

# VIP INDUSTRIES LIMITED

48th ANNUAL REPORT 2014-15



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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  
 G. L. Mirchandani  
 Nabankur Gupta  
 Rajeev Gupta  
 Amit Jatia (w.e.f. 14.5.2015)

**CHIEF FINANCIAL OFFICER**

Jogendra Sethi

**GENERAL MANAGER – LEGAL & COMPANY SECRETARY**

Shreyas Trivedi

**STATUTORY AUDITORS**

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

**INTERNAL AUDITORS**

M/s. Suresh Surana & Associates LLP

**BANKERS**

State Bank of India  
 Central Bank of India  
 Axis Bank Limited  
 ING Vysya Bank Limited (now Kotak Mahindra Bank Ltd.)  
 IDBI Bank Limited  
 The Hongkong and Shanghai Banking Corporation Ltd.  
 YES 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](http://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.  
 Nagpur - L-4, MIDC, Hingna, Nagpur - 440 016, Maharashtra.  
 Paithan - D-4, Paithan Industrial Area, MIDC, Paithan - 431 107, Maharashtra.

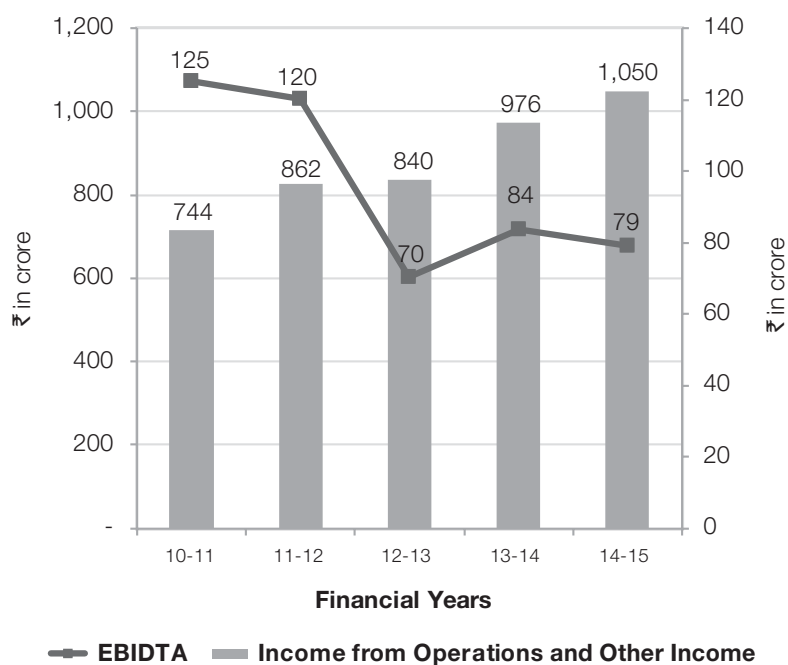
**INVESTORS' SERVICES DEPARTMENT**

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](mailto:investor-help@vipbags.com)

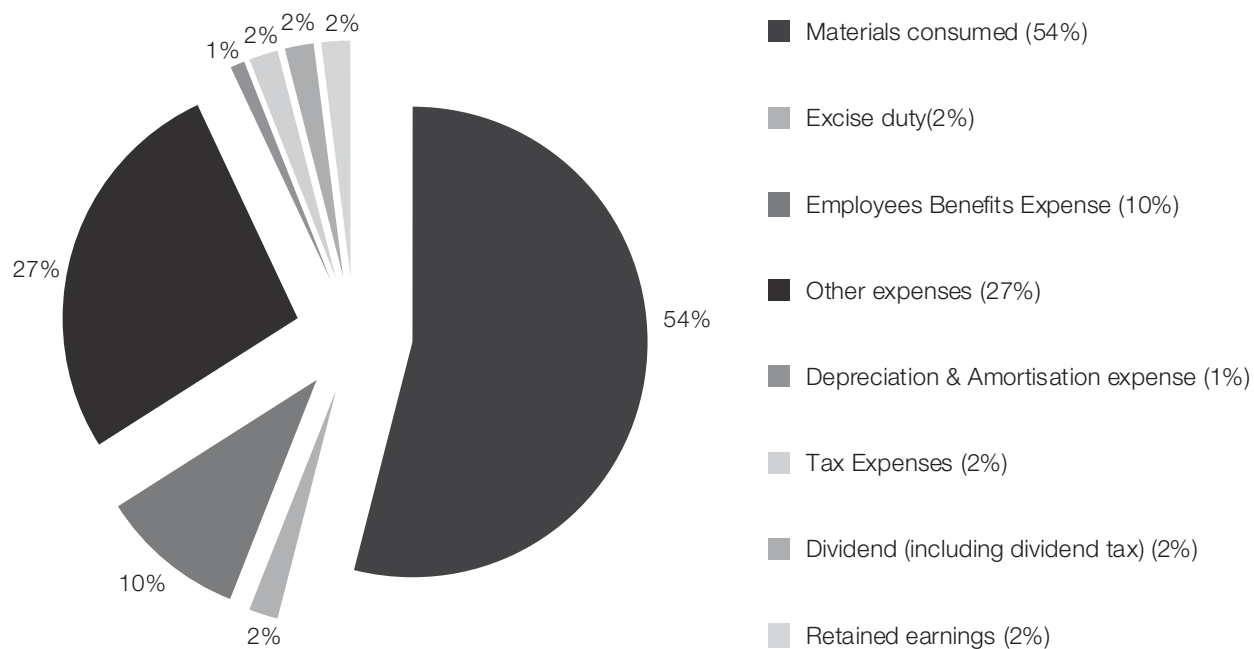
**REGISTRAR & SHARE TRANSFER AGENT**

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](mailto:helpline@linkintime.co.in)

## Income from Operations and Other Income vs EBIDTA



## Distribution of Earnings 2014-15



Your Directors are pleased to present the 48<sup>th</sup> Annual Report together with the Audited Annual Accounts of your Company for the year ended 31<sup>st</sup> March 2015.

**FINANCIAL RESULTS**

(₹ in Crores)

	Year ended 31.3.2015	Year ended 31.3.2014
Revenue from Operations and Other Income	1050.29	975.56
Profit Before Depreciation and Amortisation Expenses, Finance Cost, Exceptional Items and Tax Expenses	79.00	83.59
Finance Cost	1.28	1.80
Depreciation and Amortisation Expenses	15.28	17.05
Profit before Exceptional Items and Tax	62.44	64.74
Exceptional Items – Income	4.32	15.76
Profit before Tax after Exceptional items	66.76	80.50
Tax Expenses	18.90	22.11
Profit for the year	47.86	58.39
Profit brought forward from previous year	36.11	36.11
Appropriations:		
Transferred to General Reserve	22.37	30.28
Interim Dividend	7.07	7.07
Proposed Dividend	14.13	16.96
Tax on Dividend	4.29	4.08
Closing Balance	36.11	36.11

**OVERALL PERFORMANCE AND OUTLOOK**

During the financial year ended 31<sup>st</sup> March 2015, revenue from Operations & Other Income was ₹ 1050.29 crores as against ₹ 975.56 crores last year, representing an increase of 7.66% over the corresponding period of the previous year. Profit before exceptional items and tax amounted to ₹ 62.44 crores as against ₹ 64.74 crores last year whereas Profit after Tax for the year under review amounted to ₹ 47.86 crores.

During the year, your Company has earned an exceptional income of ₹ 4.32 crores as against ₹ 15.76 crores last year. The exceptional income mainly comprises of profit from sale of Jalgaon Plant. As on 31<sup>st</sup> March 2015, the Reserves and Surplus of your Company were at ₹ 278.74 crores.

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

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

**DIVIDEND**

Your Directors are pleased to recommend for your consideration, a final dividend of ₹ 1 (Rupee One only) per equity share of ₹ 2 each (previous year ₹ 1.20 per equity share of ₹ 2 each) for the financial year 2014-15. Your Company had paid in February 2015, an interim dividend of ₹ 0.50 (Fifty paise only) per equity share of ₹ 2 each for the financial year 2014-15. Accordingly, the total dividend declared/recommended by your Company for the financial year 2014-15 is ₹ 1.50 (Rupees One and Fifty Paise only) per equity share of ₹ 2 each (previous year ₹ 1.70 per equity share of ₹ 2 each). Your Company had paid higher dividend last year as it had earned healthy profit on sale of its old investment in securities and property at Bhandup, Mumbai.

**EXPORTS AND INTERNATIONAL OPERATIONS**

Due to subdued market conditions in UK and Europe, the International Business of your Company declined during the year. While branded goods sales in Asia Pacific and Middle East remained strong, sales of branded goods in UK and Europe along with private label business resulted in de-growth in the overall international business sales performance.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) accounting policies are selected and applied consistently and judgments and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company for the financial year ended 31<sup>st</sup> March 2015 and of the profit and loss of your Company for the financial year ended 31<sup>st</sup> March 2015;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) annual accounts are prepared for the financial year ended 31<sup>st</sup> March 2015 on a 'Going Concern' basis;
- (e) internal financial controls have been laid down and followed by your company and that such internal financial controls are adequate and were operating effectively;
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### DECLARATION OF INDEPENDENT DIRECTORS

Pursuant to section 134(3)(d) of the Act, your Company confirms having received necessary declarations from all the Independent Directors under section 149(7) of the Companies Act, 2013 declaring that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

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

As provided under section 134 of the Companies Act, 2013 and the Rules framed thereunder and pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, alongwith the Management Discussion and Analysis Report, the Report on Corporate Governance and the Certificate in respect of compliance of requirements of Corporate Governance, Secretarial Audit Report and other reports and information are annexed to this Report and forms part of this Annual Report.

### SUBSIDIARIES

The Consolidated Financial Statements of your Company include the financial results of VIP Industries Bangladesh Private Limited and of Blow Plast Retail Limited for the financial year 2014-15. The annual accounts of VIP Industries Bangladesh Private Limited and Blow Plast Retail Limited are available for inspection by any Member at the Registered Office of your Company, during normal business hours (9.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to the date of the Annual General Meeting of the Company, a copy of which can also be sought by any Member on making a written request to the Secretarial Department of your Company in this regard.

### INSURANCE

All the assets of your Company, including Plant & Machinery, Buildings, Equipment etc. have been adequately insured.

### FIRE

During the year, there was fire at Haridwar Plant of your Company and Properties & Inventories of your Company were damaged. In respect of losses which are being identified and quantified, the management expects that the losses are fully recoverable from the insurance Company.

### DEPOSITORY

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

### ELECTRONIC VOTING

Your Company has entered into an agreement with NSDL and CDSL for providing facility of e-voting to its shareholders. For the year 2014-15, your Company has availed services of CDSL for providing facility of remote e-voting to its shareholders for casting their vote electronically.

## PUBLIC DEPOSITS

Your Company had not received instructions from 12 depositors for repayment of deposits amounting to ₹ 2,01,000 (Rupees Two lacs One Thousand Only) as at 31<sup>st</sup> March 2015. Since then, no deposit has been repaid.

## DIRECTORS

Pursuant to the provisions of the section 161 of the Companies Act, 2013 read with Article 159 of the Articles of Association of your Company, Mr. Amit Jaita is appointed as an Additional Director and he shall hold office only up to the date of this Annual General Meeting and being eligible offer himself for appointment as Director. Mr. Amit Jatia is proposed to be appointed as an Independent Director of your Company for a period of 5 years with effect from 24<sup>th</sup> July 2015.

