



VIP INDUSTRIES LIMITED

47th ANNUAL REPORT 2013-14



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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
 Nabankur Gupta
 Rajeev Gupta

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.
 Tel.: +91-253-240 6700 Fax: +91-253-235 0756
 CIN No. L25200MH1968PLC013914
 Website: www.vipindustries.co.in

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.

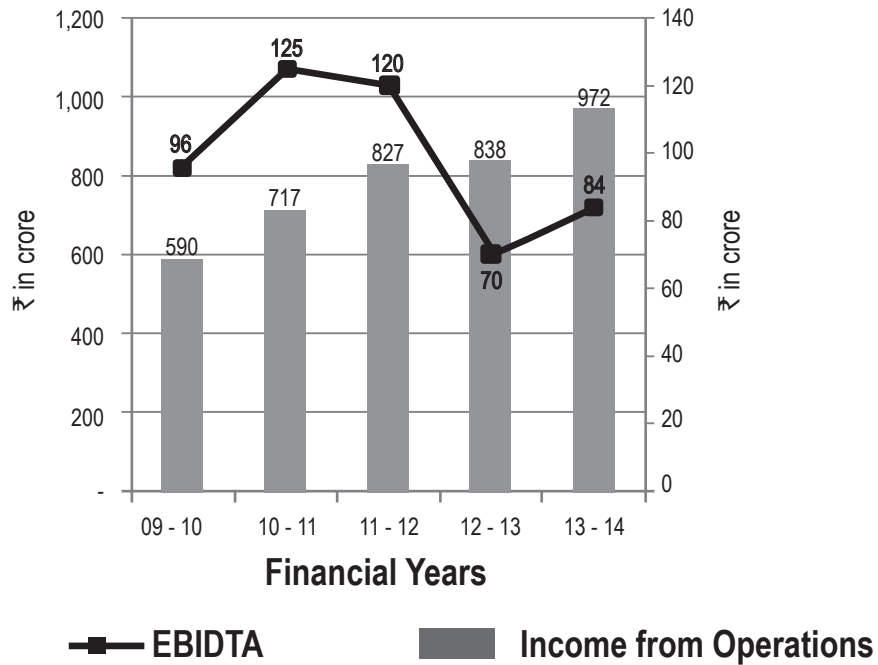
INVESTORS' SERVICES DEPARTMENT

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

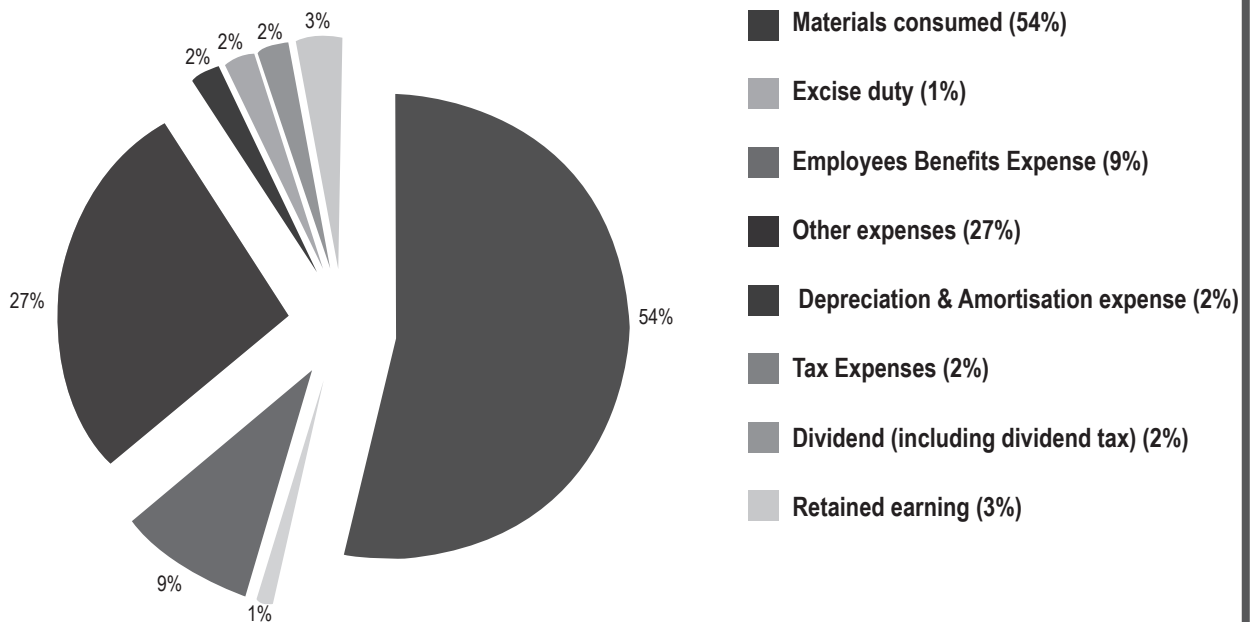
REGISTRAR & SHARE TRANSFER AGENT

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 2013-14



Your Directors are pleased to present the 47th Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2014.

FINANCIAL RESULTS

(₹ in Crores)

	Year ended 31.3.2014	Year ended 31.3.2013
Revenue from Operations and Other Income	975.23	839.50
Profit Before Depreciation and Amortisation Expenses, Finance Cost, Exceptional items and Tax Expenses	83.91	70.30
Finance Cost	2.12	5.14
Depreciation and Amortisation Expenses	17.05	19.80
Profit Before Exceptional items and Tax	64.74	45.36
Exceptional items - income	15.76	-
Profit Before Tax after Exceptional items	80.50	45.36
Tax Expenses	22.11	13.84
Profit for the year	58.39	31.52
Profit brought forward from previous year	36.11	36.11
Appropriations:		
Transferred to General Reserve	30.28	14.99
Interim Dividend	7.07	-
Proposed Dividend	16.96	14.13
Tax on Dividend	4.08	2.40
Closing Balance	36.11	36.11

OVERALL PERFORMANCE AND OUTLOOK

During the financial year ended 31st March 2014, revenue from Operations & Other Income was ₹ 975.23 crores as against ₹ 839.50 crores last year, representing an increase of 16% over the corresponding period of the previous year. Profit after Tax for the year under review amounted to ₹ 58.39 crores representing an increase of 85% over the previous year.

Your Company has earned profit on sale of its old investment in securities and property at Bhandup, Mumbai. As on 31st March, 2014, the Reserves and Surplus of your Company stood at ₹ 259.49 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 final dividend of ₹ 1.20 (Rupee One and Paise Twenty only) per equity share of ₹ 2 each (previous year ₹ 1 per equity share of ₹ 2 each) for the financial year 2013-14. Your Company had paid in February 2014, an interim dividend of ₹ 0.50 (Fifty paise only) per equity share of ₹ 2 each for the financial year 2013-14. Accordingly, the total dividend declared/recommended by your Company for the financial year 2013-14 is ₹ 1.70 (Rupees One and Paise Seventy only) per equity share of ₹ 2 each. (previous year ₹ 1 per equity share of ₹ 2 each)

Your Company has paid higher dividend for the year under review as it has earned healthy profits on sale of its old investment in securities and property at Bhandup, Mumbai.

EXPORTS AND INTERNATIONAL OPERATIONS

International Sales for the year under review crossed an important milestone of ₹ 100 Crs of sales, a jump of over 35% over the previous year. An improvement in market conditions in Middle East and new in-roads into the Asia-Pacific markets more than balanced out continuing uncertain market conditions in Europe. Thrust on private label business has also worked well to return high growth figures in Exports. A successful product launch during the year 2013-14 helped your Company to extract good sales in these market conditions. Your Company is working further on a more complete product stackup and on consolidating its strengths in the key markets to increase international sales in the coming years.

SUBSIDIARY IN BANGLADESH

VIP Industries Bangladesh Private Limited, the wholly owned subsidiary of your Company has commenced commercial production during the quarter ended 31st March 2014 at its plant at Mongla Export Processing Zone in Bangladesh.

RESEARCH & DEVELOPMENT

The Research and Development (R&D) centre of your Company is actively engaged in up-gradation 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, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they have selected such accounting policies and applied them consistently and made 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 ended 31st March 2014 and of the profits of your Company for the financial year ended 31st March 2014;
- (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, 2014 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 companies. 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 and of Blow Plast Retail Limited for the financial year 2013-14 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 Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

ELECTRONIC VOTING

Your Company has entered into an agreement with NSDL and CDSL for providing facility of e-voting to its shareholders.

PUBLIC DEPOSITS

Your Company had not received instructions from 15 depositors for repayment of deposits amounting to ₹ 2,46,000 (Rupees Two Lakhs Forty Six Thousand Only) as at 31st March, 2014. Since then, no deposit has been repaid.

DIRECTORS

Mr. Ashish K. Saha was appointed as a Whole-time Director designated as Director-Works of your Company for a period of 3 years with effect from 1st February, 2012 and the necessary approval of Members was taken at the 45th Annual General Meeting held on 14th September, 2012. His term expires on 31st January, 2015. The Board of Directors at its meeting held on 20th May, 2014 has proposed to re-appoint Mr. Saha as a Whole-time Director designated as Director-Works for a period of 3 years w.e.f. 1st February, 2015 subject to the approval of Members. The necessary approval of Members is being sought in the ensuing Annual General Meeting for the re-appointment and payment of remuneration to Mr. Ashish K. Saha as Whole-time Director of your Company.

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, together with Mr. G. L. Mirchandani (DIN 00026664), who retire by rotation at the ensuing Annual General Meeting, Mr. D.K. Poddar, Mr. Vijay Kalantri, Mr. Nabankur Gupta and Mr. Rajeev Gupta are also proposed to be appointed as Independent Directors of your Company for a period of 5 (five) years with effect from 10th July 2014. Your Company has

received declarations from all the Independent Directors of your Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act 2013.

Mr. Vivek Nair (DIN 00005870), who retires by rotation at the ensuing Annual General Meeting has not sought for re-appointment and accordingly shall cease to be a Director of your Company with effect from 10th July, 2014. Your Directors wish to place on record, their appreciation for the guidance and inputs provided by Mr. Vivek Nair during his tenure as a Director of your Company.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, information on the Directors retiring by rotation, Independent Directors and Whole-time Director seeking re-appointed Director 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 139 and Section 141 of the Companies Act, 2013, your Company has received 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 prescribed under the said Section of the Companies Act, 2013.

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 2013-14. Pursuant to Section 138 of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014, your Company has appointed M/s. Suresh Surana & Associates LLP as the Internal Auditors of your Company for the financial year 2014-15.

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed M/s. Ragini Chokshi & Associates as the Secretarial Auditors of your Company for the financial year 2014-15.

Pursuant to Section 148 of the Companies Act, 2013, your Company has appointed M/s Suraj Lahoti & Associates as the Cost Auditors of your Company for the financial year 2013-14.

KEY MANAGERIAL PERSONNEL

Pursuant to section 203 of the Companies Act, 2013, your Company is required to appoint Key Managerial Personnel. Accordingly, your Company has appointed its Key Managerial Personnel viz., Ms. Radhika Piramal as the Managing Director, Mr. Jogendra Sethi as the Chief Financial Officer and Mr. Shreyas Trivedi as the Company Secretary. All the three Key Managerial Personnel prescribed under the said Act were in the employment of your Company even prior to the Companies Act, 2013 became applicable.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company has been voluntarily undertaking various corporate social responsibility (CSR) initiatives. Pursuant to the provisions of Section 135 of the Companies Act, 2013, and the rules framed thereunder, your Company is now required to spend a specified amount on CSR activities and also to constitute a Corporate Social Responsibility Committee. In view of the same, your Company has constituted Corporate Social Responsibility Committee comprising of Mr. Dilip G. Piramal, Ms. Radhika Piramal and Mr. Vijay Kalantri as members of the Committee.

VIGIL MECHANISM

Your Company has established a Vigil Mechanism Policy for its Directors and employees to safeguard against victimisation of persons who use vigil mechanism and report genuine concerns. The Audit Committee of your Company shall oversee the vigil mechanism.

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 as amended 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 receiving a copy of the said statement may write to the Secretarial Department 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: 20th May, 2014

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:
- Energy saving device of Beblec make is fitted for plant illumination.
 - By utilisation of existing small compressor for ABS Extruder reduced Units/Kg of ABS Extrusion & Thermoforming machines
 - By calibration of A and B side pressure transducer ABS Extruder reduced Units/Kg of ABS Extrusion & Thermoforming machines
 - By Calibration of Hydraulic pressure of PC Extruder shearing machine reduced power consumption
 - Energy consumption in Screw type Air Compressor reduced by switching off the compressor during no load conditions
 - Calibration of hydraulic pumping system
 - Replaced Centrifugal Pump of Hot water circulation of IMD Machines cooling tower by Energy efficient Submersible Pump
 - Modified Lighting Circuit of IMD Shop Floor by Switching OFF Lights when not required
- b) Additional proposals:
- Saving of Electrical energy by Lowering Tube light fixture height at continuous working area like luggage assembly area and inspection area
 - Calibration & Fine tunings of IMD Sprint & SP Series Machines
 - Optimization of Air Compressors by reducing Air leakages & Load/ unload pattern.
 - Modification in Street light Circuits with installation of Energy efficient fittings.
- 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 ₹ 18.36 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 Light weight PP zippered cases
 - Development of Hybrid luggage & backpacks
 - Adoption of Low thickness printed PC films for making zippered cases
 - In-house development of Locks & Metal logos
 - Development of shallow wheel canopy designs
 - In-house development of soft luggage trolley and wheeling systems
 - Relative humidity indicator installed at Nasik warehouse
- 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
 - Easiness of predicting the generation of fungus in luggages stored in warehouse due to humid atmosphere

- iii) Future plan of action:
- Research on polymeric materials, blends and finishes
 - Alternate material development of luggage shells

iv) Expenditure on R&D:

	(₹ in Crores)
Capital	-
Recurring	2.21
Total	2.21

R & D expenditure as a percentage of total turnover is 0.22%

b) Technology Absorption, Adaption and Innovation:

- i) Efforts taken for technology absorption, adaption and innovation:
- Technology absorption from:
- Technical Journals.
 - Training of personnel on powerful CAD/CAM tools.
 - National and International exhibitions / seminars.
 - Joint projects with major raw material suppliers to develop innovative technology.
 - Training on safety & 'poka yoke' in tools and process to avoid accidents.
 - Information from internet
- ii) Benefits derived as a result of the above efforts:
- Enhancement of value to customer
 - Manufacturing of large moulds in-house of International quality, specific to customer requirements.
 - Effective utilization of polymers.
 - Reduction in variety of components resulting in cost saving.
- iii) Information regarding technology imported during last 5 years:
- Latest generation vacuum forming machine.
 - Developed of new single stem trolley system.
 - Multilayer extrusions in PC
 - Indigenized manufacturing of Texture rolls for Extruded sheets

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during the year:

	(₹ in Crores)
Used	308.89
Earned	103.21

By Order of the Board of Directors

DILIP G. PIRAMAL
Chairman

Place : Mumbai
Dated : 20th May, 2014

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 nine Directors as on 31st March 2014 out of which six are Non-executive Directors, all six Non-executive Directors 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 2013-14, five Board Meetings were held on the following dates:

1. 15.5.2013
2. 31.7.2013
3. 28.10.2013
4. 29.1.2014
5. 10.2.2014

The details of the Directors on the Board of your Company as on 31st March, 2014 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 (Executive Director)	203020	5	No	5	-	-
Ms. Radhika Piramal	Managing Director	222000	5	Yes	3	-	-

Mr. A. K. Saha	Director -Works	-	5	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	-	5	Yes	13	2	5
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	5	No	5	-	2
Mr. Nabankur Gupta	Independent, Non-Executive Director	-	5	No	9	2	5
Mr. Rajeev Gupta	Independent, Non-Executive Director	-	4	No.	5	-	1

NOTE:

- * 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. Vivek Nair who retires by rotation at the ensuing Annual General Meeting has not sought for re-appointment.

