores)		
Finished Goods inventory includes Goods-in transit ₹ 0.04 Crores (Previous year ₹ 0.02 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 4.56 Crores (Previous year ₹ 14.56 Crores)		
14 TRADE RECEIVABLES		
(Unsecured)		
Outstanding For More Than Six Months		
Considered Good	6.85	6.05
Considered Doubtful	1.05	0.60
Others		
Considered Good	97.25	118.60
Less : Provision for Bad & Doubtful Debts	1.05	0.60
	104.10	124.65
15 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
<u>Balances With Banks in:</u>		
Current Accounts	5.27	8.90
Remittance in Transit	4.82	3.93
Cash on Hand	0.59	0.58
	(A) 10.68	13.41
Other Bank Balances :		
Unclaimed dividend Accounts (Refer Note No. 15.1)	1.57	1.44
Unclaimed Matured Deposits (Refer Note No. 15.1)	0.09	0.22
Margin Money Account (Refer Note No. 15.2)	1.36	3.21
	(B) 3.02	4.87
	(A+B) 13.70	18.28

	As at 31 st March, 2013	(₹ in Crores) As at 31 st March, 2012
Note No. 15.1		
The Balances can be utilized only towards settlement of the unclaimed dividend/unclaimed matured deposits.		
Note No. 15.2		
Margin money deposits amounting to ₹ 1.36 Crores (Previous Year ₹ 3.21 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
16 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Deposits	1.27	1.44
Others		
Advance Recoverable in Cash or in kind or for value to be received	2.11	2.04
Advances to Employees	0.45	0.38
Advance to Suppliers	12.37	8.41
Balance with Statutory Authorities	5.35	4.57
Advance Income Tax (Net of Provision ₹ 19.42 Crores (Previous Year ₹ 7.75 Crores))	4.98	6.59
	26.53	23.43
17 OTHER CURRENT ASSETS		
Interest accrued on deposits	0.43	0.49
Export Incentive Receivable	1.77	1.94
<u>Others:-</u>		
Octroi Receivable	0.02	0.02
SAD Refund Receivable	10.18	7.29
Other Miscellaneous Receivables	0.03	0.03
	12.43	9.77
18 a) CONTINGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.13	0.04
2) Disputed Income Tax Liability	4.08	2.25
3) Disputed Sales Tax Liability	16.53	15.26
4) Bonds issued under EPCG scheme	4.09	3.83
5) Disputed Excise duty liability	0.47	0.74
6) Disputed Employees state insurance corporation.	0.08	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	0.27	0.53

	Year ended 31 st March, 2013	(₹ in Crores) Year ended 31 st March, 2012
19 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 19.1)	887.80	868.48
Income from Services (Refer Note No. 19.2)	1.49	3.23
<u>Other Operating Revenues</u>		
Sale of Scrap	0.64	0.75
Export Incentive	1.54	1.97
Less: Excise Duty	16.44	14.17
	<u>875.03</u>	<u>860.26</u>
Note No 19.1: Sale of Products:		
Soft Luggage	586.46	530.18
Hard Luggage	266.64	302.01
Furniture	34.66	36.11
Others	0.04	0.18
	<u>887.80</u>	<u>868.48</u>
Note No 19.2: Income from Services:		
Job Work	1.49	3.23
	<u>1.49</u>	<u>3.23</u>
20 OTHER INCOME		
Interest Income (Refer Note No. 20.1)	0.83	0.64
Dividend from Current Investment	0.13	0.04
<u>Other Non Operating Income</u>		
Miscellaneous Income (Rent, Royalty etc.)	0.87	0.80
	<u>1.83</u>	<u>1.48</u>
Note No. 20.1: Break-up of Interest received		
Interest Income on Deposits with Banks	0.20	0.29
Interest Income on Income Tax refund	0.49	0.09
Interest Income on Inter Corporate Deposits	0.11	0.10
Interest Income on Others	0.03	0.16
	<u>0.83</u>	<u>0.64</u>
21 COST OF MATERIALS CONSUMED		
Cost of Materials Consumed (Refer Note No.21.1)	149.43	167.40
Note No. 21.1: Cost of Materials Consumed		
High Density Polyethylene (HDPE)	2.94	3.32
Aluminium Sections	11.07	15.28
Polypropylene	44.85	50.80
Components & Other Materials	90.57	98.00
	<u>149.43</u>	<u>167.40</u>