Mr. Dilip G. Piramal, Chairman of your Company retires by rotation and being eligible offers himself for re-appointment.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, information on the Directors seeking appointment/re-appointment is provided as a part of the Notice convening the ensuing Annual General Meeting.

## BOARD EVALUATION

Pursuant to section 134(3) of the Act read with Schedule IV thereto and in terms of clause 49 of the Listing Agreement with the Stock Exchanges, your Company has set up a policy for the performance evaluation of all Directors.

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

None of the independent directors are due for re-appointment.

## TRAINING OF INDEPENDENT DIRECTORS

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with your Company's procedures and practices. Periodic presentations are made at the Board Meetings and the Board Committee Meetings on business and performance updates of your Company, global business environment, business strategy and risks involved.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to your Directors.

Every new Independent Director of the Board attends an orientation program to familiarize the new inductees with the strategy, operations and functions of your Company. The Executive Directors / Senior Management Personnel make presentations to the inductees about your Company's strategy, operations, products, markets, finance, human resources, technology, quality, facilities and risk management.

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

## CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS/ MANAGEMENT PERSONNEL

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

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

### NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

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

### KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of your Company are Ms. Radhika Piramal, Managing Director, Mr. Jogendra Sethi, Chief Financial Officer and Mr. Shreyas Trivedi, General Manager–Legal & 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.

### AUDITORS

#### Statutory Auditors

M/s. M. L. Bhuwania & Co., Chartered Accountants, Statutory Auditors hold office till 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 specified in the said Section.

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

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

#### Internal Auditors

M/s. Suresh Surana & Associates LLP were the Internal Auditors of your Company for the financial year 2014-15. Based on the recommendation of the Audit Committee of your Company, the Board of Directors of your Company has appointed M/s. Suresh Surana & Associates LLP as the Internal Auditors of your Company for the financial year 2015-16.

#### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. Ragini Chokshi & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of your Company. The Secretarial Audit Report for the financial year 2014-15 forms part of the Annual Report as Annexure B to the Board's report.

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

The Board has appointed M/s. Ragini Chokshi & Associates, a firm of Company Secretaries in Practice, as the Secretarial Auditors of your Company for the financial year 2015-16.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company at its meeting held on 20<sup>th</sup> May 2014 had constituted Corporate Social Responsibility Committee comprising of Mr. Dilip G. Piramal, Ms. Radhika Piramal and Mr. Vijay Kalantri as members of the Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy', observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

The annual report on CSR activities is appended as Annexure C to the Board's Report.

### VIGIL MECHANISM

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



**INTERNAL FINANCIAL CONTROL**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

**MATERIAL SUBSIDIARIES**

Your Company has established a Policy for determining Material Subsidiaries and the same is available on the website of your Company viz. [www.vipindustries.co.in](http://www.vipindustries.co.in)

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

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

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

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

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

**PARTICULARS OF EMPLOYEES & EMPLOYEE STOCK OPTION SCHEME**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 (the Act) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Annual Report.

Having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to the members of your Company. The said information is available for inspection at the registered office of your Company during working hours and any member desirous of obtaining such information may write to the Secretarial Department of your Company and the same will be furnished on request.

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

**SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and your Company's operations in future.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 125 of the Companies Act, 2013, any unclaimed or unpaid Dividend relating to the financial year 2007-08 is due for remittance to the Investor Education and Protection Fund established by the Central Government on 3<sup>rd</sup> September 2015.

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

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

**ANNUAL RETURN**

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

## REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of your Company is furnished hereunder:

S. No.	Name	Designation	Remuneration paid for the Financial Year 2014-15 (in ₹)
1.	Mr. Dilip G. Piramal	Chairman	1,70,06,555
2.	Ms. Radhika Piramal	Managing Director	2,00,74,343
3.	Mr. Ashish K. Saha	Director – Works	60,82,245
4.	Mr. Jogendra Sethi	Chief Financial Officer	1,09,85,628
5.	Mr. Shreyas Trivedi	General Manager- Legal & Company Secretary	41,27,832

1. A brief write up on the Human Resource Department and initiatives taken during the year 2014-15

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.

Your Company has commenced the journey to become a Great Place to Work® where employees trust the company they work for, take pride in what they do and enjoy the company of the people they work with. Your Company strongly believe that an engaged workforce is critical in achieving its business goals and building a sustainable organization.

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 31<sup>st</sup> March 2015 was 1938.

2. Your Directors' Remuneration (without variable pay / commission) to the median remuneration of the employees of your Company for the year 2014-15 was as under:

Director's Name	Ratio of remuneration of each Director to the median employees' remuneration
Mr. Dilip G. Piramal	39x
Ms. Radhika Piramal	51x
Mr. Ashish K. Saha	20x

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

Name	Designation	Increase
Mr. Dilip G. Piramal	Chairman	0.00%
Ms. Radhika Piramal	Managing Director	12.00%
Mr. Ashish K. Saha	Director – Works	19.00%
Mr. Jogendra Sethi	Chief Financial Officer	15.00%
Mr. Shreyas Trivedi	General Manager – Legal & Company Secretary	16.00%

4. The percentage increase in the median remuneration of employees for the financial year 2014–15 is at 14%. The percentage increase in the median remuneration is calculated for comparable employees and does not include employees who were not eligible.

5. Your Company considered the following factors while recommending the increase in compensations.

1. Financial performance of your Company
2. Sales growth of your Company during the year under review
3. Salary Benchmarking against peer companies
4. Industry benchmarks

6. Your Company provided an average increase in remuneration of 14.33% to Key Managerial Personnel against an overall average increase in median salaries of 14%.
7. The comparison of remuneration of each of the Key Managerial personnel against the performance of your Company is as below:  
Managing Director: 4.27% of net profits for the year 2014-15  
Chief Financial Officer: 2.43% of net profits for the year 2014-15  
General Manager – Legal & Company Secretary: 0.88% of net profits for the year 2014-15
8. The variable payout for Directors is linked with your Company performance as well as individual performance. In the year 2013–14, your Company had met the profitability targets, hence the individual linked variable pay as well as Company linked variable pay was paid.
9. There are no employees of your Company who received remuneration in excess of the highest paid Director of your Company.

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

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

**INDUSTRIAL RELATIONS**

Industrial relations remained cordial throughout the year under review.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the dedicated services of the employees of your Company at all levels.

By Order of the Board of Directors

**DILIP G. PIRAMAL**  
Chairman

Place: Mumbai

Dated: 14<sup>th</sup> May 2015

Disclosures of particulars with respect to Conservation of energy, Technology absorption and Foreign exchange earnings and outgo as required under the Companies (Accounts) Rules, 2014.

**(A) CONSERVATION OF ENERGY:**

- i) Following steps taken resulted in cost saving in the area of conservation of energy
  - Reduced filling time of machine
  - Optimized usage of utilities and controlled cooling tower system
  - Utilized existing small compressor for ABS Extruder, calibrated pressure transducer of ABS Extruder and Thermoforming machines
  - Energy consumption in Screw type Air Compressor was reduced
  - Reduced pump idle rpm of SPM850 Machine
  - MIDC Pump house - pump motor replaced by energy efficient Submersible pump motor
  - Used 2 Air compressors of 60 KW in place of 67 KW for PC forming machines
  - Changed the connections of motor of two Mechanical presses from Delta to Star and reduced loading, Replaced fixtures
- ii) Steps taken for utilizing alternate sources of energy – Nil
- iii) Capital investment on energy conservation equipments – Nil

**(B) TECHNOLOGY ABSORPTION:**

- i) Following efforts were made towards technology absorption.
  - REACH compliance and compliance of regulation for Cadmium, 13P, 6 PAH & SCCP in PC and PP luggage
  - Development of PC case with front pocket feature
  - Development of new print designs in PC films
  - Development of Bottom loading PC zippered case
  - In-house development of Locks & Metal logos
  - Multilayer extrusion facility
  - Sourcing of cost effective raw materials for PC zippered cases
  - Indigenization of Zippered locks for PP luggage
  - Development of re-engineered low cost PC luggage
  - 2 station vacuum forming facility
  - Indigenization of PC / ABS Roller texturing facility
- ii) Benefits derived like product improvement, cost reduction, product development or import substitution
  - 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
  - Innovative features
  - Enhancement of PC production capacity

## ANNEXURE – A

- iii) In case of imported technology (imported during last 3 years reckoned from the beginning of the financial year): Information provided in the table below

Sr. No.	Details of the technology imported	Year of import	Whether the technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
1	2 station vacuum forming facility	2014	Yes	-
2	Multilayer extrusion in PC	2014	Yes	-
3	Developed new single stem trolley system & wheeling systems	2013	Yes	-
4	Adoption of Low thickness printed PC films for making zippered cases.	2013	Yes	-
5	Developed new product feature of front pocket in PC zippered luggage.	2015	Yes	-

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total foreign exchange used and earned during the year:	<b>(₹ in Crores)</b>
Used	351.36
Earned	94.67

By Order of the Board of Directors

Place : Mumbai  
Dated :14<sup>th</sup> May 2015

**DILIP G. PIRAMAL**  
Chairman

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

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

**FOR THE PERIOD 01-04-2014 TO 31-03-2015**

To,  
The Members  
**V I P INDUSTRIES LIMITED**  
78-A MIDC Estate, Satpur,  
Nasik-422007 Maharashtra

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **V I P INDUSTRIES LIMITED (CIN : L25200MH1968PLC013914)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

**Management's Responsibility for secretarial Compliances**

The Company's management is responsible for preparation and maintenance of secretarial records and for devising systems to ensure compliances with the provision of applicable laws and regulations.

**Auditors Responsibility**

Our responsibility is to express an opinion on the secretarial records, standard and procedures followed by the company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for to provide a basis for our opinion.

Based on our verification of **V I P INDUSTRIES LIMITED** (the Company) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period **1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015** ("the reporting period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period **1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015** according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(NOT APPLICABLE)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **Not applicable as there was no Substantial Acquisition of Shares & Takeover made during the year**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 **Complied**
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **Not applicable as the Company did not issue any security during the financial year under review**
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- **Not applicable as the Company did not have any scheme for its employees during the financial year under review.**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not applicable as the Company has not issued any debt securities during the financial year under review.**

## ANNEXURE – B

- f. The securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the companies act and dealing with client- **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.**
- h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2009- **Not applicable as the Company has not bought back any of its securities during the financial year under review.**
- (vi) We have relied on the certificates obtained by the Company from the Management Committee/Function heads and based on the report received, there has been due compliance of all laws, orders, regulations and other legal requirements of the central, state and other Government and Legal Authorities concerning the business and affairs of the company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:-

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

We have also examined compliance with applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India. **Not applicable since these Secretarial Standards will come into effect from 1<sup>st</sup> July, 2015 hence not applicable to the Company during the audit period under review**
- b) Listing Agreement with the National Stock Exchange of India Limited / the Bombay Stock Exchange.
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulation and guidelines.

For Ragini Chokshi & Associates

Place : Mumbai  
Date : 14/05/2015

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

**ANNUAL REPORT ON CSR ACTIVITIES**

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

VIP recognizes that its business activities have wide impact on the society in which it operates, and therefore an effective practice is required, giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The Company endeavors to make CSR a key business process for sustainable development. The Company undertakes various activities relating to:

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

**1. The CSR Committee consists of the following Directors:**

- Mr. Vijay Kalantri
- Mr. Dilip G. Piramal
- Ms. Radhika Piramal

**2. Average net profit of the Company for last three financial years :**

<b>Year</b>	<b>Net Profit as per Section 198 of the Companies Act, 2013 (₹ in crores)</b>
2011-12	68.91
2012-13	45.87
2013-14	63.21
Average net profits of last three years	59.33
2% of the average net profits of last three years	1.19

**3. Prescribed CSR Expenditure: The Company spent ₹ 2.5 crores as against prescribed 2% of the average net profit of last three years of ₹ 1.19 crores.**

**4. Following details of CSR spent during the financial year 2014-15 are given herein below in tabular format.**

- (a)** Total amount to be spent for the financial year;
- (b)** Amount unspent, if any;
- (c)** Manner in which the amount spent during the financial year.