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, 2014 none of the Directors are related to each other except Ms. Radhika Piramal, Managing Director who is related to Mr. Dilip G. Piramal, Chairman, being his daughter.

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

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

AUDIT COMMITTEE

Terms of reference:

The Audit Committee of your Company, inter alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. RSM Astute Consulting Private Limited (RSM) were the Internal Auditors of your Company for the financial year 2013-14.

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 Independent 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 15.5.2013, 31.7.2013, 28.10.2013 and 29.1.2014.

The details of the composition, position and attendance at the Audit Committee meetings held 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	3
Mr. Dilip G. Piramal	Member	4	4
Mr. Vijay Kalantri	Member	4	4
Mr. G. L. Mirchandani	Member	4	4

Mr. Vijay Kalantri Member of the Committee was present at the 46th Annual General Meeting of your Company held on 28th June, 2013 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, your Company is required to file with MCA, the Compliance Report, certified by the Practicing Cost Accountants. To comply with the said Rules, M/s Suraj Lahoti & Associates were appointed as the Cost Accountants for the financial year 2012-13 and the Compliance Report for the financial year 2012-13 was duly filed on 30.09.2013.

To comply with the said rules, M/s Suraj Lahoti & Associates were appointed as the Cost Auditors for the financial year 2013-14.

NOMINATION AND COMPENSATION COMMITTEE

Terms of reference:

The nomenclature of the Remuneration and Compensation Committee has now been changed to Nomination and Compensation Committee. The Committee 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 Nomination and Compensation Committee comprises of four members viz. Mr. Dilip G. Piramal, Mr. D. K. Poddar, Mr. G. L. Mirchandani and Mr. Nabankur Gupta. Other than Mr. Dilip G. Piramal, Chairman who was appointed as the Executive Chairman with effect from 15th May, 2013, all the Committee Members are Non-Executive Independent Directors.

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

The Remuneration and Compensation Committee met once in the year under review i.e. on 15th May, 2013.

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 is within the limits prescribed under the Companies Act, 2013. 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. No commission was paid to Non-Executive Directors of your Company for the financial year 2013-14. Details of sitting fees paid to Non-Executive Directors for the year 2013-14 is as follows:

(Amount in ₹)

Name	Sitting Fees	Total
Mr. Vivek Nair	-	-
Mr. Vijay Kalantri	1,20,000	1,20,000
Mr. D. K. Poddar	1,00,000	1,00,000
Mr. G. L. Mirchandani	1,25,000	1,25,000
Mr. Nabankur Gupta	1,05,000	1,05,000
Mr. Rajeev Gupta	80,000	80,000

ii) Executive Directors' Remuneration:

a) Chairman – Whole-time Director

Mr. Dilip G. Piramal was appointed as the Executive Chairman of your Company with effect from 15th May, 2013 to 14th May, 2018 (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 Executive Chairman 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 Executive Chairman. Salary is paid within the limits approved by the Members.

Details of remuneration of Executive Chairman for the period from 15th May 2013 to 31st March 2014 is as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Dilip G. Piramal	-	85,72,146	68,00,000	-	1,53,72,146

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

b) 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, 2014 is as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal	-	1,29,45,132	68,00,000	-	1,97,45,132

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

c) Whole-time Director

Mr. Ashish K. Saha was appointed as a Whole-time Director of your Company designated as Director - Works for a period of three years with effect 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. The Board of Directors of your Company has proposed to re-appoint Mr. Saha as a Whole-time Director designated as the Director-Works as recommended by the Nomination and Compensation Committee on the terms and conditions and remuneration as detailed in the Notice convening the 47th Annual General Meeting of your Company.

Details of remuneration of Director, Works for the year ended on 31st March, 2014 is as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Ashish K. Saha	-	48,56,472	-	-	48,56,472

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Terms of reference:

The nomenclature of the Investors' Grievances & Share Transfer Committee has now been changed to Stakeholders' Relationship Committee. The terms of reference of the Stakeholders' Relationship Committee include redressing shareholder and investor complaints like non-receipt of transfer and transmission of shares, non receipt of 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 51,875 investors comprising of shareholders and fixed deposit holders as on 31st March 2014. During the year under Report, your Company processed 63 share transfers comprising of 37,845 equity shares in the physical form. Your Company received 116 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
44 th AGM (2010-11)	29 th September, 2011	"NIWEC", Satpur, Nashik – 422 007	12.30 noon	1
45 th AGM (2011-12)	14 th September, 2012	"NIWEC", Satpur, Nashik – 422 007	11.00 a.m.	-
46 th AGM (2012-13)	28 th June, 2013	"NIWEC", Satpur, Nashik – 422 007	12.00 noon	-

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

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.

46th Annual General Meeting held on 28th June, 2013

No special resolution was passed.

Postal Ballot

During the year ended 31st March, 2014, 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 2013-14. The details of transaction between your Company and the related parties are given for information under Note No. 31 of the Notes to Accounts to the Balance Sheet as at 31st March, 2014.

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 framed Vigil Mechanism as required under the provisions of the Companies Act, 2013.

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 / 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. 28th June, 2013.

Website: Your Company's website www.vipindustries.co.in contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

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

Corporate Filing and Dissemination System (CFDS): The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal, and hard copies of the said disclosures and correspondence are also filed with stock exchanges.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

SEBI Complaints Redressal System (SCORES): The investor complaints are processed in a centralised web-based complaints redressal system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Designated Exclusive email-id: Your Company has designated investor-help@vipbags.com (email-id) exclusively for investors' servicing.

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

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

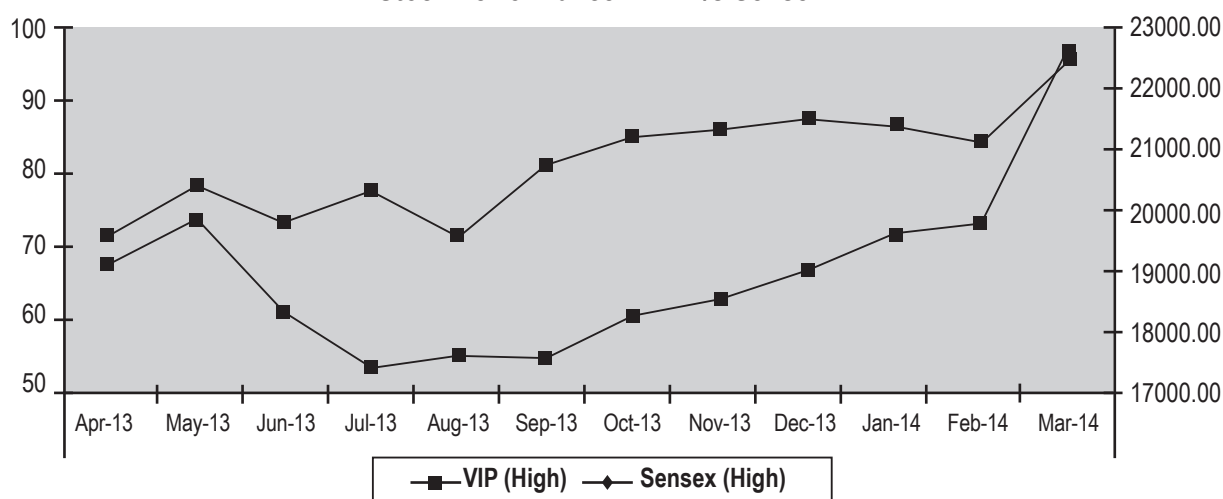
GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:
 - Day, Date and Time : Thursday, the 10th July, 2014 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, 1st July, 2014 to Thursday, 10th July, 2014 (both days inclusive)
4. Dividend Payment Date (2013-14) : Thursday, 17th July 2014
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 2014-15 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 BSE and the NSE and the stock performance during the last financial year 2013-14 was as under:

Bombay Stock Exchange				National Stock Exchange		
Period (Year 2013- 14)	High (₹)	Low (₹)	Sensex (High)	High (₹)	Low (₹)	Nifty (High)
April 2013	67.75	57.70	19622.68	67.85	55.50	5962.30
May 2013	73.90	55.50	20443.62	74.00	55.00	6229.45
June 2013	61.40	49.00	19860.19	61.45	49.60	6011.00
July 2013	53.70	42.40	20351.06	53.70	43.55	6093.35
August 2013	55.50	38.85	19569.20	55.60	38.90	5808.50
September 2013	55.30	43.75	20739.69	55.30	43.55	6142.50
October 2013	60.70	49.10	21205.44	60.80	49.00	6309.05
November 2013	62.95	52.10	21321.53	63.25	52.00	6342.95
December 2013	67.00	54.95	21483.74	66.95	55.00	6415.25
January 2014	73.10	56.10	21409.66	73.10	56.00	6358.30
February 2014	73.25	55.50	21140.51	73.30	55.50	6282.70
March 2014	109.30	70.80	22467.21	109.20	70.80	6730.05

Stock Performance - VIP v/s Sensex



9. Distribution Schedule and shareholding Pattern as on 31st March 2014.

DISTRIBUTION SCHEDULE			SHAREHOLDING PATTERN		
Category Number of Shares	No. of Shareholders	No. of Shares	Category of Shareholders	No. of Shares	%
Up to 500	42285	7641891	Promoters	73293250	51.86
501 - 1000	4450	3823123	Mutual Funds and UTI	3677194	2.60
1001 - 2000	2815	4362527	Banks, Financial Institution, Insurance Companies	224759	0.16
2001- 3000	1053	2686263	Foreign Financial Investors	8168738	5.78
3001- 4000	364	1294926	Bodies Corporate	5109570	3.62
4001- 5000	255	1207704	Indian Public	46233714	32.71
5001- 10000	340	2493937	Non Resident Individuals/ Overseas Corporate Bodies	1585918	0.96
10001 and Above	298	117806944	Others – Directors and their Relatives	3024172	2.31
TOTAL	51860	141317315		141317315	100

- 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 : 95.71% of the paid-up capital of your Company has
been dematerialized as on 31st March, 2014.
The equity shares of your Company are actively traded
on the BSE and the NSE in dematerialized form.
12. Outstanding GDRs/ ADRs/ Warrants : Nil
or any convertible instruments
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-400025
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 the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2014.

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

Place : Mumbai
Dated : 20th May, 2014

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, 2014 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 the 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 the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or 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) That there are no significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - (iii) That there are no instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee.

For V.I.P. INDUSTRIES LIMITED

RADHIKA PIRAMAL
Managing Director

JOGENDRA SETHI
Chief Financial Officer

Place : Mumbai
Dated : 20th May, 2014

ANNEXURE TO THE DIRECTORS' REPORT CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by V.I.P. Industries Limited for the year ended on 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants
Firm Registration No. 101484W
Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 20th May, 2014

A. INDUSTRY STRUCTURE AND DEVELOPMENT

LUGGAGE

Domestic Markets

During the year, luggage Industry has witnessed a positive growth across all price points and all product categories.

There was a good overall growth in domestic luggage business of your Company during the year under review. Growth during second quarter of the financial year under review was very encouraging due to increased international travel. Growth during third and fourth quarters was also good due to marriage season.

All channels witnessed growth during the financial year under review. Canteen Stores Department (CSD) and Hypermarket channels witnessed the strongest growth amongst all channels, suggesting that Indian consumers are showing preference towards shopping in indoor air-conditioned environment compared to traditional shopping outdoor markets. Across channels, several new ranges were launched across Brands & Categories in Hard & Soft Luggage segments. An aggressive promotions strategy and the channel's foray into Tier 2 towns have benefited your Company.

Polycarbonate products have achieved significant growth during the year as a category. Several successful polycarbonate product ranges were launched by your Company. One particular range named Riviera, launched under the Skybags brand, was promoted extensively through television campaigns and featured a distinctive white and blue "wave" design which was well received by consumers. Hard Luggage Uprights as a category has also grown well during the Year.

Backpacks have been leading in short haul product category during the year. For the first time, around 46 new backpacks were launched by your Company in a single month, which helped your Company increase its sales growth in Q4 in a significant manner. Hence, short haul category has also grown substantially during the year.