	Year ended 31 st March, 2013	(₹ in Crores) Year ended 31 st March, 2012
22 PURCHASES OF STOCK IN TRADE		
Soft Lugagge	293.49	274.07
	<u>293.49</u>	<u>274.07</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Finished Goods		
Opening Stock	33.51	31.33
Closing Stock	<u>37.66</u>	<u>33.51</u>
	(4.15)	(2.18)
Work-in-Progress		
Opening Stock	6.73	6.28
Closing Stock	<u>5.67</u>	<u>6.73</u>
	1.06	(0.45)
Stock-in-Trade		
Opening Stock	89.85	65.10
Closing Stock	<u>84.39</u>	<u>89.85</u>
	5.46	(24.75)
	<u>2.37</u>	<u>(27.38)</u>
24 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	75.83	70.23
Contribution to Provident Fund & Other Funds	5.08	7.29
Staff Welfare Expenses	3.83	4.13
	<u>84.74</u>	<u>81.65</u>
25 FINANCE COSTS		
Interest Expense (Refer Note No. 25.1)	2.07	3.32
Other Borrowing Costs	0.26	0.71
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	2.81	2.91
	<u>5.14</u>	<u>6.94</u>
Note No. 25.1: Break-up of Interest Expense		
Interest Expense on Bank Borrowings	1.98	3.29
Interest Expense on Others	0.09	0.03
	<u>2.07</u>	<u>3.32</u>

			(₹ in Crores)	
	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
26 OTHER EXPENSES				
Consumption of Stores and Spare parts		1.56		2.17
Power & Fuel		13.44		12.17
Rent		35.82		26.66
<u>Repairs</u>				
for Buildings	0.28		0.09	
for Machinery	0.33		0.94	
for Others	<u>4.64</u>	5.25	<u>3.65</u>	4.68
Insurance		0.18		0.35
Rates and Taxes (includes Wealth Tax ₹ 0.05 Crores (Previous Year ₹ 0.05 Crores))		2.67		1.50
Payment to Auditors (Refer Note No. 26.1)		0.24		0.26
Freight, Handling and Octroi		44.30		40.71
Discounts & Rebates		73.63		66.12
Commission on Sales		1.04		0.99
Advertisement and Brand Marketing		44.10		44.64
Travelling & Conveyance		12.68		12.51
Legal & Professional Fees		2.11		3.40
Communication Cost		3.69		3.43
Bank Charges & Commission		2.20		2.05
Human Resource Procurement		19.31		12.08
Directors' Fees		0.05		0.05
Bad & Doubtful Debts		0.73		
Bad Debts written off during the year	0.29		0.07	
Less :- Provision for Bad & Doubtful Debts	<u>0.29</u>	-	<u>0.06</u>	0.01
Net Loss on Foreign Currency Transactions		1.70		0.70
Loss on Sale of Fixed Assets		0.37		0.56
Miscellaneous Expenses		11.46		10.85
		<u>276.53</u>		<u>245.89</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	0.05		0.07	
Income Tax Representation	0.03		0.03	
Towards Service Tax	<u>0.02</u>	0.24	<u>0.02</u>	0.26

	Year ended 31 st March, 2013	(₹ in Crores) Year ended 31 st March, 2012
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 before taxation and extraordinary items	45.36	95.88
Less : Provision for taxation (net of extra-ordinary items)	15.30	20.24
Less : Deferred tax (net of extra-ordinary items)	(1.57)	8.02
Less : Income Tax of earlier year	0.06	0.01
Profit attributable to the shareholders	31.57	67.61
Basic/Weighted average number of Equity Shares outstanding during the year	141,317,315	141,317,315
Face value of Equity Share (₹)	2.00	2.00
Basic/Diluted Earnings per share (₹)	2.23	4.78

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

Profit attributable to the shareholders	31.52	67.61
Basic/Weighted average number of Equity Shares outstanding during the year	141,317,315	141,317,315
Face value of Equity Share (₹)	2.00	2.00
Basic/Diluted Earnings per share (₹)	2.23	4.78