## ANNEXURE – C

Manner in which the amount spent during the financial year is detailed below.									
Sr No	Projects/ Activities	Sector	Locations District (state)	Amount Outlay (Budget) Project or Programs wise (₹)	Amount spent on the Project or Programs (₹)	Cumulative Expenditure upto reporting period (₹)	Amount disbursed by VIP (₹)	Amount Spent:Direct or through implementing agency	Amount unspent (₹)
1	Preparation and distribution of Midday meals to 42,900 under privileged children in municipal & Govt aided schools in Tardeo	Nutrition and Education	Municipal & Govt. Aided schools in Tardeo	1,53,65,064	2,50,00,284	2,50,00,284	2,50,00,000	Amount spent through ISKCON Food Relief Foundation	Nil
2	Preparation and distribution of Midday meals to 26,902 under privileged children in municipal & Govt aided schools in Mira Road	Nutrition and Education	Municipal & Govt. Aided schools in Mira Road	96,35,220					
			<b>Total:</b>	<b>2,50,00,284</b>					

We hereby confirm that the CSR policy as approved by the Board has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with the CSR objectives.

Sd/-

Radhika Piramal  
Managing Director

Sd/-

Vijay Kalantri  
(Chairman, CSR Committee)

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31<sup>st</sup> March 2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014.

## I. REGISTRATION &amp; OTHER DETAILS:

1.	CIN	L25200MH1968PLC013914
2.	Registration Date	27.1.1968
3.	Name of the Company	V.I.P. INDUSTRIES LIMITED
4.	Category/Sub-category of the Company	PUBLIC COMPANY/ LIMITED BY SHARES
5.	Address of the Registered office & contact details	78 A, MIDC ESTATE, SATPUR, NASHIK – 422 007 TEL: 91-253-2406700 FAX: 91-253-2350756 Email: <a href="mailto:investor-help@vipbags.com">investor-help@vipbags.com</a>
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	LINK INTIME INDIA PVT. LTD. C-13 PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (WEST) MUMBAI-400 078 TEL: 91-22-25963838 FAX: 91-22-25946969 EMAIL: <a href="mailto:helpline@linkintime.co.in">helpline@linkintime.co.in</a>

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Hard & Soft Luggages and Ladies Handbags	22205, 15121 & 15122	99%

## III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

## A) Category-wise Share Holding -

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Dematerialised	Physical	Total	% of Total Shares	Dematerialised	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	803270	0	803270	0.57	803270	0	803270	0.57	Nil
b) Central Govt	0	0	0	0	0	0	0	0	
c) State Govt(s)	0	0	0	0	0	0	0	0	
d) Bodies Corp.	73293250	0	73293250	51.86	73293250	0	73293250	51.86	Nil
e) Banks / FI	0	0	0	0	0	0	0	0	
f) Any other	0	0	0	0	0	0	0	0	
<b>Total shareholding of Promoter (A)</b>	<b>74096520</b>	<b>0</b>	<b>74096520</b>	<b>52.43</b>	<b>74096520</b>	<b>0</b>	<b>74096520</b>	<b>52.43</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3649444	21750	3671194	2.60	15070524	21750	15092274	10.68	8.08
b) Banks / FI	220759	3500	224259	0.16	70670	3500	74170	0.05	(0.11)
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	

ANNEXURE – D

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Dematerialised	Physical	Total	% of Total Shares	Dematerialised	Physical	Total	% of Total Shares	
f) Insurance Companies	0	500	500	0	0	500	500	0	Nil
g) FII's	8134738	34000	8168738	5.78	2971780	34000	3005780	2.13	(3.65)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
<b>Sub-total (B)(1):-</b>	<b>12004941</b>	<b>59750</b>	<b>12064691</b>	<b>8.54</b>	<b>18112974</b>	<b>59750</b>	<b>18172724</b>	<b>12.86</b>	<b>4.32</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	5093320	16250	5109570	3.62	4408372	16250	4424622	3.13	(0.49)
ii) Overseas	0	35000	35000	0.02	0	35000	35000	0.02	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	17466900	5140967	22607867	16.00	16045406	4926531	20971937	14.84	(1.16)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	23625847	0	23625847	16.72	17064665	0	17064665	12.08	(4.64)
c) Others (specify)									
Non Resident Indians (Repat)	604560	725375	1329935	0.94	532012	710125	1242137	0.88	(0.06)
Non Resident Indians (Non Repat)	219983	1000	220983	0.15	199590	1000	200590	0.14	(0.01)
Market Maker	94967	0	94967	0.07	27307	0	27307	0.02	(0.05)
Foreign Portfolio Investor (Corporate)	0	0	0	0	4691736	0	4691736	3.32	3.32
Foreign Nationals	500	0	500	0	0	0	0	0	
Clearing Members	1947409	0	1947409	1.38	225631	0	225631	0.16	(1.22)
Trusts	6000	0	6000	0	160	0	160	0	Nil
Directors/Relatives	0	85000	85000	0.06	92750	0	92750	0.07	0.01
Hindu Undivided Family	91526	1500	93026	0.07	70036	1500	71536	0.05	(0.02)
Foreign Bodies - D R	0	0	0	0	0	0	0	0	
<b>Sub-total (B)(2):-</b>	<b>49151012</b>	<b>6005092</b>	<b>55156104</b>	<b>39.03</b>	<b>43357665</b>	<b>5690406</b>	<b>49048071</b>	<b>34.71</b>	<b>(4.32)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>61155953</b>	<b>6064842</b>	<b>67220795</b>	<b>47.57</b>	<b>61470639</b>	<b>5750156</b>	<b>67220795</b>	<b>47.57</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>135252473</b>	<b>6064842</b>	<b>141317315</b>	<b>100</b>	<b>135567159</b>	<b>5750156</b>	<b>141317315</b>	<b>100</b>	<b>Nil</b>

**B) Shareholding of Promoter-**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	DGP Securities Ltd	36581765	25.8863	NIL	36581765	25.8863	NIL	No Change
2	Vibhuti Investments Co. Ltd	21862645	15.4706	NIL	21862645	15.4706	NIL	No Change
3	Kiddy Plast Ltd	4749340	3.3608	NIL	4749340	3.3608	NIL	No Change
4	Kemp & Company Ltd	3299980	2.3352	NIL	3299980	2.3352	NIL	No Change
5	Alcon Finance and Investments Ltd	2743355	1.9413	NIL	2743355	1.9413	NIL	No Change
6	DGP Enterprises Pvt Ltd	2388500	1.6902	NIL	2388500	1.6902	NIL	No Change
7	DGP Capital Management Ltd	1667665	1.1801	NIL	1667665	1.1801	NIL	No Change
8	Shalini D. Piramal	233500	0.1652	NIL	233500	0.1652	NIL	No Change
9	Radhika D. Piramal	222000	0.1571	NIL	222000	0.1571	NIL	No Change
10	Dilip G. Piramal	203020	0.1437	NIL	203020	0.1437	NIL	No Change
11	Aparna D. Piramal	144750	0.1024	NIL	144750	0.1024	NIL	No Change

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	74096520	52.43	74096520	52.43
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	No Change	No Change	No Change	No Change
3	At the end of the year	74096520	52.43	74096520	52.43

**D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)-**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014)/end of the year (31-03-2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Rakesh Jhunjhunwala	6315000	4.47	1.4.2014	0	No movement during the year	0	0
		6315000	4.47	31.3.2015				
2	Sudhir Mohanlal Jatia	6000000	4.24	1.4.2014				
				23.1.2015	-100000	Sale	5900000	4.17
				30.1.2015	-100000	Sale	5800000	4.10
				13.2.2015	-48850	Sale	5751150	4.07
				20.2.2015	-1150	Sale	5750000	4.07
				27.2.2015	-15000	Sale	5735000	4.06
3	Somerset Emerging Markets Small Cap Fund LLC	5735000	4.06	31.3.2015			5735000	4.06
		4653618	3.2930	1.4.2014				
				16.5.2014	249494	Purchase	4903112	3.4696
				1.8.2014	-315216	Sale	4587896	3.2465
				22.8.2014	-120152	Sale	4467744	3.1615
				12.9.2014	-377453	Sale	4090291	2.8944
				5.12.2014	-87600	Sale	4002691	2.8324
				6.2.2015	-8951	Sale	3993740	2.8261
				13.2.2015	-69962	Sale	3923778	2.7766
				20.2.2015	-107550	Sale	3816228	2.7005
4	Jhunjhunwala Rakesh Radheshyam	3805074	2.6926	31.3.2015			3805074	2.6926
		6175500	4.3700	1.4.2014				
				25.4.2014	-500000	Sale	5675500	4.0161
				2.5.2014	-500000	Sale	5175500	3.6623
				9.5.2014	-312500	Sale	4863000	3.4412
				16.5.2014	-1187500	Sale	3675500	2.6009
				30.5.2014	-500000	Sale	3175500	2.2471
				13.6.2014	-20000	Sale	3155500	2.2329
				30.9.2014	278888	Purchase	3434388	2.4303
				9.1.2015	-900000	Sale	2534388	1.7934
				27.2.2015	-8000	Sale	2526388	1.7877
				27.3.2015	3389112	Purchase	3655500	2.5867
5	Narendra Kumar Agarwal	3655500	2.5867	31.3.2015			3655500	2.5867
		2239570	1.5848	1.4.2014				
				27.2.2015	-489570	Sale	1750000	1.2383
				13.3.2015	-1039160	Sale	710840	0.5030
6	Ramgopal Textiles Ltd	0	0.0000	20.3.2015	-710840	Sale	0	0.0000
		2000000	1.4153	1.4.2014	0	No movement during the year	0	0
		2000000	1.4153	31.3.2015				
7	National Westminster Bank Plc as Depository of PFS Somerset Emerging Markets Small Cap Fund	1027780	0.7273	1.4.2014				
				4.4.2014	-89119	Sale	938661	0.6642
				11.4.2014	-76635	Sale	862026	0.6100
				18.4.2014	-96913	Sale	765113	0.5414