Supply of Products

The "Theory of Constraints" (TOC) supply chain management system is being implemented in your Company which is expected to increase sales by improving availability of all products to minimize sales loss. TOC is an overall management philosophy introduced by Mr. Eliyahu M. Goldratt since the 1970s to help organizations continually achieve their goals by better availability. TOC helps the entire supply chain from raw material vendors to manufacturing plants to central warehouse to stores and to end consumer by better availability with minimum inventory of finished goods. Your Company expects TOC implementation to take up to two years since adapting the supply chain system will require many operational improvements which will take some time to implement fully.

Weak Rupee against the USD has continued the pressure on sourcing cost for soft luggage. Financial Year 2013-14 witnessed the weakest Rupee in Indian history, which increased your Company's buying costs of its main soft luggage products by more than 10% in Rupee terms, although your Company was able to negotiate and limit cost increases in dollar terms due to its scale and negotiating power. Raw material prices for hard luggage also remained high due to weak rupee and high crude prices. The strength of your Company's brands and its dominant market share position in the Indian luggage industry enabled price rises which partially but not fully offset these higher input costs.

Exports and International Operations

The International Business of your Company has crossed an important milestone by achieving more than ₹ 100 crs export turnover during the year. The growth came mainly from Middle East and Asia Pacific in branded goods, also an increase in private label business in Europe. In view of changes in the trends in the travel and luggage industry and also due to emerging consumer requirements across the globe, the Carlton brand launched a series of very lightweight and yet tough luggage products which helped sales growth.

Ladies Hand Bags

Your Company successfully launched Ladies Hand Bags category under the brand “Caprese” in October 2012, and completed its first full year of operations by meeting its internal sales target. Caprese is now available at 500 stores across the country, across several distribution channels, including select Company-run exclusive brand stores, franchisee stores, multi brand dealers and leading Departmental chains like Shoppers Stop, Lifestyle and Central, and also in e-commerce sites. Your Company expects to grow in the category by expanding the distribution network through strategic product placement across channels and also by way of introduction of new and differentiated products and design.

Moulded Furniture

Moderna plastic chairs did not grow in the year under review. Moderna is perceived to have superior quality and premium image in the minds of consumers, however demand was subdued in response to price increases taken by your Company in order to maintain margins due to increase in plastic prices. 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. Your Company is planning to restructure Moderna business to ensure that lower sales do not affect profits of your Company.

B. OPPORTUNITIES AND THREATS

LUGGAGE

One of the key challenges would be to grow higher than market growth, despite having a market leadership position which means a high base. With strong brands in luggage across all channels and price segments, your Company is uniquely poised to grow higher than the market.

Opportunities – The key opportunities lie in gaining a leadership position in new categories like backpacks and office bags where good growth is expected as consumers upgrade from unbranded to branded products. Purchasers’ frequency of these types of “daily use” bags is more frequent than for larger luggage used for travel.

MOULDED FURNITURE

Moulded chairs business may continue to experience its margin under pressure if crude oil and plastic prices remain high.

C. SEGMENT / PRODUCT WISE PERFORMANCE

LUGGAGE

Soft luggage continues to grow faster than hard luggage and constitutes over 70% of your Company’s sales. The only category in hard luggage which is experiencing any growth is the polycarbonate category. Polycarbonate matches the convenience and features that consumers find in soft luggage, i.e. lightness and four wheeling. “VIP” brand continues to dominate Indian luggage market, with the largest market share of all luggage brands in India. “Skybags” brand has done extremely well in the year under review, growing the fastest of all luggage brands in India. “Carlton” brand also achieved good growth during the year, especially in the premium retail channel.

D. OUTLOOK

Considering the threats, opportunities and the strengths of your Company, the key task at hand is 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.

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 has commenced commercial production from 27th January, 2014. Initially, manufacturing capacity in Bangladesh is small which would increase 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, 2014 was at ₹ **975.23 crores** (Previous Year ₹ 839.50 crores).

EXPENDITURE:

Your Company continued its focus on cost management initiatives.

PROFIT:

Profit after Tax for the year under review amounted to ₹ **58.39 crores** (Previous Year ₹ 31.52 crores).

H. HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

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

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 at plant locations continues to be cordial, professional and productive.

The employee strength as on 31st March 2014 was 1689.

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and 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 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 misstatements.

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 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 evidence we have obtained is 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 aforesaid 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, 2014;
- (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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of the written representations received from the Directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 20th May, 2014

Annexure referred to in paragraph titled as “Report on other Legal and Regulatory Requirements” of Auditor’s report to the members VIP Industries Limited for the year ended 31st March 2014.

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) According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under that Section and hence no transactions have taken place in this regard. Accordingly, clause 4 (v) (b) of the Order is not applicable to the Company.
- (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 ₹ 210,277 and Income Tax of ₹ 116,437.
- According to the records of the Company, there are no dues of Wealth Tax, Service Tax, Customs 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	11,32,178	Various years from 1992-93 to 2009-10	Assistant Commissioner of Sales Tax
			20,310	2005-06	Commercial Tax Officer
			2,35,49,268	Various years from 1990-91 to 2013-14	Deputy/Sr. Deputy Commissioner of Sales Tax (Appeals)
			5,64,25,191	Various years from 1993-94 to 2010-11	Joint/Sr. Joint Commissioner of Sales Tax (Appeals)
			3,99,31,531	Various years from 1999-2000 to 2002-03	Joint Director of Industries
			60,62,79,152	Various years from 1983-84 to 2009-10	Sales Tax Tribunal
			93,07,582	Various years from 1999-2000 to 2005-06	Honourable High Court
2.	Income Tax Act, 1961	Income Tax	44,80,477	2009-2010	Commissioner of Income Tax (Appeals)
			3,580,916	2004-2005 and 2005-2006	Honourable High Court
			1,3090,759	2004-2005 and 2005-2006	Income Tax Appellate Tribunal
			130,085	2005-2006	Assessing Officer (ITO)
3.	Central Excise Act, 1944	Excise duty	5,00,000	2006-2007 to 2010-2011	Customs, Excise and Service Tax Appellate Tribunal
			32,42,162	2000-2001 and 2001-2002	Supreme Court

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2014. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2014 and in the immediately preceding financial year ended March 31, 2013.
- (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) The company has not taken any term loans during the period. Accordingly, clause 4 (xvi) of the Order is not applicable to the Company.
- (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, 2014.

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

Ashish Bairagra
Partner
Membership No. 109931

Place: Mumbai
Date: 20th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	28.26	28.26
(b) Reserves & Surplus	2	<u>259.49</u>	<u>229.26</u>
		287.75	257.52
(2) Non Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	-	0.70
(b) Other Long Term Liabilities	4	1.03	0.38
(c) Long Term Provisions	5	<u>2.87</u>	<u>2.15</u>
		3.90	3.23
(3) Current Liabilities			
(a) Short Term Borrowings	6	16.08	39.98
(b) Trade Payables	7	98.26	71.71
(c) Other Current Liabilities	8	19.57	17.68
(d) Short Term Provisions	9	<u>22.59</u>	<u>19.28</u>
TOTAL		<u>448.15</u>	<u>409.40</u>
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		66.84	76.14
(ii) Intangible Assets		0.82	1.49
(iii) Capital Work - in - Progress		<u>0.74</u>	<u>0.79</u>
		68.40	78.42
(b) Non Current Investment	11	9.55	3.55
(c) Deferred Tax Assets (Net)	3	1.44	-
(d) Long Term Loans and Advances	12	<u>38.27</u>	<u>29.09</u>
		49.26	32.64
(2) Current Assets			
(a) Inventories	13	172.79	145.24
(b) Trade Receivables	14	95.18	104.10
(c) Cash & Bank Balances	15	10.86	11.90
(d) Short Term Loans and Advances	16	25.65	24.66
(e) Other Current Assets	17	<u>26.01</u>	<u>12.44</u>
TOTAL		<u>448.15</u>	<u>409.40</u>
Contingent Liabilities and Commitments	18		
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS 1 to 48			
The notes referred above form an integral part of the Balance sheet.			

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 20th May, 2014

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

G. L. Mirchandani, Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Note	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
INCOME:			
Revenue from Operations		987.38	854.10
Less : Excise duty		14.89	16.44
Net Revenue from Operations	19	972.49	837.66
Other Income	20	2.74	1.84
Total Revenue		975.23	839.50
EXPENSES:			
Cost of Materials Consumed	21	149.86	149.43
Purchases of Stock - in - Trade	22	410.17	293.49
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	23	(28.64)	2.37
Employee Benefits Expense	24	92.78	84.74
Finance Costs	25	2.12	5.14
Depreciation & Amortization Expenses	10	17.05	19.80
Other Expenses	26	267.15	239.17
Total Expenses		910.49	794.14
Profit before exceptional items and tax		64.74	45.36
Add : Exceptional Items -Income	27	15.76	-
Profit before tax and after Exceptional Items		80.50	45.36
<u>Less : Tax expense</u>			
(1) Current tax		22.80	14.90
(2) Deferred tax		(2.14)	(1.12)
(3) Tax adjustment for earlier years		1.45	0.06
		22.11	13.84
Profit for the year		58.39	31.52
Earning per equity share (EPS) of face value of ₹ 2 each :	28		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		4.13	2.23
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		4.13	2.23

**SIGNIFICANT ACCOUNTING POLICIES
& NOTES ON FINANCIAL STATEMENTS**

1 to 48

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

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

Ashish Bairagra

Partner

Membership No. : 109931

Mumbai

Dated : 20th May, 2014**Dilip G Piramal**, Chairman**Radhika Piramal**, Managing Director**G. L. Mirchandani**, Director**Jogendra Sethi**, Chief Financial Officer**Shreyas Trivedi**, Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	(₹ in Crores)	
	For the Year ended 31 st March, 2014	For the Year ended 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & After exceptional items	80.50	45.36
Adjusted for:		
Depreciation/ Amortisation	17.05	19.80
Dividend Received	(0.19)	(0.13)
Finance Cost	1.20	2.07
Interest Income	(0.65)	(0.83)
(Gain) /Loss on Exchange Rate Fluctuation	(1.80)	0.02
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit) / Loss on sale of Investments	(9.37)	-
Obsolescence of Fixed Assets	0.76	-
(Profit)/Loss on sale of fixed assets (Net)	(6.39)	0.37
	<u>0.56</u>	<u>21.25</u>
Operating profit before working capital changes	81.06	66.61
Adjusted for :		
Trade and Other Receivables	(18.10)	8.72
Inventories	(27.56)	(1.21)
Trade and Other Payables	32.07	8.31
	<u>(13.59)</u>	<u>15.82</u>
Cash Generated from Operations	67.47	82.43
Direct Taxes Paid (Net of refund received)	(22.03)	(8.82)
NET CASH FROM OPERATING ACTIVITIES	<u>45.44</u>	<u>73.61</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(9.31)	(13.34)
Intercompany deposits (given) /Received back	0.37	-
Purchase /Sale of Investments	3.36	(3.19)
Sale of Fixed Assets	7.82	0.46
Interest Received	0.63	0.89
Dividend Received	0.19	0.13
NET CASH USED IN INVESTING ACTIVITIES	<u>3.06</u>	<u>(15.05)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(1.28)	(2.34)
Proceeds / (Repayments) from / of Borrowings (net)	(23.59)	(44.39)
Dividend paid (inclusive of Dividend Distribution Tax)	(24.45)	(16.30)
NET CASH USED IN FINANCING ACTIVITIES	(49.32)	(63.03)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	(0.82)	(4.47)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	8.89	13.36
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	8.07	8.89
	(0.82)	(4.47)

Notes:

(1) Cash and Cash Equivalents include :

Cash and Cheques on Hand

0.43

0.59

Balances with Scheduled Banks in :

Current Accounts

2.67

3.48

Remittance in Transit

4.97

4.82

Total

8.07

8.89

(2) Interest received includes interest received on account of income tax refund of ₹ **0.14 Crores** (Previous year ₹ 0.49 Crores) which has been considered from operational activities of the company.