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: VIP Industries Bangladesh Private Limited
Country of Incorporation: Bangladesh
Extent of holding : 100%
- (b) Name of Subsidiary: Blow Plast Retail Ltd.
Country of Incorporation: India
Extent of holding : 100%
- (c) Name of Subsidiary: Carlton Travel Goods Ltd. (dissolved on 06.12.2011)
Country of Incorporation: United Kingdom
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 licence basis). The aggregate lease rentals of ₹35.82 Crores (previous year ₹ 26.66 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 ₹ 0.55 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 leave and licence are as under: (₹ in Crores)

Particulars	2012-2013	2011-2012
Gross Block	1.21	1.21
Accumulated Depreciation	0.31	0.29
Written down value	0.90	0.92
Depreciation for the year	0.02	0.02

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

30 SEGMENT REPORTING:

Segment Information for the year ended 31st March, 2013

The Company has three primary business segments, viz i. Luggage & Accessories ii. Furniture and iii Ladies Handbag. Since the segment revenue, segment result and segment assets of the segment 'Furniture' and Ladies Handbag are less than 10% of the respective totals, the same are considered insignificant 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 (₹ in Crores)

	2012 - 13			2011 - 12		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	799.73	77.14	876.87	775.59	86.14	861.73
Segment Assets	382.02	32.22	414.24	386.39	47.22	433.61
Capital Expenditure	13.06	2.31	15.37	12.57	8.56	21.13

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.

31 RELATED PARTY DISCLOSURES:

A) Name of the related parties and description of relationship

Name of Related Parties	Nature of Relationship
Parties where control exists:	
VIP Nitol Industries Ltd.	Joint Venture
Key Management Personnel:	
Mr. Dilip G. Piramal	Chairman
Ms. Radhika Piramal	Managing Director
Mr. Premanand Thangavelu	Director Works (Till 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 (₹ in Crores)

Name of Related Parties	Nature of Transactions during the year	2012-2013	2011-2012
1. Mr Dilip G. Piramal	Commission	0.49	0.73
2. Ms. Radhika Piramal	Remuneration Paid	1.09	1.09
	Commission	0.49	0.73
3. Mr. Premanand Thangavelu	Remuneration Paid	-	0.48
4. Mr. Ashish Saha	Remuneration Paid	0.43	0.05

C) Balance at the year end.		(₹ in Crores)	
Name of Related Parties	Particulars	As at 31 st March, 2013	As at 31 st March, 2012
1. Mr Dilip G. Piramal	Commission payable	0.49	0.73
2. Ms. Radhika Piramal	Commission payable	0.49	0.73

Note : Related party relationships are 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	2012-13	2011-12
Employer's Contribution to Provident Fund	3.33	3.33

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, 2013.

	(₹ in Crores)			
	2012-13 Gratuity (Funded plan)	2012-13 Leave Encashment (Non-funded plan)	2011-12 Gratuity (Funded plan)	2011-12 Leave Encashment (Non-funded plan)
(i) Assumptions				
Discount Rate	8.15%	8.15%	8.5%	8.5%
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	18.31	1.51	17.50	1.78
Interest Cost	1.45	0.11	1.29	0.12
Service Cost	1.55	0.59	1.02	0.68
Benefits paid	(2.57)	(0.45)	(2.87)	(0.64)
Actuarial (gain) / loss on obligations	(0.25)	0.05	1.37	(0.43)
Projected Benefit Obligations at the end of the year	18.49	1.81	18.31	1.51

	(₹ in Crores)			
	2012-13 Gratuity (Funded plan)	2012-13 Leave Encashment (Non-funded plan)	2011-12 Gratuity (Funded plan)	2011-12 Leave Encashment (Non-funded plan)
(iii) Changes in Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	18.42	-	14.63	-
Adjustment to opening Fair value of Plan Assets	-	-	2.87	-
Expected Return on Plan Assets	1.65	-	1.65	-
Contributions	1.12	0.45	3.27	0.64
Benefits paid	(2.57)	(0.45)	(2.87)	(0.64)
Gain / (loss) on Plan Assets	0.13	-	(1.13)	-
Fair value of Plan Assets at the end of the year	18.75	-	18.42	-
(iv) Fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	18.42	-	14.63	-
Adjustment to opening Fair value of Plan Assets	-	-	2.87	-
Actual return on Plan Assets	1.78	-	0.52	-
Contributions	1.12	0.45	3.27	0.64
Benefits paid	(2.57)	(0.45)	(2.87)	(0.64)
Fair value of Plan Assets at the end of the year	18.75	-	18.42	-
Funded Status	0.25	(1.81)	0.11	(1.51)
Excess of actual over expected return on Plan Assets	0.13	-	(1.13)	-
(v) Actuarial gain/loss recognised :				
Actuarial gain/(loss) for the year - Obligation	0.25	(0.05)	(1.37)	0.43
Actuarial gain/(loss) for the year - Plan Assets	0.13	-	(1.13)	-
Total Gain/(loss) for the period	0.38	(0.05)	(2.50)	0.43
Actuarial gain/(loss) recognised for the period	0.38	(0.05)	(2.50)	0.43
Unrecognised Actuarial Gain/(Loss)	0.00	-	0.00	0.00
(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	18.50	1.81	18.31	1.51
Fair value of plan assets as at the end of the year	18.75	-	18.42	-
Funded status	0.25	(1.81)	0.11	(1.51)
Unrecognised Actuarial Gain/(Loss)	-	-	0.00	0.00
Net Asset /(liability) recognized in balance sheet	0.25	(1.81)	0.11	(1.51)