ANNEXURE – D

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014)/end of the year (31-03-2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				25.4.2014	-99117	Sale	665996	0.4713
				9.5.2014	-51916	Sale	614080	0.4345
				4.7.2014	42716	Purchase	656796	0.4648
				6.2.2015	-1045	Sale	655751	0.4640
				13.2.2015	-8175	Sale	647576	0.4582
				20.2.2015	-12570	Sale	635006	0.4493
				27.2.2015	-1304	Sale	633702	0.4484
		633702	0.4484	31.3.2015			633702	0.4484
8	Goldman Sachs India Fund Limited	921321	0.6520	1.4.2014				
				4.4.2014	148713	Purchase	1070034	0.7572
				11.4.2014	55093	Purchase	1125127	0.7962
				18.4.2014	301793	Purchase	1425920	1.0090
				16.5.2014	285667	Purchase	1711587	1.2112
				30.5.2014	365417	Purchase	2077004	1.4697
				20.6.2014	892259	Purchase	2969263	2.1011
				30.6.2014	38614	Purchase	3007877	2.1285
				8.8.2014	-1162359	Sale	1845518	1.3059
				15.8.2014	-177414	Sale	1668086	1.1804
				22.8.2015	-297944	Sale	1370142	0.9695
				29.8.2014	-188104	Sale	1182038	0.8364
				5.9.2014	-1182038	Sale	0	0.0000
		0	0.0000	31.3.2015			0	0.0000
9	MV SCIF Mauritius	405342.0000	0.2868	1.4.2014				
				4.4.2014	9072	Purchase	414414	0.2933
				11.4.2014	31745	Purchase	446159	0.3157
				2.5.2014	9066	Purchase	455225	0.3221
				9.5.2014	31731	Purchase	486956	0.3446
				16.5.2014	77113	Purchase	564069	0.3992
				23.5.2014	9068	Purchase	573137	0.4056
				30.5.2014	31787	Purchase	604924	0.4281
				6.6.2014	31647	Purchase	636571	0.4505
				13.6.2014	117528	Purchase	754099	0.5336
				20.6.2014	-46	Sale	754053	0.5336
				30.6.2014	-22815	Sale	731238	0.5174
				4.7.2014	27300	Purchase	758538	0.5368
				11.7.2014	-4550	Sale	753988	0.5335
				18.7.2014	-22765	Sale	731223	0.5174
				25.7.2014	22750	Purchase	753973	0.5335
				8.8.2014	-18223	Sale	735750	0.5206
				15.8.2014	-27337	Sale	708413	0.5013
				22.8.2014	-31900	Sale	676513	0.4787
				30.9.2014	-43591	Sale	632922	0.4479
				10.10.2014	-41701	Sale	591221	0.4184
				17.10.2014	-18532	Sale	572689	0.4053
				24.10.2014	-27846	Sale	544843	0.3855
				31.10.2014	-1552	Sale	543291	0.3844
				14.11.2014	3166	Purchase	546457	0.3867
				21.11.2014	-1673	Sale	544784	0.3855
				5.12.2014	9561	Purchase	554345	0.3923
				12.12.2014	4598	Purchase	558943	0.3955
				19.12.2014	-13722	Sale	545221	0.3858
				31.12.2014	-89929	Sale	455292	0.3222
				2.1.2015	12542	Purchase	467834	0.3311
				13.2.2015	11475	Purchase	479309	0.3392
				27.3.2015	-20467	Sale	458842	0.3247
		462708	0.3274	31.3.2015	3866	Purchase	462708	0.3274
10	Infina Finance Private Ltd	400527	0.2834	1.4.2014				
				4.4.2014	-202500	Sale	198027	0.1401
				23.5.2014	-197874	Sale	153	0.0001
				6.6.2014	-153	Sale	0	0.0000
		0	0.0000	31.3.2015			0	0.0000

**E) Shareholding of Directors and Key Managerial Personnel-**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Ms. Radhika Piramal	222000	0.1571	222000	0.1571
2	Mr. Dilip G Piramal	203020	0.1437	203020	0.1437
3	Mr. Ashish Saha	Nil	Nil	1	1
4	Mr. D. K. Poddar	Nil	Nil	Nil	Nil
5	Mr. G. L. Mirchandani	Nil	Nil	Nil	Nil
6	Mr. Vijay Kalantri	Nil	Nil	Nil	Nil
7	Mr. Nabankur Gupta	Nil	Nil	Nil	Nil
8	Mr. Rajeev Gupta	Nil	Nil	Nil	Nil
9	Mr. Jogendra Sethi	1	0.00	1	0.00
10	Mr. Shreyas Trivedi	1	0.00	1	0.00

**IV. INDEBTEDNESS:** Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	14.79	1.29	0	16.08
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	14.79	1.29	0	16.08
<b>Change in Indebtedness during the financial year</b>				
* Addition	12.36	2.59	0	14.95
* Reduction				
<b>Net Change</b>	12.36	2.59	0	14.95
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	27.15	3.88	0	31.03
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0.01	0	0.01
<b>Total (i+ii+iii)</b>	27.15	3.89	0	31.04

**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

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

(₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Mr. Dilip G. Piramal	Ms. Radhika Piramal	Mr. Ashish K. Saha	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,01,77,755	1,24,75,143	58,05,045	2,84,57,943
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800	39,600	32,400	1,00,800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify...	68,00,000	68,00,000	Nil	1,36,00,000
5	Others (Company's Contribution to Provident Fund)	Nil	7,59,600	2,44,800	10,04,400
	<b>Total (A)</b>	1,70,06,555	2,00,74,343	60,82,245	4,31,63,143
	Ceiling as per the Act (@10% of profits calculated under section 198 of the Companies Act, 2013)	-	-	-	6,90,04,754

ANNEXURE – D

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (in ₹)
		Mr. Vijay Kalantri	Mr. D. K.Poddar	Mr. G. L. Mirchandani	Mr. Nabankur Gupta	Mr. Rajeev Gupta	
1	Independent Directors	Mr. Vijay Kalantri	Mr. D. K.Poddar	Mr. G. L. Mirchandani	Mr. Nabankur Gupta	Mr. Rajeev Gupta	
	Fee for attending board committee meetings	1,80,000	1,45,000	1,45,000	65,000	80,000	6,15,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	<b>Total (1)</b>	<b>1,80,000</b>	<b>1,45,000</b>	<b>1,45,000</b>	<b>65,000</b>	<b>80,000</b>	<b>6,15,000</b>
2	Other Non-Executive Directors/ Promoters	-	-	-	-	-	-
	Fee for attending board committee meetings	0	0	0	0	0	0
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0
	Total (B)=(1+2)	1,80,000	1,45,000	1,45,000	65,000	80,000	6,15,000
	Total Managerial Remuneration	1,80,000	1,45,000	1,45,000	65,000	80,000	6,15,000
Ceiling as per the Act (@1% of profits calculated under section 198 of the Companies Act, 2013)	-	-	-	-	-	69,00,475	

C. Remuneration to Key Managerial Personnel other than MD/WTD

Sr. No.	Particulars of Remuneration	Mr. Jogendra Sethi, Chief Financial Officer	Mr. Shreyas Trivedi, General Manager-Legal & Company Secretary	Total Amount (in ₹)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,04,97,828	39,22,632	1,44,20,460
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32,400	32,400	64,800
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	others, specify...			
5	Others (Company's Contribution to Provident Fund)	4,55,400	1,72,800	6,28,200
	Total	1,09,85,628	41,27,832	1,51,13,460

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## ANNEXURE TO THE DIRECTORS' REPORT

### COMPANY'S PHILOSOPHY

The Company is committed to adopt the best Corporate Governance practices and endeavours continuously to implement the code of Corporate Governance in its true spirit. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholders' value without compromising in any way in complying with the laws and regulations. The Company believes that Corporate Governance is all about maintaining a valuable relationship and trust with the Stakeholders. The Company has a defined policy framework for ethical conduct and business.

The Board of Directors acknowledges that it has a fiduciary relationship and a corresponding duty towards the stakeholders to ensure that their rights are protected. Through the Governance mechanism in the Company, the Board along with its Committees endeavours to strike a right balance with its various stakeholders.

### BOARD OF DIRECTORS

#### Board Procedure

The Board meets at least once in a quarter, inter alia, to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The board papers, comprising of the agenda backed by comprehensive background information are circulated to the Directors in advance.

Composition of the Board:

The Board of Directors of the Company (the Board) consisted of eight Directors as on 31<sup>st</sup> March 2015 out of which five are Non-executive 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 2014-15, four Board Meetings were held on the following dates:

1. 20<sup>th</sup> May 2014
2. 29<sup>th</sup> July 2014
3. 29<sup>th</sup> October 2014
4. 29<sup>th</sup> January 2015

The details of the Directors on the Board of the Company as on 31<sup>st</sup> March 2015 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	4	No	5	-	-
Ms. Radhika Piramal	Managing Director	222000	4	Yes	4	-	1
Mr. A. K. Saha	Director – Works	1	4	Yes	2	-	-
Mr. D. K. Poddar	Independent, Non-Executive Director	-	3	No	7	1	1
Mr. Vijay Kalantri	Independent, Non-Executive Director	-	4	Yes	8	1	3
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	3	No	3	-	-
Mr. Nabankur Gupta	Independent, Non-Executive Director	-	2	No	7	1	5
Mr. Rajeev Gupta	Independent, Non-Executive Director	-	3	No.	6	-	4

NOTE:

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

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



As of 31<sup>st</sup> March 2015, 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 X of the Listing Agreement is regularly placed before the Board wherever applicable.

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

### **Independent Directors**

The Independent Directors of the Company meet the requirements laid down under the Companies Act, 2013 and clause 49 II (B) of the Listing Agreement and have declared that they do not fall under any disqualifications specified under the Companies Act, 2013.

### **Training of Independent Directors**

Whenever new Independent Director is inducted on the Board, he/she is introduced to the Company's Policies and procedures through appropriate orientation session, the Company's organization structure, business, constitution, board procedures, major risks and management strategy. The appointment letters of Independent Directors as placed on the Company's website at [www.vipindustries.co.in](http://www.vipindustries.co.in) under investor relations/ corporate governance / terms & conditions of appointment of Independent Directors is also issued to each Independent Director upon his/her appointment once approved by Members.

### **Performance Evaluation of non-executive and Independent Directors**

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive are Independent Directors of the Company and eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board helps in taking complex business decisions.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of each Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non -Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### **Separate Meeting of the Independent Directors**

The Independent Directors had held a Separate Meeting on 31<sup>st</sup> March 2015, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting wherein interalia, the following items were discussed in detail:

- I) Review the performance of non-Independent Directors and the Board as a whole;
- II) Review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- III) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **Familiarization program for Independent Directors**

The Board of Directors of the Company adopted the Familiarization Program ("the Program") for Independent Directors of the Company. Some of the key features of the Program are as under:

#### **1. Purpose**

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

#### **2. Familiarization Process**

The Company through its Executive Directors / Senior Managerial Personnel conducts programs / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company;

- a) Such programs / presentations provides an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them understand the Company's strategy, business model, industry dynamics, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities, risk appetite and such other areas as may arise from time to time;
- b) the programs / presentations also familiarizes the Independent Directors with their roles, rights and responsibilities;
- c) The Company circulates news and articles related to the industry on a regular basis and provides specific regulatory updates from time to time;
- d) The Company conducts an introductory familiarization program / presentation, when a new Independent Director is inducted on the Board of the Company.

### 3. Review of the Program

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

### 4. Disclosure of the Policy

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

### CODE OF CONDUCT

As prescribed under the provisions of section 149 of the Companies Act 2013 read with Schedule IV thereto and clause 49 of the Listing Agreement for its Non-executive Independent Directors, the Company has formulated a comprehensive Code of Conduct (the Code) which is applicable to such extent depending upon their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Integrity, one team and Excellence.

A copy of the Code has been uploaded on the Company's website [www.vipindustries.co.in](http://www.vipindustries.co.in). The Code has been circulated to all the Directors and Management Personnel, and its compliance is affirmed by them annually.

A declaration signed by the Company's Managing Director for the compliance of this requirements is published in this Report.

### AUDIT COMMITTEE

#### Terms of reference:

The Audit Committee of the Company, inter alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. Apart from all the matters provided in clause 49 of the Listing Agreement and section 179 of the Companies Act, 2013, the Committee reviews reports of the Internal Auditors, meets Statutory Auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the Auditors and reviews accounting policies followed by the Company. The Committee reviews with the management, quarterly / half yearly and annual financial statements before its submission to the Board. The minutes of the Audit Committee meetings are placed and noted at the subsequent meeting of the Board of Directors of the Company.