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 : 20th May, 2014

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

G. L. Mirchandani, Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
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
1,000 9% Redeemable Cumulative Preference shares of ₹ 1,000/- each (Previous Year 1,000 Preference shares of ₹1,000/- each)	0.10	0.10
	49.40	49.40
<u>Issued, Subscribed and Fully Paid Up Share Capital</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, 2014:

	As at 31 st March, 2014		As at 31 st March, 2013	
	No of Shares held	₹ in Crores	No of Shares held	₹ in Crores
Number of Equity shares at the beginning of the year	141,317,315	28.26	141,317,315	28.26
Add :- Shares issued during the year	-	-	-	-
Less:- Shares Bought Back	-	-	-	-
Number of Equity shares at the end of the year	141,317,315	28.26	141,317,315	28.26

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

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

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

Name of the shareholders	As at 31 st March, 2014		As at 31 st March, 2013	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,581,765	25.89%
Vibhuti Investments Co. Ltd.	21,862,645	15.47%	21,783,300	15.41%
Jhunjhunwala Rakesh Radheshyam	12,490,500	8.84%	10,077,500	7.13%

		As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
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		1.09	1.14
Less : Transferred to Statement of Profit & Loss		0.05	0.05
At the end of the year	(D)	1.04	1.09
<u>General Reserve</u>			
At the beginning of the year		158.23	143.24
Add: Transferred from surplus		30.28	14.99
At the end of the year	(E)	188.51	158.23
<u>Surplus</u>			
At the beginning of the year		36.11	36.11
Add: Net profit after tax transferred from Statement of Profit & Loss		58.39	31.52
Amount available for appropriation		94.50	67.63
<u>Less : Appropriations</u>			
Interim Dividend		7.07	-
Final Dividend		16.96	14.13
Dividend Distribution Tax		4.08	2.40
Amount transferred to general reserve		30.28	14.99
At the end of the year	(F)	36.11	36.11
Total Reserves & Surplus	(A+B+C+D+E+F)	259.49	229.26
3 DEFERRED TAX LIABILITIES / (ASSETS) (NET)			
<u>Deferred Tax Liabilities</u>			
On account of difference in depreciation as per books and income tax	(A)	0.10	1.85
		0.10	1.85
<u>Less : Deferred Tax Assets</u>			
On account of Expenses allowable under income tax on payment basis		1.16	0.80
On account of Allowance for Bad & Doubtful Debts		0.38	0.35
	(B)	1.54	1.15
Net Deferred Tax Liabilities / (Assets)	(A-B)	(1.44)	0.70
4 OTHER LONG TERM LIABILITIES			
<u>Others</u>			
Deposits		1.03	0.35
Retention Money		-	0.03
		1.03	0.38

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
5 LONG TERM PROVISIONS		
<u>Provisions for Employee Benefits</u>		
Leave Encashment (Refer Note No. 32)	1.50	1.51
Compensated Absences - sick leave (Refer Note No.32)	0.52	-
<u>Others</u>		
Provision for Warranty (Refer Note No. 39)	0.85	0.64
	2.87	2.15
6 SHORT TERM BORROWINGS		
<u>Cash Credit and Demand loan from Banks</u>		
Secured (Refer Note No. 6.1)	10.62	0.34
Unsecured	5.46	9.83
<u>Other Loans and Advances</u>		
Unsecured	-	29.81
	16.08	39.98
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 & 7.2)	57.96	43.83
Sundry Creditors for Expenses (Refer Note No. 7.1)	40.30	27.88
	98.26	71.71
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.		
Note No. 7.2		
Sundry Creditors for goods includes ₹ 0.62 Crores due to subsidiary (Previous Year ₹ Nil).		
8 OTHER CURRENT LIABILITIES		
Interest Accrued but not due on Borrowings	-	0.08
Unpaid Dividends	1.92	1.57
Unpaid Matured Deposit and Interest Accrued thereon	0.06	0.09
<u>Other Liabilities</u>		
Sundry Creditors For Capital Goods	0.04	0.11
Advances from Customers	3.90	2.49
Statutory Liabilities	5.93	6.33
Others	7.72	7.01
	19.57	17.68
9 SHORT TERM PROVISIONS		
<u>Provision for Employee Benefits</u>		
For Leave Encashment (Refer Note No. 32)	0.44	0.29
For Compensated Absences - sick leave (Refer Note No.32)	0.48	-
<u>Other Provisions</u>		
Provision For Income Tax - Net of Advance Tax ₹ 21.60 Crores (Previous Year ₹ 37.65 Crores)	1.40	2.14
Proposed Dividend (Refer Note no. 9.1)	16.96	14.13
Dividend Distribution Tax (Refer Note no. 9.1)	2.88	2.40
Provision for Warranty (Refer Note No. 39)	0.43	0.32
	22.59	19.28

Note No. 9.1:

"The Board of Directors have recommended a final dividend of ₹ 1.2 (previous year ₹ 1.0) per share on par value of equity share of ₹ 2.0 each amounting to ₹ **16.96 Crores** (previous year ₹ 14.13 Crores) for the financial year 2013-14. An interim dividend of Rs 0.5 per share (previous year Rs Nil) amounting to ₹ **7.07 Crores** (previous year ₹ Nil) was paid during the financial year 2013-14. Hence, total dividend declared for the financial year 2013-14 would be ₹ 1.7 per share (previous year ₹ 1.0) amounting to ₹ **24.03 Crores** (previous year ₹ 14.13 Crores) and Dividend Distribution Tax ₹ **4.08 Crores** (previous year ₹ 2.40 Crores).

10 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 st April, 2013	Additions	Deductions / Adjustments (Refer Note No. 10.4)	As at 31 st March, 2014	As at 1 st April, 2013	For the year	Deductions/ Adjustments	As at 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
Tangible Assets:										
Freehold Land	0.03	-	0.01	0.02	-	-	-	-	0.02	0.03
Leasehold Land (Refer Note No. 10.1)	6.06	-	-	6.06	-	-	-	-	6.06	6.06
Leasehold Land (Refer Note No. 10.1, 10.2 & 29)	40.74	0.02	0.55	40.21	16.06	1.27	0.20	17.13	23.08	24.68
Plant and Machinery (Refer Note No. 10.3)	91.74	0.20	3.90	88.04	78.51	3.42	3.89	78.04	10.00	13.23
Moulds and Dies	83.55	3.73	12.12	75.16	70.69	6.17	12.08	64.78	10.38	12.86
Furniture & Fixtures	33.77	1.89	4.52	31.14	22.43	3.58	3.94	22.07	9.07	11.34
Office Equipments	2.11	0.10	0.37	1.84	0.85	0.09	0.26	0.68	1.16	1.26
Data Processing										
Machines	15.58	0.62	5.36	10.84	13.47	0.88	5.35	9.00	1.84	2.11
Vehicles	6.17	2.27	1.82	6.62	1.60	0.54	0.75	1.39	5.23	4.57
Total Tangible Assets	279.75	8.83	28.65	259.93	203.61	15.95	26.47	193.09	66.84	76.14
Tangible Assets (Previous Year)	(266.14)	(15.13)	(1.52)	(279.75)	(185.63)	(18.67)	(0.69)	(203.61)	(76.14)	-
Intangible Assets:										
Patents and Trademarks	9.08	-	-	9.08	8.27	0.70	-	8.97	0.11	0.81
Computer Software	5.18	0.43	-	5.61	4.50	0.40	-	4.90	0.71	0.68
Total Intangible Assets	14.26	0.43	-	14.69	12.77	1.10	-	13.87	0.82	1.49
Intangible Assets (Previous Year)	(14.02)	(0.24)	-	(14.26)	(11.64)	(1.13)	-	(12.77)	(1.49)	-
Capital Work-in-Progress	-	-	-	-	-	-	-	-	0.74	0.79

Note No 10.1: Building

Lease hold land includes original cost of ₹ **0.21 Crores** (Previous Year ₹ Nil), further Building includes original cost of ₹ **2.15 Crores** (Previous Year ₹ Nil) and net block ₹ **0.42 Crores** (Previous Year ₹ Nil) being assets held for sale. The same has been valued at lower of cost and Net Realisable value.

Note No 10.2: Building

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

Note No 10.3: 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.

Note No 10.4: Obsolescence of Fixed Assets

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

11 NON CURRENT INVESTMENTS

Non Trade Investments (at cost)	As at 31 st March, 2014			As at 31 st March, 2013	
	Face Value per Unit ₹	Number of Units	₹ in Crores	Number of Units	₹ in Crores
Quoted					
In Equity Instruments					
Windsor Machines Limited.	2	1,000	0.01	4,560,760	16.37
Kemp & Co Ltd.	10	1,909	-	1,909	-
Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
Total Value of Quoted Investments			0.01		16.37

Aggregate market value of Quoted Investments ₹ 0.17 Crores (previous year ₹ 4.74 Crores)

Unquoted

a) In Equity Instruments

Dinnette Exclusive Club Pvt Ltd.	100	500	-	500	-
The Saraswat Co Op Bank Ltd.	10	2,000	-	2,000	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	100	-
Investment in Wholly Owned Subsidiary Company					
Carlton Travel Goods Ltd. (Face Value of GBP 1) (Refer Note No. 11.1)	-	-	-	200,000	1.66
Blow Plast Retail Ltd.	10	50,000	0.05	50,000	0.05
VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)	-	9,070,475	6.44	4,640,049	3.19

Investments in Joint Venture

VIP Nitol Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	25,003	2.12
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b) In Preference Instruments

Investment in Wholly Owned Subsidiary Company VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)	-	3,852,176	3.05	-	-
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c) Others

Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	10	-
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Total Value of Unquoted Investments

Total of Long Term Investments			11.66		7.02
Less : Provision for Diminution in the value of Investment			11.67		23.39
Net Value of Investment			2.12		19.84
			9.55		3.55

Note No 11.1

The Carlton Travel Goods Limited (CTG) 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 was already made in the books, in earlier year. During the year the company has received approval from Reserve Bank of India to write off the investment in CTG and accordingly the investment of ₹ 1.66 Crores has been written off during the year.

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
12 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	1.67	1.64
Security Deposits	18.21	19.03
<u>With related party</u>		
Share Application Money to Subsidiary (VIP Industries Bangladesh Pvt. Ltd.)	9.73	-
<u>Other loans & Advances</u>		
Advance Recoverable in Cash or in kind or for value to be received	0.71	0.69
Sales Tax Advance/Refund	5.68	5.11
Inter Corporate Deposits	0.80	1.17
Advance Income Tax - Net of Provision for Taxation ₹ 34.63 Crores (Previous Year ₹ 19.59 Crores)	1.47	1.45
	38.27	29.09
13 INVENTORIES		
Raw Materials (Refer Note No 13.1)	15.67	16.69
Work-in-Progress	8.90	5.67
Finished Goods (Refer Note No 13.1)	37.76	37.66
Stock-in-Trade (Refer Note No 13.1)	109.69	84.39
Stores & Spares, Packing Material and others	0.77	0.83
	172.79	145.24
Note 13.1 : Goods in Transit		
Raw Materials inventory includes Goods-in transit ₹ 0.20 Crores (Previous year ₹ 0.06 Crores)		
Finished Goods inventory includes Goods-in transit ₹ Nil (Previous year ₹ 0.04 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 11.86 Crores (Previous year ₹ 4.56 Crores)		
14 TRADE RECEIVABLES		
(Unsecured)		
<u>Outstanding For More Than Six Months</u>		
Considered Good	5.46	6.85
Considered Doubtful	1.12	1.05
<u>Others</u>		
Considered Good	89.72	97.25
	96.30	105.15
Less : Allowance for Bad & Doubtful Debts	1.12	1.05
	95.18	104.10
15 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
<u>Balances With Banks in:</u>		
Current Accounts	2.67	3.48
Remittance in Transit	4.97	4.82
Cash on Hand	0.43	0.59
	8.07	8.89
Other Bank Balances :		
Unclaimed dividend Accounts (Refer Note No. 15.1)	1.92	1.57
Unclaimed Matured Deposits (Refer Note No. 15.1)	0.06	0.09
Margin Money Account (Refer Note No. 15.2)	0.81	1.35
	2.79	3.01
	10.86	11.90

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
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 ₹ 0.81 Crores (Previous Year ₹ 1.35 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
16 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
<u>With related party</u>		
Amount Recoverable from Subsidiary (VIP Industries Bangladesh Pvt. Ltd.)	0.25	0.25
<u>Others</u>		
Security Deposits	2.40	1.27
Advance Recoverable in Cash or in kind or for value to be received (refer Note No 16.1)	4.43	1.88
Advances to Employees	0.25	0.45
Advance to Suppliers	8.45	10.26
Balance with Statutory Authorities	7.87	5.57
Advance Income Tax - Net of Provision for taxation ₹ 38.54 Crores (Previous Year ₹ 19.42 Crores)	2.00	4.98
	25.65	24.66
Note No. 16.1		
Other Miscellaneous Receivable includes ₹ 0.19 Crores for Guarantee Commission Receivable from Subsidiary (VIP Industries Bangladesh Pvt. Ltd.) (Previous Year ₹ Nil)		
17 OTHER CURRENT ASSETS		
Interest accrued on deposits	0.45	0.43
Export Incentive Receivable	1.77	1.77
<u>Others</u>		
SAD Refund Receivable	14.09	10.19
Other Miscellaneous Receivables	9.70	0.05
	26.01	12.44
18 a) CONTINGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.04	0.13
2) Disputed Income Tax Liability	3.11	4.08
3) Disputed Sales Tax Liability	77.43	16.53
4) Bonds issued under EPCG scheme	4.41	4.09
5) Disputed Excise duty liability	0.41	0.41
6) Disputed Employees state insurance corporation Liability.	0.08	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	1.37	0.27

	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
19 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 19.1)	983.32	850.43
Income from Services (Refer Note No. 19.2)	2.28	1.49
<u>Other Operating Revenues</u>		
Sale of Scrap	0.54	0.64
Export Incentive	1.24	1.54
Less: Excise Duty	14.89	16.44
	<u>972.49</u>	<u>837.66</u>
Note No 19.1: Sale of Products:		
Particulars		
Soft Luggage	682.43	554.97
Hard Luggage	274.04	258.73
Furniture	26.79	36.69
Others	0.06	0.04
	<u>983.32</u>	<u>850.43</u>
Note No 19.2: Income from Services:		
Particulars		
Job Work	2.28	1.49
	<u>2.28</u>	<u>1.49</u>
20 OTHER INCOME		
Interest Income (Refer Note No. 20.1)	0.65	0.83
Dividend from Current Investment	0.19	0.13
Miscellaneous Income including Rent.	1.90	0.88
	<u>2.74</u>	<u>1.84</u>
Note No. 20.1: Break-up of Interest received		
Interest Income on Deposits with Banks	0.11	0.20
Interest Income on Income Tax	0.14	0.49
Interest Income on Inter Corporate Deposits	0.08	0.11
Interest Income on Others	0.32	0.03
	<u>0.65</u>	<u>0.83</u>
21 COST OF MATERIALS CONSUMED		
Cost of Materials Consumed (Refer Note No.21.1 & Note No. 34)	149.86	149.43
Note No. 21.1: Cost of Materials Consumed		
High Density Polyethylene (HDPE)	3.48	2.94
Aluminium Sections	11.92	11.07
Polypropylene	41.78	44.85
Components & Other Materials	92.68	90.57
	<u>149.86</u>	<u>149.43</u>

	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
22 PURCHASES OF STOCK IN TRADE		
Soft Luggage	410.17	293.49
	<u>410.17</u>	<u>293.49</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Finished Goods		
Opening Stock	37.66	33.51
Closing Stock	<u>37.76</u>	<u>37.66</u>
	(0.10)	(4.15)
Work-in-Progress		
Opening Stock	5.67	6.73
Closing Stock	<u>8.91</u>	<u>5.67</u>
	(3.24)	1.06
Stock-in-Trade		
Opening Stock	84.39	89.85
Closing Stock	<u>109.69</u>	<u>84.39</u>
	(25.30)	5.46
	<u>(28.64)</u>	<u>2.37</u>
24 EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	84.10	75.83
Contribution to Provident Fund & Other Funds	4.85	5.08
Staff Welfare Expenses	3.83	3.83
	<u>92.78</u>	<u>84.74</u>
25 FINANCE COSTS		
Interest Expense (Refer Note No. 25.1)	1.20	2.07
Other Borrowing Costs	0.68	0.26
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	0.24	2.81
	<u>2.12</u>	<u>5.14</u>
Note No. 25.1: Break-up of Interest Expense		
Interest Expense on Bank Borrowings	1.20	1.85
Interest Expense on Others	-	0.22
	<u>1.20</u>	<u>2.07</u>