	2012-13 Gratuity (Funded plan)	2012-13 Leave Encashment (Non-funded plan)	2011-12 Gratuity (Funded plan)	(₹ in Crores) 2011-12 Leave Encashment (Non-funded plan)
(vii) Expenses Recognised in statement of Profit & Loss				
Current Service Cost	1.55	0.59	1.02	0.68
Interest Cost	1.45	0.11	1.29	0.12
Expected return on Plan Assets	(1.65)	-	(1.65)	-
Net Actuarial (gain) / loss recognised in the year	(0.38)	0.05	2.50	(0.43)
Expenses recognised in the statement of Profit & Loss	0.97	0.75	3.16	0.37
(viii) Movements in the liability recognised in the Balance Sheet				
Opening Net liability	(0.11)	1.51	2.87	1.78
Adjustment to opening Fair value of Plan Assets	-	-	(2.87)	-
Expense as above	0.97	0.75	3.16	0.37
Contributions	(1.12)	(0.45)	(3.27)	(0.64)
Closing Net liability	(0.25)	1.81	(0.11)	1.51
(ix) Experience Analysis - Liabilities				
Actuarial (Gain)/Loss due to change in bases	0.34	0.02	(0.83)	(0.03)
Experience (Gain) / Loss due to Change in Experience	(0.59)	0.03	2.20	(0.40)
Total	(0.25)	0.05	1.37	(0.43)
Experience Analysis - Plan Assets				
Experience (Gain) / Loss due to Change in Plan Assets	(0.13)	-	1.13	-
Current Liability	-	0.29	-	0.09
Non-Current Liability	-	1.51	-	1.42

33 DISCLOSURE RELATING TO WARRANTY PROVISIONS:

The movement in the following provisions is summarised as under :

	2012-13	2011-12
Opening	0.67	0.63
Additions	0.46	0.28
Utilisation/reversal	0.17	0.24
Closing Balance	0.96	0.67

Notes:

- The Closing Balance includes ₹0.32 Crores as Short Term and ₹0.64 Crores as Long Term in Current year (Previous year ₹ 0.22 Crores as short Term and ₹ 0.45 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.

34 RESEARCH & DEVELOPMENT EXPENDITURE:

	(₹ in Crores)	
	2012-13	2011-12
Revenue Expenditure included in Employee Benefits	1.52	1.76
Revenue Expenditure included in other expenses	0.69	0.51
Closing Balance	<u>2.21</u>	<u>2.27</u>

35 DERIVATIVES :

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

Buy or Sell	As on 31.03.2013		As on 31.03.2012		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
BUY	0.99	182,652	NIL	NIL	USD

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

	As on 31.03.2013		As on 31.03.2012		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
a) Receivables :-					
	0.17	24,445	0.30	44,430	EUR
	10.89	2,004,882	18.51	3,638,855	USD
	0.15	218,820	0.25	378,222	HKD
	0.04	30,189	0.07	53,148	AED
	0.07	8,350	0.16	19,276	GBP
	0.43	6,209,572	-	-	BDT
a) Payables :-					
	0.09	12,435	1.05	154,334	EUR
	0.30	205,468	0.19	139,038	AED
	43.47	8,004,782	72.96	14,342,256	USD
	0.14	195,128	0.05	73,816	HKD
	-	-	0.02	5,564	SGD
	0.03	360,357	-	-	BDT
	0.00	174	-	-	GBP

36 CORPORATE INFORMATION

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

37 STATEMENT OF SIGNIFANT ACCOUNTING POLICIES AND PRACTICES:

A) BASIS OF ACCOUNTING:

The Financial Statements have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the mandatory accounting standards and the relevant provisions of the Companies Act, 1956.