#### Composition and Attendance at meetings:

The Audit Committee comprises of four members all of whom are financially literate as prescribed under the Listing Agreement. Other than Mr. Dilip G. Piramal, who was appointed as the Whole-time Director with effect from 15<sup>th</sup> 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, the Statutory Auditors and the Internal Auditors of the Company are the permanent invitees at the meetings of the Committee. The quorum for the Audit Committee meetings is two members, with atleast two Independent Directors to be present at the meeting. The Company Secretary acts as the Secretary to the Committee. Suresh Surana & Associates LLP were the Internal Auditors of the Company for the financial year 2014-15 and are re-appointed for the financial year 2015-16. The Internal Auditors report to the Audit Committee with regard to the audit program, observations and recommendations in respect of different areas of operations of the Company.

The Audit Committee generally meets once in a quarter, inter-alia, to review the quarterly performance and the financial results. The Audit Committee met four times during the year on 20<sup>th</sup> May 2014, 29<sup>th</sup> July 2014, 29<sup>th</sup> October 2014 and 29<sup>th</sup> January 2015.

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

Name of the Member	Position	No. of Meetings held	No. of meetings Attended
Mr. D. K. Poddar	Chairman	4	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, authorised by the Committee was present at the 47<sup>th</sup> Annual General Meeting of the Company held on 10<sup>th</sup> July 2014 to answer the shareholders' queries.

The minutes of the Audit Committee Meetings forms part of the documents that are regularly placed before the meetings of the Board of Directors. In addition, the Chairman of the Audit Committee informs the Board members about the significant discussions that took place at the Audit Committee meetings.

### NOMINATION AND REMUNERATION COMMITTEE

The Committee's constitution and terms of reference are in compliance with the provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

#### Terms of reference:

The Nomination and Remuneration Committee of the Company reviews, assesses and recommends the performance of managerial personnel on a periodical basis and also reviews their remuneration package and recommends suitable revision to the Board. The Committee also looks into and decides on all issues related to the proposals of the Company's Employees' Stock Option Scheme and other matters connected thereto.

#### Composition and Attendance at Meetings:

The Nomination and Remuneration Committee comprises of four members. Other than Mr. Dilip G. Piramal, all the Committee Members are Non-Executive Independent Directors.

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

The Nomination and Remuneration Committee met once in a year i.e. on 12<sup>th</sup> May 2014.

#### Remuneration Policy:

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The remuneration policy is in consonance with the existing practice in the Industry.

#### i) Non-Executive Directors' Remuneration

The Non-Executive Independent Directors are paid remuneration by way of sitting fees. The Company pays sitting fees of ₹ 20,000/- for attending each meeting of the Audit Committee, ₹ 5,000/- for attending each meeting of the Nomination and Remuneration Committee and ₹ 20,000/- for attending each Board Meeting. The payment of remuneration by way of sitting fees is based on certain criteria such as attendance at the Board/Committee meetings, time devoted, industry trends etc.

Details of remuneration paid to the Non-Executive Independent Directors for the year ended 31<sup>st</sup> March 2015 is as follows:

(Amount in ₹)

Name	Sitting Fees	Commission	Total	Shareholding
Mr. Vijay Kalantri	1,80,000	-	1,80,000	Nil
Mr. D. K. Poddar	1,45,000	-	1,45,000	Nil
Mr. G. L. Mirchandani	1,45,000	-	1,45,000	Nil
Mr. Nabankur Gupta	65,000	-	65,000	Nil
Mr. Rajeev Gupta	80,000	-	80,000	Nil

## ii) Executive Directors' Remuneration:

### a) Chairman

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

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

Details of remuneration paid to the Chairman as Whole-time Director for the year ended 31<sup>st</sup> March 2015 is as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Dilip G. Piramal	-	1,02,06,555	68,00,000	-	1,70,06,555

\*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 the Company with effect from 13<sup>th</sup> July 2012 to 12<sup>th</sup> July 2017 (both days inclusive). The contract for such appointment between the Company and the Managing Director may be terminated by either party by giving the other party, 3 months' notice or the Company paying notice pay equal to the amount due to the Managing Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

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

Details of remuneration of Managing Director for the year ended on 31<sup>st</sup> March 2015 is as follows:

(Amount in ₹)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal	-	1,32,74,343	68,00,000	-	2,00,74,343

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

### c) Director- Works:

Mr. Ashish K. Saha was re-appointed as a Director in the whole-time employment of the Company designated as Director - Works for a period of three years from 1<sup>st</sup> February 2015 to 31<sup>st</sup> January 2018 (both days inclusive). The contract for such appointment between the Company and the Director - Works may be terminated by either party by giving the other party, 3 months' notice or the Company paying notice pay equal to the amount due to the Director-Works on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

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

Details of remuneration of Director-Works for the year ended on 31<sup>st</sup> March 2015 is as follows:

(Amount in ₹)

Name	Sitting Fees	* Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Ashish K. Saha	-	60,82,245	-	-	60,82,245

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

## KEY MANAGERIAL PERSONNEL

Pursuant to section 203 of the Companies Act, 2013, the Company had appointed 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 the Company even prior to the Companies Act, 2013 becoming applicable.

Details of remuneration of Key Managerial Personnel for the year ended on 31<sup>st</sup> March 2015 are as follows:

(Amount in ₹)

Name	* Gross Remuneration	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal Managing Director	Details given in para (ii) (b) above		
Mr. Jogendra Sethi Chief Financial Officer	1,09,85,628	-	1,09,85,628
Mr. Shreyas Trivedi General Manager – Legal & Company Secretary	41,27,832	-	41,27,832

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

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

### Composition:

The Stakeholders' Relationship Committee comprises of three members viz. Mr. Dilip G. Piramal, Mr. Ashish K Saha and Mr. Vijay Kalantri. Mr. Shreyas Trivedi, General Manager - Legal & Company Secretary is the Compliance Officer of the Company.

### Terms of reference:

The terms of reference of the Stakeholders' Relationship Committee include redressing shareholder and investor complaints like non-receipt of transfer and transmission of shares, non- receipt of duplicate share certificate, non-receipt of balance sheet, non-receipt of dividends etc. and to ensure expeditious share transfer process.

Link Intime India Private Limited is the Registrar and Transfer Agent of the 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.

The Company has approximately 45,816 investors comprising of shareholders and fixed deposit holders as on 31<sup>st</sup> March 2015. During the year under Report, the Company processed 95 share transfers in the physical form comprising of 43,776 equity shares. The Company received 157 investors complaints during the year, all of which have been attended to within a period of fifteen days from the date of receipt of the same.

The Stakeholders' Relationship Committee generally meets once in a week and approves all matters related to shares vis-à-vis transfers, transmissions, dematerialization and re-materialization of shares etc. In case of shares held in physical form, all transfers are completed within the stipulated time from the date of receipt of complete documents. The relevant certificate obtained from M/s. Ragini Chokshi & Associates on quarterly / half yearly basis, as stipulated under clause 47 of the Listing Agreement with the Stock Exchanges are also submitted to the Stock Exchanges regularly within the prescribed time.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the Corporate Social Responsibility Committee as at 31<sup>st</sup> March 2015 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the CSR Meeting held on 27 <sup>th</sup> May 2014
Mr. Vijay Kalantri	Chairman	Yes
Mr. Dilip G. Piramal	Member	Yes
Ms. Radhika Piramal	Member	Yes

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

- **Subsidiary Companies**

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

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

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee Meeting and Board Meeting of the Company. Copies of the Minutes of the Board Meetings of Subsidiary Companies are tabled at the Board Meetings of the Company regularly.

- **Related Party Transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions with Related Parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes of the Financial Statements.

The Board has approved a Policy for related party transactions which has been uploaded on the Company's website i.e. [www.vipindustries.co.in](http://www.vipindustries.co.in)

### DISCLOSURES

The Company has no material significant transactions with its related parties that may have a potential conflict with the interest of the Company during the Financial Year 2014-2015. The details of transaction between the Company and the related parties are given for information under Note No. 32 of the Notes to Accounts to the Standalone Financial Statement for the year ended 31<sup>st</sup> March 2015.

### RIGHTS TO THE SHAREHOLDERS

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

### GENERAL BODY MEETINGS:

Particulars of General Meetings held during last three years:

Annual General Meeting (AGM)	Date	Venue	Time
45 <sup>th</sup> AGM (2011-12)	14 <sup>th</sup> September 2012	"NIWEC", Satpur, Nashik – 422 007	11.00 a.m.
46 <sup>th</sup> AGM (2012-13)	28 <sup>th</sup> June 2013	"NIWEC", Satpur, Nashik – 422 007	12.00 noon
47 <sup>th</sup> AGM (2013-14)	10 <sup>th</sup> July 2014	"NIWEC", Satpur, Nashik – 422 007	12.00 noon

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

### Postal Ballot

During the year ended 31<sup>st</sup> March 2015, no resolution was passed through Postal Ballot.

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

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

The Company has formulated and laid down a procedure on risk assessment and minimization. These procedures have been considered by the Board and a properly defined framework is laid down to ensure that the management controls the identified risks.

The Company has framed the following policies, as required under clause 49 of the Listing Agreement with the Stock Exchanges and pursuant to Companies Act, 2013, during the year 2014-15:

1. Vigil Mechanism Policy
2. Policy For Determining Material Subsidiaries
3. Performance Evaluation Policy
4. Related Party Transactions Policy

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

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

#### **Prevention of Insider Trading:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's securities and prohibits the purchase or sale of the Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code. SEBI has formulated a new Insider Trading Regulations in order to prohibit the insider trading in securities and to strengthen the legal framework, these regulations will be effective from 15<sup>th</sup> May 2015.

All Board Directors and the designated employees have confirmed compliance with the Code.

#### **Means of Communication:**

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

The Company's results and official news releases are displayed on the Company's website [www.vipindustries.co.in](http://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, the Company has uploaded, on its website as also on the website of the MCA, the information regarding unpaid /unclaimed dividend, fixed deposits and interest accrued thereon, lying with the Company upto the last AGM i.e. 10<sup>th</sup> July 2014.

**Website:** The Company's website [www.vipindustries.co.in](http://www.vipindustries.co.in) contains a separate dedicated section 'Investor Relations' wherein shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

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

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

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

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

**SEBI Complaints Redress System (SCORES):** Investors' complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. The Company regularly redresses the complaints if any, on SCORES within stipulated time.

**Designated Exclusive email-id:** The Company has designated the email-id [investor-help@vipbags.com](mailto:investor-help@vipbags.com) exclusively for investors' servicing.

## SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

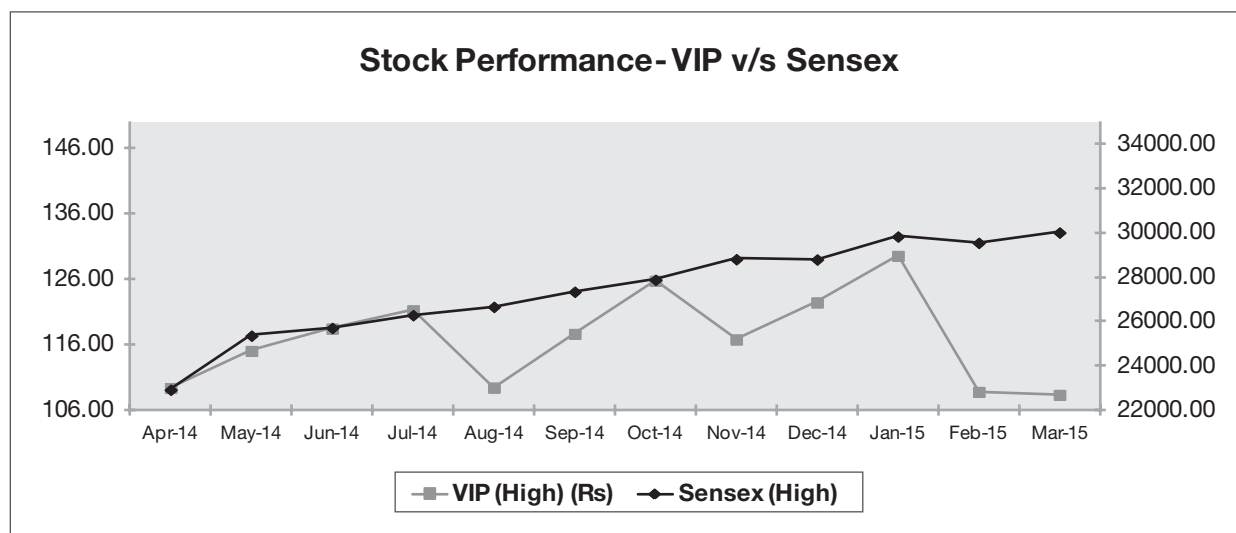
M/s. Ragini Chokshi & Associates, a practising Company Secretary firm has carried out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and in physical form and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with 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 : Friday, 24<sup>th</sup> July 2015 at 3.30 pm
  - Venue : "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik – 422 007
2. Tentative Financial Calendar
  - The financial year of the Company is for the period from 1<sup>st</sup> April every year to 31<sup>st</sup> March of the following year.
  - a. Publication of Audited Results : By 30<sup>th</sup> May or immediately upon its adoption by the Board each year
  - b. First Quarter Results : By 14<sup>th</sup> August of each year
  - c. Second Quarter Results : By 14<sup>th</sup> November of each year
  - d. Third Quarter Results : By 14<sup>th</sup> February of each year
3. Date of Book Closure : 14<sup>th</sup> July 2015 to 24<sup>th</sup> July 2015 (both days inclusive)
4. Cut-off date : 17<sup>th</sup> July 2015
5. Dividend Payment Date (2014-15) : 1<sup>st</sup> August 2015
6. 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, 5<sup>th</sup> Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
7. Listing Fees : Listing fees of both the Stock Exchanges for the year 2014-15 have been paid.
8. Stock Code
  - BSE 507880
  - NSE VIPIND
  - International Securities Identification Number (ISIN) INE054A01027
9. The monthly High and Low of market price of the equity shares of the Company on BSE and the NSE and the stock performance during the last financial year was as under:

Period	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Sensex	High	Low	Nifty
(Year 2014- 15)	( ₹ )	( ₹ )	(High)	( ₹ )	( ₹ )	(High)
April 2014	109.45	89.90	22939.31	110.65	89.50	6869.85
May 2014	115.10	79.85	25375.63	115.00	79.70	7563.50
June 2014	118.50	97.55	25725.12	118.50	97.55	7700.05
July 2014	121.30	99.60	26300.17	118.80	99.60	7840.95
August 2014	109.50	94.35	26674.38	109.50	94.05	7968.25
September 2014	117.70	97.10	27354.99	117.50	97.05	8180.20
October 2014	125.80	106.00	27894.32	125.90	105.80	8330.75
November 2014	116.85	99.55	28822.37	116.90	99.25	8617.00
December 2014	122.50	99.20	28809.64	122.30	99.00	8626.95
January 2015	129.60	102.80	29844.16	129.85	103.10	8996.60
February 2015	108.85	98.00	29560.32	108.85	97.45	8941.10
March 2015	108.40	88.65	30024.74	108.50	88.10	9119.20





10. Distribution Schedule and Shareholding Pattern as on 31<sup>st</sup> March 2015:

DISTRIBUTION SCHEDULE			SHAREHOLDING PATTERN		
Category Number of Shares	No. of Shareholders	No. of Shares	Category of Shareholders	No. of Shares	%
Up to 500	28793	6735865	Promoters	74096520	52.43
501 - 1000	8087	3439930	Mutual Funds and UTI	15092274	10.68
1001 – 2000	3949	4371497	Banks, Financial Institutions, Insurance Companies	74670	0.05
2001- 3000	1480	2530519	Foreign Institutional Investors	3005780	2.13
3001- 4000	1378	1249398	Bodies Corporate	4424622	3.13
4001- 5000	673	1072979	Indian Public	43052972	30.47
5001- 10000	907	2257025	Non Resident Individuals/ Overseas Corporate Bodies	1477727	1.04
10001 and Above	537	119660102	Others – Directors and their Relatives	92750	0.07
<b>TOTAL</b>	<b>45804</b>	<b>141317315</b>	<b>TOTAL</b>	<b>141317315</b>	<b>100.00</b>

11. Registrars and Share Transfer Agents : Link Intime India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W), Mumbai – 400 078,  
Tel. No.: 022 - 25963838, Fax No.: 022 - 25946969
12. Dematerialisation of shares and liquidity : 95.93% of the paid-up capital of the Company has been dematerialized as on 31<sup>st</sup> March 2015. The equity shares of the Company are actively traded on the BSE and the NSE in the dematerialized form.
13. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments : NIL
14. Plant Locations : (i) Nashik - 78 A, MIDC Estate, Satpur, Nashik – 422007.  
(ii) Sinnar - A-7, MIDC, Sinnar – 422103  
(iii) Haridwar - Plot No 8, Sector 12, SIDCUL Area, Haridwar – 249 403  
(iv) Nagpur - L-4, MIDC, Hingna, Nagpur – 440 016  
(v) Paithan – D/4 Paithan Industrial Area, MIDC, Paithan – 431 107

15. Address for correspondence : i) Link Intime India Pvt. Ltd.  
(Unit – V.I.P. Industries Limited)  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai – 400 078.  
Tel. No. +91 022- 25963838, Fax No.: +91 022-25946969
- ii) The Company Secretary  
V.I.P. Industries Ltd.  
5<sup>th</sup> Floor, DGP House, 88-C, Old Prabhadevi Road  
Mumbai – 400 025  
Tel No.+91 022 - 66539000, Fax No.: +91 022 –66538393
16. Designated E-mail ID for registering Complaints : [investor-help@vipbags.com](mailto:investor-help@vipbags.com)  
by the investors

17. Compliance Certificate by Auditors:

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, which is given as annexure to this Report

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### DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

In accordance with the listing agreement with the Stock Exchanges, I, Radhika Piramal, Managing Director of V.I.P. Industries Limited hereby confirm that all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's code of conduct for the financial year ended 31<sup>st</sup> March 2015.

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

Place: Mumbai  
Date : 14<sup>th</sup> May 2015

RADHIKA PIRAMAL  
Managing Director

### CEO/ CFO Certification

The Managing Director and the CFO have issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affair.

**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 Ltd., to the best of our knowledge and belief, certify that :

We have reviewed the financial statements, and the cash flow statement of V.I.P. Industries Limited for the year ended March 31, 2015 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 existing 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 propose to take 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
- (ii) 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 having a significant role in the Company's internal control system over financial reporting.

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

Place : Mumbai  
Date : 14<sup>th</sup> May 2015

**RADHIKA PIRAMAL**  
Managing Director

**JOGENDRA SETHI**  
Chief Financial Officer

**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 31<sup>st</sup> March, 2015, as stipulated in clause 49 of this Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Ashish Bairagra  
Partner  
Membership No. 109931

Place: Mumbai  
Date : 14<sup>th</sup> May 2015

## A. INDUSTRY STRUCTURE AND DEVELOPMENT

### DOMESTIC LUGGAGE

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

The domestic luggage business registered growth during the year under review, owing to good wedding season and increase in domestic and international travel. Strong advertising campaigns, robust product launches and strong distribution led to positive growth. Significant growth is observed in higher-end product, including soft luggage uprights and polycarbonate uprights, whereas traditional categories like hard luggage suitcases are flat. This shift is due to change in consumer preferences towards the convenience of light and wheeled travel products and away from heavier products without wheels. Polycarbonate products achieved significant growth during the year as a category. The Company has been constantly adding innovative and successful polycarbonate product ranges to the portfolio across brands. Verve, a polycarbonate range launched under the VIP brand, was promoted extensively through television campaigns and featured distinctive design and colors which were well received by consumers.

VIP Industries has always been strong in large size travel products used for “long-haul” travel. Your Company is now expanding its product range into daily use or “short haul” products such as business bags and backpacks. These categories saw tremendous growth as the Company increased its focus in these categories. Backpacks have been leading in short haul product categories during the year. Backpack sales volume has grown substantially in the last two years, strengthening overall short haul category sales and suggesting an increasing affinity of consumers towards young and youthful categories.

All channels witnessed growth during the financial year under review. Hypermarket channel witnessed the strongest growth amongst all channels suggesting that Indian consumers are showing preference towards shopping indoors in air-conditioned environment compared to traditional outdoor shopping. Across channels, several new ranges were launched across all brands and price points, in both hard & soft luggage, with a special thrust on business collections and backpacks.

### SUPPLY OF PRODUCTS

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

Weaker rupee against USD continued the pressure on sourcing costs for soft luggage including uprights, duffels and backpacks. Soft luggage across product categories is the highest contributor to sales of the Company. During FY 2014-15, rupee remained weak and the Company’s buying costs of main soft luggage products remained high in rupee terms although the Company was able to negotiate and limit cost increases in dollar terms due to its scale and negotiating power. Prices of main raw materials for hard luggage remained high despite softening of crude prices, as monopoly vendor of plastic raw material did not reduce prices commensurate with fall in crude prices. The strength of the Company’s brands and its dominant market share position in the Indian luggage industry enabled price rises which partially but not fully offset these high inputs costs.

### LADIES HAND BAGS

The Company successfully launched Ladies Hand Bags category under the brand “Caprese” in October 2012 and is on course to build the largest ladies handbags brand in India over the next five years. Caprese is now available at more than 500 points of sale across the country, across many distribution channels including select Company-run exclusive stores, franchisee stores, multi brand dealers and leading Departmental chains like Shoppers Stop, Lifestyle and Central as well as e-commerce platforms. The 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 across popular and premium price points.

The Company brought on board **Alia Bhatt** as the brand ambassador of Caprese, which heightened brand awareness and successfully added to the high fashion imagery of the brand. The brand will continue to introduce latest international fashion trends to live up to the promise of delivering high quality and affordable style catering to the discerning Indian woman.

**MOULDED FURNITURE**

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

**EXPORTS AND INTERNATIONAL OPERATIONS**

Due to subdued market conditions in UK and Europe, the International Business of the Company declined during the year. While branded goods sales in Asia Pacific and Middle East remained strong, sales of branded goods in UK and Europe along with private label business resulted in de-growth in the overall international business sales performance.

**B. OPPORTUNITIES AND THREATS****LUGGAGE**

One of the key challenges would be to grow faster than the market, despite having a high base and market leadership position. With strong brands in luggage across all channels and price segments, the Company is uniquely poised to grow higher than the market. 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. Purchases frequency of these types of "daily use" bags is more frequent than for larger luggage used for travel.

**MOULDED FURNITURE**

Moulded chairs may continue to experience pressure due to intense competition.