			(₹ in Crores)	
	For the Year ended 31 st March, 2014		For the Year ended 31 st March, 2013	
26 OTHER EXPENSES				
Consumption of Stores and Spare parts (Refer Note No. 35)		1.68		1.56
Power & Fuel		13.04		13.43
Rent		36.61		35.90
<u>Repairs</u>				
for Buildings	0.11		0.28	
for Machinery	0.39		0.33	
for Other Repairs	7.95	8.45	4.64	5.25
Insurance		0.27		0.22
Rates and Taxes (includes Wealth Tax ₹ 0.06 Crores (Previous Year ₹ 0.05 Crores))		2.83		2.67
Payment to Auditors (Refer Note No. 26.1)		0.28		0.24
Freight, Handling and Octroi		50.04		43.66
Discounts & Rebates		30.73		36.32
Commission on Sales		1.86		1.04
Advertisement and Marketing		57.06		44.10
Travelling & Conveyance		13.43		12.68
Legal & Professional Fees		3.26		2.11
Communication Cost		3.42		3.69
Bank Charges & Commission		1.84		2.19
Human Resource Procurement		22.84		19.88
Directors' Fees		0.06		0.05
Investment Written Off (Refer Note No 11.1)	1.66		-	-
Less :- Provision for Diminution in Investment	1.66	-	-	-
Allowance for Bad & Doubtful Debts		0.25		0.73
Bad Debts written off during the year	0.17		0.29	
Less :- Bad & Doubtful Debts Written back	0.17	-	0.29	-
Net Loss on Foreign Currency Transactions		2.07		1.70
Obsolescence of Fixed Assets		0.76		-
Loss on Sale of Fixed Assets (Net)		-		0.37
Miscellaneous Expenses		16.37		11.38
		<u>267.15</u>		<u>239.17</u>
Note No. 26.1 : Payment to Statutory Auditor				
Audit Fees (including Limited Review)	0.14		0.12	
Tax Audit Fees	0.02		0.02	
Certification & other services	0.08		0.05	
Income Tax Representation	0.03		0.03	
*Towards Service Tax	0.02	0.29	0.02	0.24

* Note: Out of above, service tax credit of ₹ 0.01 Crores (previous year ₹ Nil), has been taken and the same has not been debited to the Statement of Profit & Loss.

	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
27 EXCEPTIONAL ITEMS - INCOME		
Profit on sale of Non Trade Non Current Investment	9.37	-
Profit on Sale of Fixed Asset (Net)	6.39	-
	15.76	-

28 EARNING PER SHARE (EPS):

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

Profit before taxation and extraordinary items	80.50	45.36
Less : Provision for taxation (net of extra-ordinary items)	22.80	15.30
Less : Deferred tax (net of extra-ordinary items)	(2.14)	(1.57)
Less : Tax adjustment for earlier years	1.45	0.06
Profit attributable to the shareholders	58.39	31.57

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 (₹)	4.13	2.23

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	58.39	31.52
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 (₹)	4.13	2.23

29 ASSETS TAKEN ON LEASE:

The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings therein wherever applicable taken on leave and license basis). The aggregate lease rentals of ₹ **36.61 Crores** (previous year ₹ 35.90 Crores) 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 ₹ **1.33 Crores** (previous year ₹ 0.54 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 20 "Other Income".

The details of Asset given on lease are as under:

	2013-14	(₹ in Crores) 2012-13
Gross Block	1.21	1.21
Accumulated Depreciation	0.33	0.31
Written down value	0.88	0.90
Depreciation for the year	0.02	0.02

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

30 SEGMENT REPORTING:**Segment Information for the year ended 31st March, 2014**

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

	2013 - 14			2012 - 13		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	872.47	102.76	975.23	762.36	77.14	839.50
Segment Assets	402.46	45.80	448.26	378.39	32.15	410.54
Capital Expenditure	8.34	0.92	9.26	13.06	2.31	15.37

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 party and description of relationship****Name of Related Parties****Nature of Relationship****Parties where control exists:**

Blow Plast Retail Ltd.

Wholly owned Subsidiary Company

VIP Industries Bangladesh Pvt Ltd.

Wholly owned Subsidiary Company (W.e.f. 05.04.12)

VIP Nitol Industries Ltd.

Joint Venture

Key Management Personnel:

Mr Dilip G. Piramal

Whole time Director W.e.f. 15.05.2013 and Chairman

Ms. Radhika Piramal

Managing Director

Mr. Ashish K Saha

Director Works

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

Name of Related Parties	Nature of Transactions during the year	(₹ in Crores)	
		2013-14	2012-13
1. VIP Industries Bangladesh Pvt Ltd.	Equity Contribution	3.25	3.19
	Preference Shares Contribution	3.05	-
	Commission Income	0.19	-
	Purchase of Goods	1.78	-
	Reimbursement of Expenses Received	-	0.22
	Share Application Money - Preference Shares	9.73	-
2. Mr Dilip G. Piramal	Remuneration Paid	0.86	-
	Commission	0.68	0.49
3. Ms. Radhika Piramal	Remuneration Paid	1.29	1.09
	Commission	0.68	0.49
4. Mr. Ashish Saha	Remuneration Paid	0.49	0.43

C) Balance at the year end.

Name of Related Parties	Particulars	(₹ in Crores)	
		As on 31 st March 2014	As on 31 st March 2013
1. VIP Industries Bangladesh Pvt Ltd	Investment in Equity Shares	6.44	3.19
	Investment in Preference Shares	3.05	-
	Reimbursement Receivables	0.25	0.25
	Share Application Money	9.73	-
	Sundry creditor for Goods	0.62	-
	Commission Receivable	0.19	-
2. VIP Nitol Industries Ltd	Investment in Equity Shares	2.12	2.12
3. Mr Dilip G. Piramal	Commission payable	0.68	0.49
4. Ms. Radhika Piramal	Commission payable	0.68	0.49

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)	
	2013-14	2012-13
Employer's Contribution to Provident Fund	3.40	3.34

Defined Benefit Plan

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

The following table sets out the assumptions taken, status of the gratuity plan, leave encashment and Compensated absences for sick leave the amount recognised in the Company Financial Statements as on 31st March, 2014.

	2013-14			(₹ in crores) 2012-13	
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)
(i) Assumptions					
Discount Rate	9.20%	9.20%	9.20%	8.15%	8.15%
Rate of increase in Compensation levels	5%	5%	5%	5%	5%
(ii) Change in present value of obligation					
Projected Benefit Obligations at the beginning of the year	18.49	1.81	-	18.31	1.51
Interest Cost	1.39	0.12	-	1.45	0.11
Service Cost	1.62	0.52	0.55	1.55	0.59
Benefits paid	(2.81)	(0.58)	-	(2.57)	(0.45)
Actuarial (gain) / loss on obligations	(0.62)	0.06	0.46	(0.25)	0.05
Projected Benefit Obligations at the end of the year	18.07	1.93	1.01	18.49	1.81

	2013-14			(₹ in crores) 2012-13	
	Gratuity	Leave Encashment	Compensated absences-Sick Leave	Gratuity	Leave Encashment
	(Funded plan)	(Non-funded plan)	(Non-Funded plan)	(Funded plan)	(Non-funded plan)
(iii) Changes in Fair value of Plan Assets					
Fair value of Plan Assets at the beginning of the year	18.75	-	-	18.42	-
Adjustment to opening Fair value of Plan Assets	(0.01)	-	-	-	-
Expected Return on Plan Assets	1.66	-	-	1.65	-
Contributions	0.94	0.58	-	1.12	0.45
Benefits paid	(2.81)	(0.58)	-	(2.57)	(0.45)
Gain / (loss) on Plan Assets	(0.15)	-	-	0.13	-
Fair value of Plan Assets at the end of the year	18.38	-	-	18.75	-
(iv) Fair value of Plan Assets					
Fair value of Plan Assets at the beginning of the year	18.75	-	-	18.42	-
Adjustment to opening Fair value of Plan Assets	(0.01)	-	-	-	-
Actual return on Plan Assets	1.51	-	-	1.78	-
Contributions	0.94	0.58	-	1.12	0.45
Benefits paid	(2.81)	(0.58)	-	(2.57)	(0.45)
Fair value of Plan Assets at the end of the year	18.38	-	-	18.75	-
Funded Status	0.31	(1.93)	(1.01)	0.25	(1.81)
Excess of actual over expected return on Plan Assets	(0.15)	-	-	0.13	-
(v) Actuarial gain/loss recognised :					
Actuarial gain/(loss) for the year - Obligation	0.62	(0.06)	(0.46)	0.25	(0.05)
Actuarial gain/(loss) for the year - Plan Assets	(0.15)	-	-	0.13	-
Total Gain/(loss) for the period	0.47	(0.06)	(0.46)	0.38	(0.05)
Actuarial gain/(loss) recognised for the period	0.47	(0.06)	(0.46)	0.38	(0.05)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-	-
(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	18.07	1.93	1.01	18.50	1.81
Fair value of plan assets as at the end of the year	18.38	-	-	18.75	-
Funded status	0.31	(1.93)	(1.01)	0.25	(1.81)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-	-

	2013-14			2012-13	
	Gratuity	Leave Encashment	Compensated absences-Sick Leave	Gratuity	Leave Encashment
	(Funded plan)	(Non-funded plan)	(Non-Funded plan)	(Funded plan)	(Non-funded plan)
Net Asset /(liability) recognised in balance sheet	0.31	(1.93)	(1.01)	0.25	(1.81)
(vii) Expenses Recognised in statement of Profit & Loss					
Current Service Cost	1.62	0.52	0.55	1.55	0.59
Interest Cost	1.39	0.12	-	1.45	0.11
Adjustment to opening Fair value of Plan Assets					
Expected return on Plan Assets	(1.66)	-	-	(1.65)	-
Net Actuarial (gain) / loss recognised in the year	(0.47)	0.06	0.46	(0.38)	0.05
Expenses recognised in the statement of Profit & Loss	0.88	0.70	1.01	0.97	0.75
(viii) Movements in the liability recognised in the Balance Sheet					
Opening Net liability	(0.25)	1.81	-	(0.11)	1.51
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-
Expense as above	0.88	0.70	1.01	0.97	0.75
Contributions	(0.94)	(0.58)	-	(1.12)	(0.45)
Closing Net liability	(0.31)	1.93	1.01	(0.25)	1.81
(ix) Experience Analysis - Liabilities					
Actuarial (Gain)/Loss due to change in bases	(0.27)	(0.15)	-	0.34	0.02
Experience (Gain) / Loss due to Change in Experience	(0.35)	0.21	0.46	(0.59)	0.03
Total	(0.62)	0.06	0.46	(0.25)	0.05
Experience Analysis - Plan Assets					
Experience (Gain) / Loss due to Change in Plan Assets	0.15	-	-	(0.13)	-
	-	-	-	-	-
Current Liability	-	0.44	0.48	-	0.29
Non-Current Liability	18.07	1.50	0.52	-	1.51

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

	2013-14		2012-13	
a) Raw Material	7.60		6.01	
b) Capital Goods	0.10		-	
c) Stores & Spares	0.09		0.02	
	<u>7.79</u>		<u>6.03</u>	

34 IMPORTED AND INDIGENOUS RAW-MATERIALS AND COMPONENTS CONSUMED :

		(₹ in Crores)			
		2013-14		2012-13	
		%	Value	%	Value
Raw Materials					
	Imported*	3%	1.85	4%	2.14
	Indigenous	97%	55.33	96%	56.72
	Subtotal (A)	100%	57.18	100%	58.86
Components and other Raw Materials					
	Imported*	6%	5.17	4%	4.02
	Indigenous	94%	87.51	96%	86.55
	Subtotal (B)	100%	92.68	100%	90.57
	TOTAL (A)+(B)		149.86		149.43

* Excludes imported items purchased locally

35 IMPORTED AND INDIGENOUS STORES & SPARES CONSUMED

(₹ in Crores)

		2013-14		2012-13	
		%	Value	%	Value
	Imported *	6%	0.10	1%	0.02
	Indigenous	94%	1.58	99%	1.54
		100%	1.68	100%	1.56

* Excludes imported items purchased locally

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

	2013-14	2012-13
a) Final Dividend :		
i) No. of non-resident shareholders	428	449
ii) No. of shares held by the shareholders	235,610	247,910
iii) Amount remitted (₹ in Crores)	0.02	0.02
iv) Year to which pertains	2012-13	2011-12
b) Interim Dividend :		
i) No. of non-resident shareholders	438	-
ii) No. of shares held by the shareholders	241,660	-
iii) Amount remitted (₹ in Crores)	0.01	-
iv) Year to which pertains	2013-14	-

37 EXPENDITURE IN FOREIGN CURRENCY

	(₹ in Crores)	
	2013-14	2012-13
Travelling	2.48	2.17
Interest	0.25	0.97
Commission	1.84	2.76
Capital assets	0.92	2.31
Import of goods	274.55	202.34
Payable on other accounts	21.06	18.54
	<u>301.10</u>	<u>229.09</u>

38 EARNINGS IN FOREIGN CURRENCY

	(₹ in Crores)	
	2013-14	2012-13
FOB value of exports	101.66	75.15
Freight	1.31	1.28
Interest Income	0.04	-
Commission Income	0.20	-
	<u>103.21</u>	<u>76.43</u>

39 DISCLOSURE RELATING TO WARRANTY PROVISIONS

The movement in the following provisions is summarised as under :

	(₹ in Crores)	
	2013-14	2012-13
Opening	0.96	0.67
Additions	0.59	0.46
Utilisation/reversal	0.27	0.17
Closing Balance	<u>1.28</u>	<u>0.96</u>

Notes:

- a) The Closing Balance includes ₹ **0.43 Crores** as Short Term and ₹ **0.85 Crores** as Long Term in Current year (Previous year ₹ 0.32 Crores as short Term and ₹ 0.64 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.