B) USE OF ESTIMATES :

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

C) REVENUE RECOGNITION :

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

D) OTHER INCOME:

Interest Income is accounted on accrual basis. Dividend Income is accounted for as and when received.

E) 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.

F) 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.

G) 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.

H) 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 are 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.

I) 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 Bangladesh Taka (BDT) at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the average exchange rate for the year. All differences are taken to Profit and Loss Account.

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.”

J) EXPORT BENEFITS:

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

K) GOVERNMENT GRANTS & SUBSIDY:

The Government Grants are treated as deferred income. The deferred income is recognised in the Statement of profit and loss on systematic and rational basis.

L) BORROWING COST :

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

M) 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.

N) LEASE :

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

O) 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.

P) 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.

Q) OPERATING CYCLE:

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

- 38 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 39 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. Further the Provision for Diminution in value of Investment of ₹2.12 Crores has already been made in the accounts.
- 40 During the year the Company has made a provision of ₹ **1.23 Crores** (previous year ₹ 0.72 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 and Advances have value on realisation in the ordinary course of business at least equal to at which they are stated.
- 42 The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current presentation as per the revised schedule VI.

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Membership No. : 109931

Mumbai

Dated : 15th May, 2013

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

Jogendra Sethi, Chief Financial Officer/Partner

Shreyas Trivedi, Company Secretary

Mumbai

Dated : 15th May, 2013



V.I.P. INDUSTRIES LIMITED

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

ATTENDANCE SLIP

46th Annual General Meeting on Friday, the 28th June, 2013 at 12.00 noon

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 46th Annual General Meeting of the Company at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007 on Friday, the 28th June, 2013 at 12.00 noon.

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.....of.....in 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 46th Annual General Meeting of the Company to be held on Friday, the 28th June, 2013 at 12.00 noon at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007 and at any adjournment(s) thereof.

Signed this.....day of.....2013.

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 Financials - 5 Year Highlights

(₹ in Crores)

Description	31 st March 2013	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009
A. STATEMENT OF PROFIT & LOSS					
Sales (Income from operations)	875.03	860.22	741.26	609.30	514.45
EBIDTA	70.30	120.20	94.46	86.28	36.33
Depreciation	19.80	17.29	14.82	17.28	14.07
Interest	5.14	6.94	3.06	7.96	12.82
Profit before tax	45.36	95.96	76.58	61.05	9.44
Profit After Tax (PAT)	31.52	67.69	62.02	50.05	8.91
Dividend (Including dividend distribution tax)	16.53	26.28	32.91	16.53	3.31
B. BALANCE SHEET					
Assets Employed:					
Fixed Assets (Net)	78.42	83.64	85.17	81.26	89.58
Investments	3.55	0.36	0.36	2.01	2.67
Net assets (Current and Non Current)	217.75	244.56	215.18	176.82	175.52
	299.72	328.56	300.71	260.09	267.77
Financed by:					
Net Worth	257.52	242.58	201.21	172.16	128.95
Loan Funds	41.50	84.15	106.54	87.32	136.01
Deferred Tax Liabilities (Net)	0.70	1.83	(7.04)	0.61	2.81
	299.72	328.56	300.71	260.09	267.77
C. KEY RATIOS / PERCENTAGES					
EBIDTA/Sales %	8.03	13.97	12.74	14.16	7.06
Profit before Tax/Sales %	5.18	11.16	10.33	10.02	1.83
Profit after Tax/Net Worth (RONW) %	12.24	27.91	30.82	29.07	6.91
Return on Capital Employed (ROCE)	11.71	22.09	21.45	21.75	7.85
Earnings per Equity share (₹) (EPS)	2.23	4.79	4.39	3.54	0.63
Book Value per share (₹)	18.22	17.17	14.24	12.18	9.13
Sales/ Fixed assets (Net)	11.16	10.28	8.70	7.50	5.74
Current Ratio	1.98	1.73	1.43	1.72	1.46
Receivables (Days)	43	53	69	55	75
Inventory (Days)	119	127	127	111	103
Dividend %	50	80	100	50	10

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