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

Soft luggage continues to grow faster than hard luggage and constitutes over 70% of the Company's sales. The only category in hard luggage which is experiencing 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 and has grown fastest in all luggage brands in India. "Carlton" brand also achieved good growth during the year, especially in the premium retail channel. With a thrust on Premium end of products through the promotion of Carlton Brand, the Company is reaching out to wider audience base with unique and premium product offerings.

**D. OUTLOOK**

Considering the threats, opportunities and the strengths of the Company, the key task at hand will be to make the most of the category growth across all price segments and maintain margins to the best possible degree without affecting volume growth. The 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 the Company. As China transitions from developing country to middle income country, its labour costs will increase which will further put pressure on soft luggage costs. To reduce dependence on China for soft luggage in long run, the Company has taken a strategic decision to set up a soft luggage manufacturing facility in Bangladesh through its wholly owned subsidiary, VIP Industries Bangladesh Private Limited, which has commenced commercial production from the last quarter of FY 2013-14. Initially, manufacturing capacity in Bangladesh is small, which would increase over the next 3 - 5 years.

**F. INTERNAL CONTROL SYSTEMS**

M/s. Suresh Surana & Associates LLP, Chartered Accountants, were appointed as the Internal Auditors of the Company for maintaining internal controls to safeguard the Company's assets against losses from unauthorized use, to ensure proper authorization of financial transactions, to evaluate the current state and identify performance gaps, to prioritize improvement opportunities, to provide a high degree of assurance regarding the effectiveness and efficiency of operations,

to assess the reliability of financial controls and compliance with laws and regulations. The Company has a budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

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

All significant changes, if any, in the accounting policies during the year, have been disclosed in the notes to the financial statement.

### G. FINANCIAL PERFORMANCE

#### SALES:

The Revenue from Operations and Other Income of the Company for the year ended 31<sup>st</sup> March 2015 was at ₹ **1050.29 Crores** (Previous Year ₹ 975.56 Crores).

#### EXPENDITURE:

The Company continued its focus on cost management initiatives.

#### PROFIT:

Profit after Tax for the year under review amounted to ₹ **47.86 Crores** (Previous Year ₹ 58.39 Crores).

### H. HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

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

The Company has commenced the journey to become a Great Place to Work® where employees trust the Company they work for, take pride in what they do and enjoy the Company of the people they work with. The Company strongly believe that an engaged workforce is critical in achieving its business goals and building a sustainable organization.

In spite of a written agreement with respect to the retirement age in the 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 31<sup>st</sup> March 2015 was 1938.

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

We have audited the accompanying standalone financial statements of VIP INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2015 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.19(a) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

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

**Ashish Bairagra**  
Partner  
Membership No.109931

Place : Mumbai  
Date : 14<sup>th</sup> May 2015



**Annexure referred to in paragraph titled as "Report on other Legal and Regulatory Requirements" of Auditor's report to the members of VIP Industries Limited for the year ended 31<sup>st</sup> March 2015.**

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 program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, 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.
- (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 not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clause 3 (iii) 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 continuing failure to correct major weakness in such internal controls system has been observed.
- (v) The Company has not accepted any deposits from the public during the year covered by the audit. In respect of unclaimed deposits, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act or any other relevant provision of the Act and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) The Central Government has not prescribed maintenance of cost records for the company under sub section (1) of section 148 of the Companies Act, 2013. Accordingly, clause 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues applicable to it with the appropriate authorities except undisputed amounts were outstanding at the year end for a period of more than six months from the date they became payable in respect of Works Contract Tax of ₹ 1,274, Sales Tax of ₹ 210,277 and Income Tax of ₹ 116,437.

- (b) 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, Excise Duty and Sales Tax are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (₹)	Financial Year to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax/VAT and Entry Tax	732,804	Various years from 1996-97 to 2003-04	Assistant Commissioner of Sales Tax
			1,504,375	2013-14	Intelligence Superintendent
			311,561	Various years from 1992-93 to 1994-95	Sales tax Officers
			20,310	2005-06	Commercial Tax Officer
			25,574,852	Various years from 1990-91 to 2012-13	Deputy/Sr. Deputy Commissioner of Sales Tax (Appeals)
			34,656,855	Various years from 1993-94 to 2010-11	Joint/Sr. Joint Commissioner of Sales Tax (Appeals)
			39,931,531	Various years from 1999-2000 to 2002-03	Joint Director of Industries
			19,255,110	2011-2012 and 2012-2013	Commissioner of Sales Tax
			974,714,528	Various years from 1983-84 to 2010-11	Sales Tax Tribunal
			9,307,582	Various years from 1999-2000 to 2005-06	Honourable High Court
2.	Income-tax Act, 1961	Income Tax	7,942,088	2009-2010 and 2010-2011	Commissioner of Income Tax (Appeals)
			4,371,873	2004-2005 and 2005-2006	Honourable High Court
			139,161	2005-2006	Assessing Officer (ITO)
3.	Central Excise Act, 1944	Excise duty on Cenvat dues	2,112,981	2000-01, 2004-05 and 2008-09	Honourable High Court
			5,00,000	2006-2007 to 2010-2011	Customs, Excise and Service Tax Appellate Tribunal
			32,42,162	2000-2001 and 2001-2002	Honourable Supreme Court

- (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- (viii) The Company does not have accumulated losses at the end of the financial year 31<sup>st</sup> March 2015. Further, the Company has not incurred any cash losses during the financial year ended 31<sup>st</sup> March 2015 and in the immediately preceding financial year ended 31<sup>st</sup> March 2014.
- (ix) 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.
- (x) 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 3 (x) of the Order is not applicable to the Company.
- (xi) The Company has not taken any term loans during the year. Accordingly, clause 3 (xi) of the Order is not applicable to the Company.
- (xii) 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, 2015.

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

**Ashish Bairagra**  
Partner  
Membership No.109931

Place : Mumbai  
Date : 14<sup>th</sup> May 2015

# BALANCE SHEET

(₹ in Crores)

	Note	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>I EQUITY AND LIABILITIES:</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	28.26	28.26
(b) Reserves & Surplus	2	278.74	259.49
		<b>307.00</b>	287.75
<b>(2) Non-Current Liabilities</b>			
(a) Other Long Term Liabilities	3	1.46	1.03
(b) Long Term Provisions	4	3.08	2.87
		<b>4.54</b>	3.90
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	5	31.03	16.08
(b) Trade Payables	6	117.88	98.26
(c) Other Current Liabilities	7	20.12	19.41
(d) Short Term Provisions	8	18.63	22.59
		<b>187.66</b>	156.34
<b>TOTAL</b>		<b>499.20</b>	<b>447.99</b>
<b>II ASSETS :</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		54.31	66.84
(ii) Intangible Assets		1.12	0.82
(iii) Capital Work - in - Progress		1.09	0.74
		<b>56.52</b>	68.40
(b) Non Current Investment	10	18.26	9.55
(c) Deferred Tax Assets (Net)	11	3.10	1.44
(d) Long Term Loans and Advances	12	25.64	38.27
(e) Other non - current assets	13	4.50	-
		<b>51.50</b>	49.26
<b>(2) Current Assets</b>			
(a) Inventories	14	222.72	172.80
(b) Trade Receivables	15	111.10	95.01
(c) Cash & Bank Balances	16	7.18	10.86
(d) Short Term Loans and Advances	17	24.30	25.46
(e) Other Current Assets	18	25.88	26.20
		<b>391.18</b>	330.33
<b>TOTAL</b>		<b>499.20</b>	<b>447.99</b>
<b>Contingent Liabilities and Commitments</b>	19		
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON FINANCIAL STATEMENTS</b>	1 to 49		

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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

# STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Note	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>INCOME:</b>			
Revenue from Operations		1,063.53	987.71
Less :- Excise Duty		<u>15.84</u>	<u>14.89</u>
Net Revenue from Operations	20	1,047.69	972.82
Other Income	21	<u>2.60</u>	<u>2.74</u>
<b>Total Revenue</b>		<u><b>1,050.29</b></u>	<u><b>975.56</b></u>
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	145.99	151.40
Purchases of Stock - in - Trade	23	483.14	410.17
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	24	(48.50)	(28.64)
Employee Benefits Expense	25	106.00	92.78
Finance Costs	26	1.28	1.80
Depreciation & Amortization Expenses	9	15.28	17.05
Other Expenses	27	<u>284.66</u>	<u>266.26</u>
<b>Total Expenses</b>		<u><b>987.85</b></u>	<u><b>910.82</b></u>
Profit before exceptional items and tax		<u>62.44</u>	<u>64.74</u>
Add :- Exceptional Items -Income \ (Expenses)	28	<u>4.32</u>	<u>15.76</u>
Profit before tax and after Exceptional Items		<u><b>66.76</b></u>	<u><b>80.50</b></u>
<u>Less : Tax expense</u>			
(1) Current tax		19.69	22.80
(2) Deferred tax		(0.04)	(2.14)
(3) Short/(Excess) provision for Tax relating to prior year		<u>(0.75)</u>	<u>1.45</u>
		<u><b>18.90</b></u>	<u><b>22.11</b></u>
<b>Profit for the year</b>		<u><b>47.86</b></u>	<u><b>58.39</b></u>
Earning per equity share (EPS) of face value of ₹ 2 each :	29		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		3.39	4.13
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		3.39	4.13
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON FINANCIAL STATEMENTS</b>	1 to 49		

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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

# CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	66.76	80.50
Adjusted for:		
Depreciation/ Amortisation Expense	15.28	17.05
Wealth Tax	0.06	0.06
Dividend Received	(0.20)	(0.19)
Interest Expense	0.84	1.20
Interest Income	(0.20)	(0.65)
(Gain) /Loss on Exchange Rate Fluctuation	(0.04)	(1.80)
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit) / Loss on sale of Investments	-	(9.37)
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence (Net)	(6.17)	(5.63)
	<u>9.52</u>	<u>0.62</u>
Operating profit before working capital changes	76.28	81.12
Adjusted for :		
Trade and Other Receivables	0.59	(18.10)
Inventories	(55.64)	(27.56)
Trade and Other Payables	20.41	32.07
	<u>(34.64)</u>	<u>(13.59)</u>
Cash Generated from Operations	41.64	67.53
Direct Taxes Paid (Net of refund received)	(21.01)	(22.09)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20.63</b>	<b>45.44</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(9.87)	(9.31)
Inter corporate deposits Received back	0.75	0.37
Sale of Investments /(Purchase of Investments)	(8.71)	3.36
Sale of Fixed Assets	7.30	7.82
Interest Income	0.30	0.63
Dividend Received	0.20	0.19
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10.03)</b>	<b>3.06</b>

## CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(0.84)	(1.28)
Proceeds / (Repayments) from / of Borrowings (net)	14.94	(23.59)
Dividend paid (inclusive of Dividend Distribution Tax)	<u>(27.97)</u>	<u>(24.45)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(13.87)</b>	<b>(49.32)</b>
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	<u>(3.27)</u>	<u>(0.82)</u>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	8.07	8.89
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>4.80</u>	<u>8.07</u>
	<u>(3.27)</u>	<u>(0.82)</u>
<b>Notes:</b>		
(1) Cash and Cash Equivalents include (Refer Note No. 16) :		
Cash and Cheques on Hand	0.84	0.43
<u>Balances with Scheduled Banks in :</u>		
*Current Accounts	1.93	2.67
Remittance in Transit	<u>2.03</u>	<u>4.97</u>
Total	<u>4.80</u>	<u>8.07</u>