40 RESEARCH & DEVELOPMENT EXPENDITURE

	(₹ in Crores)	
	2013-14	2012-13
Revenue Expenditure included in Employee Benefits	1.12	1.52
Revenue Expenditure included in other expenses	1.09	0.69
Closing Balance	<u>2.21</u>	<u>2.21</u>

41 DERIVATIVES

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

Buy or Sell	As on 31.03.2014		As on 31.03.2013		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ Crores	Amount in Foreign Currency	
BUY	3.54	590,537	0.99	182,652	USD

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

	As on 31.03.2014		As on 31.03.2013		Foreign Currency
	₹ Crores	Amount in Foreign Currency	₹ Crores	Amount in Foreign Currency	
a) Receivables :-					
	-	-	0.17	24,445	EUR
	13.99	2,335,619	11.13	2,050,107	USD
	0.17	218,820	0.15	218,820	HKD
	0.17	101,349	0.04	30,189	AED
	0.15	15,183	0.07	8,350	GBP
b) Payables :-					
	0.10	12,435	0.09	12,435	EUR
	0.17	106,354	0.30	205,468	AED
	26.49	4,420,426	43.47	8,004,782	USD
	0.03	44,606	0.14	195,128	HKD
	0.03	2,667	0.00	174	GBP

42 CORPORATE INFORMATION

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

43 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

A) BASIS OF ACCOUNTING:

The Financial Statements have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the mandatory accounting standards and the relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 wherever applicable.

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.

- 44** Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 45** The Company had entered into an agreement to sale its stake in the Joint Venture, VIP NITOL Industries Limited. The sale has not been effected, pending clearances from the authorities in Bangladesh. Consequently the disclosure under AS 27 is not applicable. Further the Provision for Diminution in value of Investment of ₹ 2.12 Crores has already been made in the accounts.
- 46** During the year, the Company has made a provision of ₹ **0.52 Crores** (previous year ₹ 1.23 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 : 20th May, 2014

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

**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, 2014 : 1 TAKA = ₹ 0.77

Sr No	Particulars	2013-2014		2012-2013	
		Exchange Rate	₹ in Crores	Exchange Rate	₹ in Crores
a	Capital	0.77	9.94	0.70	3.22
b	Share Application Money	0.77	9.25	0.70	-
c	Reserves	0.77	(0.65)	0.70	-
d	Total Assets	0.77	21.41	0.70	3.50
e	Total Liabilities	0.77	2.87	0.70	0.28
f	Details of Investment (Other than investment in subsidiary)	0.77	-	0.70	-
g	Turnover (including other income)	0.77	1.84	0.70	-
h	Profit/(Loss) before Taxation	0.77	(0.67)	0.70	-
i	Provision for Taxation	0.77	-	0.70	-
j	Profit/(Loss) After Taxation	0.77	(0.67)	0.70	-
k	Proposed Dividend	0.77	-	0.70	-

Dilip G Piramal

Chairman

Radhika Piramal

Managing Director

G. L. Mirchandani

Director

Jogendra Sethi

Chief Financial Officer

Shreyas Trivedi

Company Secretary

Mumbai

Dated: 20th May, 2014

**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	2013-2014	2012-2013
		₹ 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	-	-
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
G. L. Mirchandani Director
Jogendra Sethi Chief Financial Officer
Shreyas Trivedi Company Secretary

Mumbai
Dated: 20th May, 2014

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, 2014, 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 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 notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and 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 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 misstatements.

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 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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, 2014;
- (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 ₹ 3,99,259 as at 31st March, 2014 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 ₹ 214,136,638 as at 31st March, 2014 and total revenue of ₹ 18,376,208 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: 20th May, 2014

	Note	As at		(₹ in Crores)	
		31 st March, 2014	31 st March, 2013	As at	As at
				31 st March, 2014	31 st March, 2013
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	28.26		28.26	
(b) Reserves & Surplus	2	258.76	287.02	229.29	257.55
(2) Non Current Liabilities					
(a) Deferred Tax Liabilities (Net)	3	-		0.70	
(b) Other Long Term Liabilities	4	1.03		0.38	
(c) Long Term Provisions	5	2.87	3.90	2.15	3.23
(3) Current Liabilities					
(a) Short Term Borrowings	6	16.08		39.98	
(b) Trade Payables	7	99.10		71.74	
(c) Other Current Liabilities	8	20.51		17.68	
(d) Short Term Provisions	9	22.59	158.28	19.28	148.68
TOTAL			449.20	409.46	
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets	10				
(i) Tangible Assets		83.75		76.14	
(ii) Intangible Assets		1.12		1.49	
(iii) Capital Work - in - Progress		0.74		3.86	
			85.61		81.49
(b) Non Current Investment	11	0.01		0.31	
(c) Deferred Tax Assets (Net)	3	1.44		-	
(d) Long Term Loans and Advances	12	28.94		29.29	
			30.39		29.60
(2) Current Assets					
(a) Inventories	13	175.62		145.24	
(b) Trade Receivables	14	95.18		104.10	
(c) Cash & Bank Balances	15	11.08		12.17	
(d) Short Term Loans and Advances	16	25.31		24.42	
(e) Other Current Assets	17	26.01	333.20	12.44	298.37
TOTAL			449.20	409.46	
Contingent Liabilities and Commitments	18				

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS

1 to 44

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 : 20th May, 2014

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

G. L. Mirchandani, Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Crores)

	Note	For the Year ended 31 st March, 2014	For the Year ended 31 st March, 2013
INCOME:			
Revenue from Operations		987.38	854.10
Less :- Excise Duty		14.89	16.44
Net Revenue from Operations	19	972.49	837.66
Other Income	20	2.55	1.84
Total Revenue		975.04	839.50
EXPENSES:			
Cost of Materials Consumed	21	152.31	149.43
Purchases of Stock - in - Trade	22	408.38	293.49
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	23	(29.92)	2.37
Employee Benefit Expenses	24	93.32	84.74
Finance Costs	25	2.12	5.14
Depreciation & Amortization Expenses	10	17.05	19.80
Other Expenses	26	267.79	239.17
Total Expenses		911.05	794.14
Profit before exceptional items and tax		63.99	45.36
Add :- Exceptional Items -Income	27	15.76	-
Profit before tax and after Exceptional Items		79.75	45.36
Less : Tax expense			
(1) Current tax		22.80	14.90
(2) Deferred tax		(2.14)	(1.12)
(3) Tax adjustment for earlier years		1.45	0.06
Profit for the year		57.64	31.52
Earning per equity share (EPS) of face value of ₹ 2 each :	28		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		4.08	2.23
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		4.08	2.23

SIGNIFICANT ACCOUNTING POLICIES &

NOTES ON FINANCIAL STATEMENTS

1 to 44

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 : 20th May, 2014

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

G. L. Mirchandani, Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & After exceptional items	79.75	45.36
Adjusted for:		
Depreciation/ Amortisation	17.05	19.80
Dividend Received	(0.19)	(0.13)
Finance Cost	1.20	2.07
Interest Income	(0.65)	(0.83)
(Gain) /Loss on Exchange Rate Fluctuation	(1.80)	0.02
(Gain) /Loss on Translation	(0.02)	0.04
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit) / Loss on sale of Investments	(9.37)	-
Obsolescence of Fixed Assets	0.76	-
(Profit)/Loss on sale of fixed assets (Net)	(6.39)	0.37
	<u>0.54</u>	<u>21.29</u>
Operating profit before working capital changes	<u>80.29</u>	<u>66.65</u>
Adjusted for :		
Trade and Other Receivables	(10.58)	8.76
Inventories	(30.38)	(1.21)
Trade and Other Payables	<u>32.94</u>	<u>8.33</u>
	<u>(8.02)</u>	<u>15.88</u>
Cash Generated from Operations	72.27	82.53
Direct Taxes Paid (Net of refund received)	22.03	(8.82)
NET CASH FROM OPERATING ACTIVITIES	<u>50.24</u>	<u>73.71</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets/ Payment Towards		
Capital Work in Process	(20.47)	(16.41)
Intercorporate deposits (given) /Received back	0.37	-
Purchase /Sale of Investments	9.66	-
Sale of Fixed Assets	7.82	0.46
Interest Received	0.63	0.89
Dividend Received	<u>0.19</u>	<u>0.13</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1.80)</u>	<u>(14.93)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	For the Year ended 31 st March, 2014	(₹ in Crores) For the Year ended 31 st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(1.28)	(2.34)
Proceeds / (Repayments) from / of Borrowings (net)	(23.58)	(44.39)
Dividend paid (inclusive of Dividend Distribution Tax)	<u>(24.45)</u>	<u>(16.30)</u>
NET CASH USED IN FINANCING ACTIVITIES	(49.31)	(63.03)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	<u>(0.87)</u>	<u>(4.25)</u>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	9.16	13.41
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	8.29	9.16
	<u>(0.87)</u>	<u>(4.25)</u>

Notes:

(1) **Cash and Cash Equivalents include :**

Cash and Cheques on Hand	0.43	0.59
Balances with Scheduled Banks in :		
Current Accounts	2.89	3.75
Remittance in Transit	4.97	4.82
Total	<u>8.29</u>	<u>9.16</u>

(2) Interest received includes interest received on account of income tax refund of ₹ 0.14 Crores (Previous year ₹ 0.49 Crores) which has been considered from operational activities of the company.

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 : 20th May, 2014

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

G. L. Mirchandani, Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
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 Share Capital</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, 2014:

	As at 31 st March, 2014		As at 31 st March, 2013	
	No of Shares held	₹ in Crores	No of Shares held	₹ in Crores
Number of Equity shares at the beginning	141,317,315	28.26	141,317,315	28.26
Add :- Shares issued during the year	-	-	-	-
Less :- Shares Bought back	-	-	-	-
Number of Equity shares at the end of the year	141,317,315	28.26	141,317,315	28.26

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

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

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

Name of the shareholders	As at 31 st March, 2014		As at 31 st March, 2013	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,581,765	25.89%
Vibhuti Investments Co. Ltd.	21,862,645	15.47%	21,783,300	15.41%
Jhunjunwala Rakesh Radheshyam	12,490,500	8.84%	10,077,500	7.13%

		As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
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	1.09	1.14
	Less : Transferred to Statement of Profit & Loss	0.05	0.05
	At the end of the year (D)	1.04	1.09
	General Reserve		
	At the beginning of the year	158.23	143.24
	Add: Transferred from surplus	30.28	14.99
	At the end of the year (E)	188.51	158.23
	Foreign Currency Translation Reserve (F)	0.03	0.04
	Surplus		
	At the beginning of the year	36.10	36.10
	Add : Foreign Currency Translation Reserve Adjusted		
	Add: Net profit after tax transferred from		
	Statement of Profit & Loss	57.64	31.52
	Amount available for appropriation	93.74	67.62
	Less : Appropriations		
	Interim Dividend	7.07	-
	Final Dividend	16.96	14.13
	Dividend Distribution Tax	4.08	2.40
	Amount transferred to general reserve	30.28	14.99
	At the end of the year (G)	35.35	36.10
	Total of Reserves & Surplus (A+B+C+D+E+F+G)	258.76	229.29
3	DEFERRED TAX LIABILITIES / (ASSETS) (NET)		
	Deferred Tax Liabilities		
	On account of difference in depreciation as per books and income tax (A)	0.10	1.85
		0.10	1.85
	Deferred Tax Assets		
	On account of Expenses allowable under income tax on payment basis	1.16	0.80
	On account of Allowance for Bad & Doubtful Debts	0.38	0.35
	(B)	1.54	1.15
	Net Deferred Tax Liabilities/(Assets) (A-B)	(1.44)	0.70
4	OTHER LONG TERM LIABILITIES		
	Others		
	Deposits	1.03	0.35
	Retention Money	-	0.03
		1.03	0.38

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
5 LONG TERM PROVISIONS		
<u>Provisions for Employee Benefits</u>		
Leave Encashment (Refer Note No. 33)	1.50	1.51
Compensated Absences - sick leave (Refer Note No.33)	0.52	-
<u>Others</u>		
Provision for Warranty (Refer Note No. 34)	0.85	0.64
	<u>2.87</u>	<u>2.15</u>
6 SHORT TERM BORROWINGS		
<u>Cash Credit and Demand loan from Banks</u>		
Secured (Refer Note No. 6.1)	10.62	0.34
Unsecured	5.46	9.83
<u>Other Loans and Advances</u>		
Unsecured	-	29.81
	<u>16.08</u>	<u>39.98</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)	58.49	43.84
Sundry Creditors for Expenses (Refer Note No. 7.1)	40.61	27.90
	<u>99.10</u>	<u>71.74</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
Unpaid Dividends	1.92	1.57
Unpaid Matured Deposit and Interest Accrued thereon	0.06	0.09
<u>Other Liabilities</u>		
Sundry Creditors For Capital Goods	0.96	0.11
Advances from Customers	3.90	2.49
Statutory Liabilities	5.95	6.33
Others	7.72	7.01
	<u>20.51</u>	<u>17.68</u>
9 SHORT TERM PROVISIONS		
<u>Provision for Employee Benefits</u>		
For Leave Encashment (Refer Note No. 33)	0.44	0.29
For Compensated Absences - sick leave (Refer Note No.33)	0.48	-
<u>Other Provisions</u>		
Provision For Income Tax - Net of Advance Tax ₹ 21.60 Crores (Previous Year ₹ 37.65 Crores))	1.40	2.14
Proposed Dividend (Refer Note no. 9.1)	16.96	14.13
Dividend Distribution Tax (Refer Note no. 9.1)	2.88	2.40
Provision for Warranty (Refer Note no. 34)	0.43	0.32
	<u>22.59</u>	<u>19.28</u>

Note No. 9.1:

"The Board of Directors have recommended a final dividend of ₹ 1.2 (previous year ₹ 1.0) per share on par value of equity share of ₹ 2.0 each amounting to ₹ **16.96 Crores** (previous year ₹ 14.13 Crores) for the financial year 2013-14. An interim dividend of ₹ 0.5 per share (previous year Rs Nil) amounting to ₹ **7.07 Crores** (previous year ₹ Nil) was paid during the financial year 2013-14. Hence, total dividend declared for the financial year 2013-14 would be ₹ 1.7 per share (previous year ₹ 1.0) amounting to ₹ **24.03 Crores** (previous year ₹ 14.13 Crores) and Dividend Distribution Tax ₹ **4.08 Crores** (previous year ₹ 2.40 Crores).

10. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 st April, 2013	Additions	Deductions / Adjustments (Refer Note No. 10.4)	As at 31 st March, 2014	As at 1 st April, 2013	For the year	Deductions/ Adjustments	As at 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
Tangible Assets:										
Freehold Land	0.03	-	0.01	0.02	-	-	-	-	0.02	0.03
Leasehold Land (Refer Note No. 10.1)	6.06	0.04	-	6.10	-	-	-	-	6.10	6.06
Buildings (Refer Note No. 10.1, 10.2 & 30)	40.74	10.92	0.55	51.11	16.06	1.27	0.20	17.13	33.98	24.68
Plant and Machinery (Refer Note No. 10.3)	91.74	5.92	3.90	93.76	78.51	3.42	3.89	78.04	15.72	13.23
Moulds and Dies	83.55	3.73	12.12	75.16	70.69	6.17	12.08	64.78	10.38	12.86
Furniture & Fixtures	33.77	2.08	4.52	31.33	22.43	3.58	3.94	22.07	9.26	11.34
Office Equipments	2.11	0.10	0.37	1.84	0.85	0.09	0.26	0.68	1.16	1.26
Data Processing Machines	15.58	0.68	5.36	10.90	13.47	0.88	5.35	9.00	1.90	2.11
Vehicles	6.17	2.27	1.82	6.62	1.60	0.54	0.75	1.39	5.23	4.57
Total Tangible Assets	279.75	25.74	28.65	276.84	203.61	15.95	26.47	193.09	83.75	76.14
Tangible Assets (Previous Year)	(266.14)	(15.13)	(1.52)	(279.75)	(185.63)	(18.67)	(0.69)	(203.61)	(76.14)	-
Intangible Assets:										
Patents and Trademarks	9.08	-	-	9.08	8.27	0.70	-	8.97	0.11	0.81
Computer Software	5.18	0.73	-	5.91	4.50	0.40	-	4.90	1.01	0.68
Total Intangible Assets	14.26	0.73	-	14.99	12.77	1.10	-	13.87	1.12	1.49
Intangible Assets (Previous Year)	(14.02)	(0.24)	-	(14.26)	(11.64)	(1.13)	-	(12.77)	(1.49)	-
Capital Work-in-Progress	-	-	-	-	-	-	-	-	0.74	3.86

Note No 10.1: Leasehold Land

Lease hold land includes original cost of ₹ **0.21 Crores** (Previous Year ₹ Nil), further Building includes original cost of ₹ **2.15 Crores** (Previous Year ₹ Nil) and net block ₹ **0.42 Crores** (Previous Year ₹ Nil) being assets held for sale. The same has been valued at lower of cost and Net Realisable value.

Note No 10.2: Building

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

Note No 10.3: Plant & Machinery

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

Note No 10.4: Obsolescence of Fixed Assets

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

11 NON CURRENT INVESTMENTS

Particulars	(₹ in Crores)				
	As at 31 st March, 2014			As at 31 st March, 2013	
	Face Value per Unit ₹	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Non Trade Investments (at cost)					
<u>Quoted</u>					
In Equity Instruments					
Windsor Machines Limited.	2	1,000	0.01	4,560,760	16.37
Kemp & Co Ltd.	10	1,909	-	1,909	-
Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
Total Value of Quoted Investments			0.01		16.37
Aggregate market value of Quoted Investments ₹ 0.17 Crores (previous year ₹ 4.74 Crores)					
Unquoted					
<u>a) In Equity Instruments</u>					
Dinnette Exclusive Club Pvt Ltd.	100	500	-	500	-
The Saraswat Co Op Bank Ltd.	10	2,000	-	2,000	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	100	-
Investments in Joint Venture					
VIP Nitel Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	25,003	2.12
b) Others					
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	10	-
Total Value of Unquoted Investments			2.12		2.12
Total of Long Term Investments			2.13		18.49
Less : Provision for Diminution in the value of Investment			2.12		18.18
Net Value of Investment			0.01		0.31

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
12 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	1.67	1.64
Security Deposits	18.61	19.22
<u>Other loans & Advances</u>		
Advance Recoverable in Cash or in kind or for value to be received	0.71	0.70
Sales Tax Advance/Refund	5.68	5.11
Inter Corporate Deposits	0.80	1.17
Advance Income Tax- Net of Provision for Taxation ₹ 34.63 Crores (Previous Year ₹ 19.59 Crores)	1.47	1.45
	28.94	29.29
13 INVENTORIES		
Raw Materials (Refer Note No 13.1)	17.16	16.69
Work-in-Progress	9.56	5.67
Finished Goods (Refer Note No 13.1)	39.26	37.66
Stock-in-Trade (Refer Note No 13.1)	108.78	84.39
Stores & Spares, Packing Material and others	0.86	0.83
	175.62	145.24
Note 13.1 : Goods in Transit		
Raw Materials inventory includes Goods-in transit ₹ 0.20 Crores (Previous year ₹ 0.06 Crores)		
Finished Goods inventory includes Goods-in transit ₹ 1.02 Crores (Previous year ₹ 0.04 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 10.73 Crores (Previous year ₹ 4.56 Crores)		
14 TRADE RECEIVABLES		
(Unsecured)		
<u>Outstanding For More Than Six Months</u>		
Considered Good	5.46	6.85
Considered Doubtful	1.12	1.05
<u>Others</u>		
Considered Good	89.72	97.25
	96.30	105.15
Less : Allowance for Bad & Doubtful Debts	1.12	1.05
	95.18	104.10
15 CASH AND BANK BALANCES:		
Cash and Cash Equivalents :		
<u>Balances With Banks in:</u>		
Current Accounts	2.89	3.75
Remittance in Transit	4.97	4.82
Cash on Hand	0.43	0.59
	8.29	9.16
Other Bank Balances :		
Unclaimed dividend Accounts (Refer Note No. 15.1)	1.92	1.57
Unclaimed Matured Deposits (Refer Note No. 15.1)	0.06	0.09
Margin Money Account (Refer Note No. 15.2)	0.81	1.35
	2.79	3.01
	11.08	12.17

	As at 31 st March, 2014	(₹ in Crores) As at 31 st March, 2013
Note No. 15.1		
The Balances can be utilized only towards settlement of the unpaid dividend/unpaid matured deposits.		
Note No. 15.2		
Margin money deposits amounting to ₹ 0.81 Crores (Previous Year ₹ 1.35 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
16 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good, unless specified otherwise)		
<u>Others</u>		
Security Deposits	2.40	1.28
Advance Recoverable in Cash or in kind or for value to be received	4.33	1.88
Advances to Employees	0.25	0.45
Advance to Suppliers	8.46	10.26
Balance with Statutory Authorities	7.87	5.57
Advance Income Tax - Net of Provision ₹ 38.54 Crores (Previous Year ₹ 19.42 Crores)	2.00	4.98
	25.31	24.42
17 OTHER CURRENT ASSETS		
Interest accrued on deposits	0.45	0.43
Export Incentive Receivable	1.77	1.77
<u>Others</u>		
SAD Refund Receivable	14.09	10.19
Other Miscellaneous Receivables	9.70	0.05
	26.01	12.44
18 a) CONTINGENT LIABILITY		
1) Claims against the company not acknowledged as Debts	0.04	0.13
2) Disputed Income Tax Liability	3.11	4.08
3) Disputed Sales Tax Liability	77.43	16.53
4) Bonds issued under EPCG scheme	4.41	4.09
5) Disputed Excise duty Liability	0.41	0.41
6) Disputed Employees state insurance corporation Liability.	0.08	0.08
b) COMMITMENTS		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	1.37	0.27

	Year ended 31 st March, 2014	(₹ in Crores) Year ended 31 st March, 2013
19 REVENUE FROM OPERATIONS		
Sale of Products (Refer Note No. 19.1)	983.32	850.43
Income from Services (Refer Note No. 19.2)	2.28	1.49
<u>Other Operating Revenues</u>		
Sale of Scrap	0.54	0.64
Export Incentive	1.24	1.54
Less: Excise Duty	14.89	16.44
	<u>972.49</u>	<u>837.66</u>
Note No 19.1: Sale of Products:		
Particulars		
Soft Luggage	682.43	554.97
Hard Luggage	274.04	258.73
Furniture	26.79	36.69
Others	0.06	0.04
	<u>983.32</u>	<u>850.43</u>
Note No 19.2: Income from Services:		
Particulars		
Job Work	2.28	1.49
	<u>2.28</u>	<u>1.49</u>
20 OTHER INCOME		
Interest Income (Refer Note No. 20.1)	0.65	0.83
Dividend from Current Investment	0.19	0.13
Miscellaneous Income including Rent.	1.71	0.88
	<u>2.55</u>	<u>1.84</u>
Note No. 20.1: Break-up of Interest received		
Interest Income on Deposits with Banks	0.11	0.20
Interest Income on Income Tax	0.14	0.49
Interest Income on Inter Corporate Deposits	0.08	0.11
Interest Income on Others	0.32	0.03
	<u>0.65</u>	<u>0.83</u>
21 COST OF MATERIALS CONSUMED		
Cost of Materials Consumed (Refer Note No.21.1)	152.31	149.43
Note No. 21.1: Cost of Materials Consumed		
High Density Polyethylene (HDPE)	3.48	2.94
Aluminium Sections	11.92	11.07
Polypropylene	41.78	44.85
Polyster Nylon Fabric	0.57	-
Components & Other Materials	94.56	90.57
	<u>152.31</u>	<u>149.43</u>

	Year ended 31 st March, 2014	(₹ in Crores) Year ended 31 st March, 2013
22 PURCHASES OF STOCK IN TRADE		
Soft Luggage	408.38	293.49
	<u>408.38</u>	<u>293.49</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Finished Goods		
Opening Stock	37.66	33.51
Closing Stock	<u>39.28</u>	<u>37.66</u>
	(1.62)	(4.15)
Work-in-Progress		
Opening Stock	5.67	6.73
Closing Stock	<u>9.59</u>	<u>5.67</u>
	(3.92)	1.06
Stock-in-Trade		
Opening Stock	84.39	89.85
Closing Stock	<u>108.77</u>	<u>84.39</u>
	(24.38)	5.46
	<u>(29.92)</u>	<u>2.37</u>
24 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	84.58	75.83
Contribution to Provident Fund & Other Funds	4.85	5.08
Staff Welfare Expenses	3.89	3.83
	<u>93.32</u>	<u>84.74</u>
25 FINANCE COSTS		
Interest Expense (Refer Note No. 25.1)	1.20	2.07
Other Borrowing Costs	0.68	0.26
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	0.24	2.81
	<u>2.12</u>	<u>5.14</u>
Note No. 25.1: Break-up of Interest Expense		
Interest Expense on Bank Borrowings	1.20	1.85
Interest Expense on Others	-	0.22
	<u>1.20</u>	<u>2.07</u>

	Year ended 31 st March, 2014		(₹ in Crores) Year ended 31 st March, 2013	
26 OTHER EXPENSES				
Consumption of Stores and Spare parts		1.69		1.56
Power & Fuel		13.07		13.43
Rent		36.67		35.90
<u>Repairs</u>				
for Buildings	0.11		0.28	
for Machinery	0.40		0.33	
for Other Repairs	7.96	8.47	4.64	5.25
Insurance		0.31		0.22
Rates and Taxes (includes Wealth Tax ₹ 0.06 Crores (Previous Year ₹ 0.05 Crores))		2.83		2.67
Payment to Auditors (Refer Note No. 26.1)		0.29		0.24
Freight, Handling and Octroi		50.09		43.66
Discounts & Rebates		30.73		36.32
Commission on Sales		1.86		1.04
Advertisement and Marketing		57.06		44.10
Travelling & Conveyance		13.51		12.68
Legal & Professional Fees		3.54		2.11
Communication Cost		3.43		3.69
Bank Charges & Commission		1.84		2.19
Human Resource Procurement		22.84		19.88
Directors' Fees		0.06		0.05
Allowance for Bad & Doubtful Debts		0.25		0.73
Bad Debts written off during the year	0.17		0.29	
Less :- Bad & Doubtful Debts Written back	0.17	-	0.29	-
Net Loss on Foreign Currency Transactions		2.01		1.70
Obsolescence of Fixed Assets		0.76		-
Loss on Sale of Fixed Assets		-		0.37
Miscellaneous Expenses		16.48		11.38
		<u>267.79</u>		<u>239.17</u>
Note No. 26.1 : Payment to Statutory Auditors				
Audit Fees (including Limited Review)	0.15		0.12	
Tax Audit Fees	0.02		0.02	
Certification & other services	0.08		0.05	
Income Tax Representation	0.03		0.03	
*Towards Service Tax	0.02	0.30	0.02	0.24

* Note: Out of above, service tax credit of ₹ 0.01 Crores (previous year ₹ Nil), has been taken and the same has not been debited to the Statement of Profit & Loss.

	Year ended 31 st March, 2014	(₹ in Crores) Year ended 31 st March, 2013
27 EXCEPTIONAL ITEMS - INCOME		
Profit on sale of Non Trade Non Current Investment	9.37	-
Profit on Sale of Fixed Asset (Net)	6.39	-
	<u>15.76</u>	<u>-</u>

28 EARNING PER SHARE (EPS):

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

Profit before taxation and extraordinary items	79.75	45.36
Less : Provision for taxation (net of extra-ordinary items)	22.80	15.30
Less : Deferred tax (net of extra-ordinary items)	(2.14)	(1.57)
Less : Tax adjustment for earlier years	1.45	0.06
Profit attributable to the shareholders	<u>57.64</u>	<u>31.57</u>

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 (₹)	4.08	2.23

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	57.64	31.52
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 (₹)	4.08	2.23

29 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%

30 ASSETS TAKEN ON LEASE

The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings therein wherever applicable taken on leave and license basis). The aggregate lease rentals of ₹ **36.64 Crores** (previous year ₹ 35.90 Crores) 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 ₹ **1.33 Crores** (previous year ₹ 0.54 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 20 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2013-14	2012-13
Gross Block	1.21	1.21
Accumulated Depreciation	0.33	0.31
Written down value	0.88	0.90
Depreciation for the year	0.02	0.02

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

31 SEGMENT REPORTING:

Segment Information for the year ended 31st March, 2014

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

	2013 - 14			2012 - 13		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	872.28	102.76	975.04	762.36	77.14	839.50
Segment Assets	382.72	66.58	449.30	378.39	32.15	410.54
Capital Expenditure	8.16	18.31	26.47	13.06	2.31	15.37

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.

32 RELATED PARTY DISCLOSURES:

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

Name of Related Parties	Nature of Relationship
Parties where control exists:	
VIP Nitel Industries Ltd.	Joint Venture
Key Management Personnel:	
Mr Dilip G. Piramal	Whole time Director W.e.f. 15.05.2013 and Chairman
Ms. Radhika Piramal	Managing Director
Mr. Ashish K Saha	Director Works

B) Details of Transactions during the year with related parties (₹ in Crores)

Name of Related Parties	Nature of Transactions during the year	2013-14	2012-13
1. Mr Dilip G. Piramal	Remuneration Paid	0.86	-
	Commission	0.68	0.49
2. Ms. Radhika Piramal	Remuneration Paid	1.29	1.09
	Commission	0.68	0.49
3. Mr. Ashish Saha	Remuneration Paid	0.49	0.43

C) Balance at the year end. (₹ in Crores)

Name of Related Parties	Particulars	As at 31 st March, 2014	As at 31 st March, 2013
1. Mr Dilip G. Piramal	Commission payable	0.68	0.49
2. Ms. Radhika Piramal	Commission payable	0.68	0.49

33 EMPLOYEE BENEFITS

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

Defined Contribution Plan

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

	(₹ in Crores)	
	2013-14	2012-13
Employer's Contribution to Provident Fund	3.41	3.34

Defined Benefit Plan

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

The following table sets out the assumptions taken, status of the gratuity plan, leave encashment and Compensated absences for sick leave the amount recognised in the Company Financial Statements as on 31st March, 2014.

	(₹ in Crores)				
	2013-14			2012-13	
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Compensated absences- Sick Leave (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(i) Assumptions					
Discount Rate	9.20%	9.20%	9.20%	8.15%	8.15%
Rate of increase in Compensation levels	5%	5%	5%	5%	5%
(ii) Change in present value of obligation					
Projected Benefit Obligations at the beginning of the year	18.49	1.81	-	18.31	1.51
Interest Cost	1.39	0.12	-	1.45	0.11
Service Cost	1.62	0.52	0.55	1.55	0.59
Benefits paid	(2.81)	(0.58)	-	(2.57)	(0.45)
Actuarial (gain) / loss on obligations	(0.62)	0.06	0.46	(0.25)	0.05
Projected Benefit Obligations at the end of the year	18.07	1.93	1.01	18.49	1.81
(iii) Changes in Fair value of Plan Assets					
Fair value of Plan Assets at the beginning of the year	18.75	-	-	18.42	-
Adjustment to opening Fair value of Plan Assets	(0.01)	-	-	-	-
Expected Return on Plan Assets	1.66	-	-	1.65	-
Contributions	0.94	0.58	-	1.12	0.45
Benefits paid	(2.81)	(0.58)	-	(2.57)	(0.45)
Gain / (loss) on Plan Assets	(0.15)	-	-	0.13	-
Fair value of Plan Assets at the end of the year	18.38	-	-	18.75	-
(iv) Fair value of Plan Assets					
Fair value of Plan Assets at the beginning of the year	18.75	-	-	18.42	-
Adjustment to opening Fair value of Plan Assets	(0.01)	-	-	-	-
Actual return on Plan Assets	1.51	-	-	1.78	-
Contributions	0.94	0.58	-	1.12	0.45
Benefits paid	(2.81)	(0.58)	-	(2.57)	(0.45)
Fair value of Plan Assets at the end of the year	18.38	-	-	18.75	-
Funded Status	0.31	(1.93)	(1.01)	0.25	(1.81)
Excess of actual over expected return on Plan Assets	(0.15)	-	-	0.13	-

	(₹ in Crores)				
	2013-14			2012-13	
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Compensated absences- Sick Leave (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(v) Actuarial gain/loss recognised :					
Actuarial gain/(loss) for the year - Obligation	0.62	(0.06)	(0.46)	0.25	(0.05)
Actuarial gain/(loss) for the year - Plan Assets	(0.15)	-	-	0.13	-
Total Gain/(loss) for the period	0.47	(0.06)	(0.46)	0.38	(0.05)
Actuarial gain/(loss) recognised for the period	0.47	(0.06)	(0.46)	0.38	(0.05)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-	-
(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	18.07	1.93	1.01	18.50	1.81
Fair value of plan assets as at the end of the year	18.38	-	-	18.75	-
Funded status	0.31	(1.93)	(1.01)	0.25	(1.81)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-	-
Net Asset /(liability) recognized in balance sheet	0.31	(1.93)	(1.01)	0.25	(1.81)
(vii) Expenses Recognised in statement of Profit & Loss					
Current Service Cost	1.62	0.52	0.55	1.55	0.59
Interest Cost	1.39	0.12	-	1.45	0.11
Adjustment to opening Fair value of Plan Assets					
Expected return on Plan Assets	(1.66)	-	-	(1.65)	-
Net Actuarial (gain) / loss recognised in the year	(0.47)	0.06	0.46	(0.38)	0.05
Expenses recognised in the statement of Profit & Loss	0.88	0.70	1.01	0.97	0.75
(viii) Movements in the liability recognised in the Balance Sheet					
Opening Net liability	(0.25)	1.81	-	(0.11)	1.51
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-
Expense as above	0.88	0.70	1.01	0.97	0.75
Contributions	(0.94)	(0.58)	-	(1.12)	(0.45)
Closing Net liability	(0.31)	1.93	1.01	(0.25)	1.81
(ix) Experience Analysis - Liabilities					
Actuarial (Gain)/Loss due to change in bases	(0.27)	(0.15)	-	0.34	0.02
Experience (Gain) / Loss due to Change in Experience	(0.35)	0.21	0.46	(0.59)	0.03
Total	(0.62)	0.06	0.46	(0.25)	0.05
Experience Analysis - Plan Assets					
Experience (Gain) / Loss due to Change in Plan Assets	0.15	-	-	(0.13)	-
Current Liability	-	0.44	0.48	-	0.29
Non-Current Liability	18.07	1.50	0.52	-	1.51

34 DISCLOSURE RELATING TO WARRANTY PROVISIONS:-

The movement in the following provisions is summarised as under :

	(₹ in Crores)	
	2013-14	2012-13
Opening	0.96	0.67
Additions	0.59	0.46
Utilisation/reversal	0.27	0.17
Closing Balance	<u>1.28</u>	<u>0.96</u>

Notes:

- a) The Closing Balance includes ₹ **0.43 Crores** as Short Term and ₹ **0.85 Crores** as Long Term in Current year (Previous year ₹ 0.32 Crores as short Term and ₹ 0.64 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.

35 RESEARCH & DEVELOPMENT EXPENDITURE:

	(₹ in Crores)	
	2013-14	2012-13
Revenue Expenditure included in Employee Benefits	1.12	1.52
Revenue Expenditure included in other expenses	1.09	0.69
Closing Balance	<u>2.21</u>	<u>2.21</u>

36 DERIVATIVES :-

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

Buy or Sell	As on 31.03.2014		As on 31.03.2013		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
BUY	3.54	590,537	0.99	182,652	USD

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

	As on 31.03.2014		As on 31.03.2013		Foreign Currency
	₹ in Crores	Amount in Foreign Currency	₹ in Crores	Amount in Foreign Currency	
a) Receivables :-					
	-	-	0.17	24,445	EUR
	14.53	2,423,212	11.13	2,050,107	USD
	0.17	218,820	0.15	218,820	HKD
	0.17	101,349	0.04	30,189	AED
	0.15	15,183	0.07	8,350	GBP
b) Payables :-					
	0.10	12,435	0.09	12,435	EUR
	0.17	106,354	0.30	205,468	AED
	28.54	4,759,498	43.47	8,004,782	USD
	0.03	44,606	0.14	195,128	HKD
	0.03	2,667	0.00	174	GBP

37 CORPORATE INFORMATION

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

38 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, and the companies Act 2013 wherever applicable.

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.

- 39** Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 40** 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.
- 41** The Companies Subsidiary i.e. VIP Industries Bangladesh Private Limited have a policy of charging depreciation different from the policy adopted by the company, the impact of the such change is not, considered for purpose of the financial statements and hence have not been given effect in the financials.
- 42** During the year, the Company has made a provision of ₹ **0.52 Crores** (previous year ₹ 1.23 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.
- 43** 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.
- 44** 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 : 20th May, 2014

Dilip G Piramal, Chairman

Radhika Piramal, Managing Director

G. L. Mirchandani, Director

Jogendra Sethi, Chief Financial Officer

Shreyas Trivedi, Company Secretary



V.I.P. INDUSTRIES LIMITED

ATTENDANCE SLIP

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

Tel.: +91-253-240 6700 Fax: +91-253-235 0756, CIN No. L25200MH1968PLC013914, Website: www.vipindustries.co.in

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL

joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*
Client Id*

Folio No.
No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 47th Annual General Meeting of the Company held on Thursday, the 10th July, 2014 at 12.00 noon at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007, Maharashtra.

* Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy



PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

V.I.P. INDUSTRIES LIMITED

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

Tel.: +91-253-240 6700 Fax: +91-253-235 0756, CIN No. L25200MH1968PLC013914, Website: www.vipindustries.co.in

Name of the member(s):
Registered address:
e-mail Id:
Folio No/ *Client Id:
* DP Id:

I/We, being the member (s): of _____ Shares of V.I.P. Industries Limited (the Company), hereby appoint:
1) _____ of _____ Having e-mail id _____ or failing him
2) _____ of _____ Having e-mail id _____ or failing him
3) _____ of _____ Having e-mail id _____ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 47th Annual General Meeting of the Company, to be held on Thursday, the 10th July, 2014 at 12.00 noon at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Table with 3 columns: Resolutions, For, Against. Contains 12 rows of resolutions for voting.

Signed this.....day of.....2014

Signature of shareholder

Affix a Re. 1 Revenue Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

NOTES:

- 1. This form of proxy In order to be effective should be duly completed and signed, deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.
4. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
6. In the case of joint holders, the signature of anyone holder will be sufficient, but names of all the joint holders should be stated.

Standalone Financials - 5 Year Highlights

(₹ in Crores)

Description		31 st March 2014	31 st March 2013	31 st March 2012	31 st March 2011	31 st March 2010
A.	STATEMENT OF PROFIT & LOSS					
	Sales (Income from operations)	972.49	837.66	827.09	716.82	589.71
	EBIDTA	83.91	70.30	120.19	124.50	95.68
	Depreciation	17.05	19.80	17.29	14.82	17.28
	Interest	2.12	5.14	6.94	4.45	7.96
	Profit before tax and Exceptional/Extraordinary Items	64.74	45.36	95.96	105.23	70.44
	Exceptional/Extraordinary Items- Expense/(Income)	(15.76)	-	-	28.71	9.39
	Tax Expense	22.11	13.84	28.27	14.50	11.00
	Profit After Tax (PAT)	58.39	31.52	67.69	62.02	50.05
	Dividend (Including dividend distribution tax)	28.11	16.53	26.28	32.92	16.53
B.	BALANCE SHEET					
	Assets Employed:					
	Fixed Assets (Net)	68.40	78.42	83.64	85.17	81.25
	Investments	9.55	3.55	0.36	0.36	2.01
	Net assets (Current and Non Current)	224.44	216.23	244.56	211.46	176.82
		302.39	298.20	328.56	296.99	260.08
	Financed by:					
	Net Worth	287.75	257.52	242.58	201.21	172.16
	Loan Funds	16.08	39.98	84.15	102.82	87.31
	Deferred Tax Liabilities (Net)	(1.44)	0.70	1.83	(7.04)	0.61
		302.39	298.20	328.56	296.99	260.08
C.	KEY RATIOS / PERCENTAGES					
	EBIDTA/Sales %	8.63	8.39	14.53	17.37	16.22
	Profit before Tax and Exceptional Items /Sales %	6.66	5.41	11.60	14.68	11.94
	Profit after Tax/Net Worth (RONW) %	20.29	12.24	27.91	30.82	29.07
	Return on Capital Employed (ROCE)	19.96	11.20	23.21	23.56	21.06
	Earnings per Equity share (₹) (EPS) including Extraordinary items	4.13	2.23	4.79	4.39	3.54
	Book Value per share (₹)	20.36	18.22	17.17	14.24	12.18
	Sales/ Fixed assets (Net)	14.22	10.68	9.89	8.42	7.26
	Current Ratio	2.11	1.98	1.73	1.43	1.72
	Receivables (Days)	37	50	58	59	61
	Inventory (Days)	109	119	116	106	102
	Dividend including dividend distribution tax as % of PAT	48%	52%	39%	53%	33%
	Dividend %	85%	50%	80%	100%	50%
Note: The Earnings per equity share and Book value per share for previous years is calculated considering the revised no of Shares after the split for comparison.						



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