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

- (2) Interest income includes interest received on account of income tax refund of ₹ Nil (Previous year ₹ 0.14 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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>1 SHARE CAPITAL</b>		
<b><u>Authorized Share Capital</u></b>		
246,500,000 Equity shares of ₹ 2/- each (Previous Year 246,500,000 Equity shares of ₹ 2/- each)	<b>49.30</b>	49.30
1,000 9% Redeemable Cumulative Preference shares of ₹1,000/- each (Previous Year 1,000 Preference shares of ₹ 1,000/- each)	<b>0.10</b>	0.10
	<b>49.40</b>	49.40
<b><u>Issued, Subscribed and Fully Paid Up Share Capital</u></b>		
141,317,315 Equity shares of ₹ 2/- each (Previous year 141,317,315 Equity shares of ₹ 2/- each)	<b>28.26</b>	28.26
<b>Total Issued, Subscribed and Fully paid Up Share Capital</b>	<b>28.26</b>	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 31<sup>st</sup> March 2015**

	As at 31 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
	Number of Shares	₹ in Crores	Number of Shares	₹ in Crores
Number of Equity shares at the beginning of the year	141,317,315	28.26	141,317,315	28.26
Add :- Shares issued during the year	-	-	-	-
Less:- Shares Bought Back	-	-	-	-
Number of Equity shares at the end of the year	<b>141,317,315</b>	<b>28.26</b>	<b>141,317,315</b>	<b>28.26</b>

**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 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	36,581,765	25.89%	36,581,765	25.89%
Vibhuti Investments Co. Ltd.	21,862,645	15.47%	21,862,645	15.47%



(₹ in Crores)

		As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>2 RESERVES &amp; SURPLUS</b>			
<b><u>Capital Reserve</u></b>			
At the beginning and at the end of the year (A)		0.15	0.15
<b><u>Capital Redemption Reserve</u></b>			
At the beginning and at the end of the year (B)		0.15	0.15
<b><u>Securities Premium Reserve</u></b>			
At the beginning and at the end of the year (C)		33.53	33.53
<b><u>Capital Incentive</u></b>			
At the beginning of the year		1.04	1.09
Less : Transferred to Statement of Profit & Loss		0.05	0.05
At the end of the year (D)		0.99	1.04
<b><u>General Reserve</u></b>			
At the beginning of the year		188.51	158.23
Add: Transferred from surplus		22.37	30.28
Less : Adjustment of carrying amount (Net of Deferred Tax) as per Schedule II of Companies Act 2013 (Refer Note No 9.5)			
Carrying Amount (Net of residual value)	4.70		
Adjustment of Deferred Tax	(1.63)	3.07	-
At the end of the year (E)		207.81	188.51
<b><u>Surplus</u></b>			
At the beginning of the year		36.11	36.11
Add: Net profit after tax transferred from Statement of Profit & Loss		47.86	58.39
<b>Amount available for appropriation</b>		83.97	94.50
<b><u>Less : Appropriations</u></b>			
Interim Dividend		7.07	7.07
Final Dividend		14.13	16.96
<b>Total Dividend (Refer Note No 8.1)</b>		21.20	24.03
Dividend Distribution Tax (Refer Note No 8.1)		4.29	4.08
Amount transferred to general reserve		22.37	30.28
At the end of the year (F)		36.11	36.11
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F)</b>		<b>278.74</b>	<b>259.49</b>
<b>3 OTHER LONG TERM LIABILITIES</b>			
<b><u>Others</u></b>			
Deposits		1.46	1.03
		1.46	1.03
<b>4 LONG TERM PROVISIONS</b>			
<b><u>Provisions for Employee Benefits</u></b>			
Leave Encashment (Refer Note No. 33)		1.35	1.50
Compensated Absences - sick leave (Refer Note No. 33)		0.66	0.52
<b><u>Others</u></b>			
Provision for Warranty (Refer Note No. 40)		1.07	0.85
		3.08	2.87

## NOTES ON FINANCIAL STATEMENTS

		(₹ in Crores)	
		As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>5</b>	<b>SHORT TERM BORROWINGS</b>		
	<b><u>Cash Credit and Demand loan from Banks</u></b>		
	Secured (Refer Note No. 5.1 )	27.15	14.79
	Unsecured	3.88	1.29
		<u>31.03</u>	<u>16.08</u>
	<b>Note No. 5.1</b>		
	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.		
<b>6</b>	<b>TRADE PAYABLES</b>		
	Sundry Creditors for Goods (Refer Note No. 6.1 & 6.2 )	66.23	57.96
	Sundry Creditors for Expenses (Refer Note No. 6.1 )	51.65	40.30
		<u>117.88</u>	<u>98.26</u>
	<b>Note No. 6.1</b>		
	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.		
	<b>Note No. 6.2</b> : Sundry Creditors for goods includes ₹ 3.82 Crores due to subsidiary (Previous Year ₹ 0.62 Crores).		
<b>7</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Interest Accrued but not due on Borrowings	0.01	-
	Unpaid Dividend	2.27	1.92
	Unpaid Matured Deposits and Interest Accrued thereon	0.04	0.06
	<u>Other Liabilities</u>		
	Sundry Creditors For Capital Goods	0.04	0.04
	Advances from Customers	3.84	3.73
	Statutory Liabilities	6.62	5.93
	Others	7.30	7.73
		<u>20.12</u>	<u>19.41</u>
<b>8</b>	<b>SHORT TERM PROVISIONS</b>		
	<u>Provision for Employee Benefits</u>		
	For Leave Encashment (Refer Note No. 33)	0.34	0.44
	For Compensated Absences - sick leave (Refer Note No.33)	0.45	0.48
	<u>Other Provisions</u>		
	Provision For Income Tax (Net of Advance Tax)	0.29	1.40
	Proposed Dividend ( Refer Note No. 8.1)	14.13	16.96
	Dividend Distribution Tax (Refer Note No. 8.1)	2.88	2.88
	Provision for Warranty (Refer Note No. 40)	0.54	0.43
		<u>18.63</u>	<u>22.59</u>

### Note No. 8.1

The Board of Directors have recommended a final dividend of ₹ 1 (previous year ₹ 1.2) per share on par value of equity share of ₹ 2.0 each amounting to ₹ 14.13 Crores (previous year ₹ 16.96 Crores) for the financial year 2014-15. An interim dividend of ₹ 0.5 per share (previous year ₹ 0.5) amounting to ₹ 7.07 Crores (previous year ₹ 7.07 Crores) was paid during the financial year 2014-15. Hence, total dividend declared for the financial year 2014-15 would be ₹ 1.5 per share (previous year ₹ 1.7) amounting to ₹ 21.20 Crores (previous year ₹ 24.02 Crores) and Dividend Distribution Tax ₹ 4.29 Crores (previous year ₹ 4.08 Crores).

9. FIXED ASSETS

(₹ in Crores)

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2014	Additions	Deductions / Adjustments (Refer Note No. 9.4)	As at 31 <sup>st</sup> March 2015	As at 1 <sup>st</sup> April 2014	For the year (Refer Note No 9.5)	Deductions/ Adjustments (Refer Note No 9.5)	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>Tangible Assets:</b>										
Freehold Land	0.02	-	-	0.02	-	-	-	-	0.02	0.02
Leasehold Land (Refer Note No. 9.1)	6.06	-	0.21	5.85	-	-	-	-	5.85	6.06
Buildings ( Refer Note No. 9.1, 9.2 & 30)	40.21	0.02	3.59	36.64	17.13	1.26	1.46	16.93	19.71	23.08
Plant and Machinery (Refer Note No. 9.3)	88.04	3.92	13.59	78.37	78.04	3.25	11.14	70.15	8.22	10.00
Moulds and Dies	75.16	1.64	3.50	73.30	64.78	3.80	3.39	65.19	8.11	10.38
Furniture & Fixtures	31.14	1.77	3.73	29.18	22.07	3.85	2.34	23.58	5.60	9.07
Office Equipments	1.84	0.24	0.19	1.89	0.68	0.43	(0.14)	1.25	0.64	1.16
Data Processing Machines	10.84	0.71	0.88	10.67	9.00	1.25	0.79	9.46	1.21	1.84
Vehicles	6.62	0.94	0.59	6.97	1.39	0.89	0.26	2.02	4.95	5.23
<b>Total Tangible Assets</b>	<b>259.93</b>	<b>9.24</b>	<b>26.28</b>	<b>242.89</b>	<b>193.09</b>	<b>14.73</b>	<b>19.24</b>	<b>188.58</b>	<b>54.31</b>	66.84
Tangible Assets (Previous Year)	279.75	8.83	28.65	259.93	203.61	15.95	26.47	193.09	66.84	-
<b>Intangible Assets:</b>										
Patents and Trademarks	9.08	-	-	9.08	8.97	0.04	-	9.01	0.07	0.11
Computer Software	5.61	0.85	-	6.46	4.90	0.51	-	5.41	1.05	0.71
<b>Total Intangible Assets</b>	<b>14.69</b>	<b>0.85</b>	<b>-</b>	<b>15.54</b>	<b>13.87</b>	<b>0.55</b>	<b>-</b>	<b>14.42</b>	<b>1.12</b>	0.82
Intangible Assets (Previous Year)	14.26	0.43	-	14.69	12.77	1.10	-	13.87	0.82	-
<b>Total Fixed Assets</b>	<b>274.62</b>	<b>10.09</b>	<b>26.28</b>	<b>258.43</b>	<b>206.96</b>	<b>15.28</b>	<b>19.24</b>	<b>203.00</b>	<b>55.43</b>	
Total Fixed Assets (Previous Year)	294.01	9.26	28.65	274.62	216.38	17.05	26.47	206.96	67.66	
<b>Capital Work- in- Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.09</b>	0.74

**Note No 9.1: Leasehold Land**

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

**Note No 9.2: 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 9.3: 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 9.4: Obsolescence of Fixed Assets**

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

**Note No 9.5:**

Pursuant to Schedule II to the Companies Act, 2013 ('the Act') effective from April 1, 2014, the Company has revised depreciation rates on tangible fixed assets except Moulds, Furniture & Fixtures and Computer Server as per useful life specified in Part 'C' of Schedule II of the Act. Due to the same there has been a change in the estimated useful life of depreciable tangible assets which has affected the depreciation for the year ending 31<sup>st</sup> March 2015 and also for subsequent years during the remaining useful life of the assets.

## NOTES ON FINANCIAL STATEMENTS

Accordingly, the Company has re-worked depreciation with reference to the estimated economic lives of Fixed Assets prescribed by Schedule II of the Act during the year ended 31<sup>st</sup> March 2015. In case of an asset whose life is completed before 1st April 2014, the carrying amount (Net of residual value) of ₹ 4.70 Crores has been adjusted to the Retained Earnings after adjusting impact of deferred tax of ₹ 1.63 Crores and in other cases the carrying amount has been depreciated over the remaining revised useful life of the assets. As a result the charge for depreciation is higher by ₹ 2.59 Crores for the year ended 31<sup>st</sup> March 2015.

### 10 NON CURRENT INVESTMENT

Non Trade Investments (at cost)	Face Value per Unit ₹	As at 31 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
		Number of Units	Amount (₹ In Crores)	Number of Units	Amount (₹ In Crores)
<b>Quoted</b>					
<b>In Equity Instruments</b>					
Windsor Machines Limited.	2	1,000	0.01	1,000	0.01
Kemp & Co Ltd.	10	1,909	-	1,909	-
Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
<b>Total Value of Quoted Investments</b>			<b>0.01</b>		<b>0.01</b>
Aggregate market value of Quoted Investments ₹ <b>0.32 Crores</b> (previous year ₹ 0.17 Crores)					
<b>Unquoted</b>					
<b>a) In Equity Instruments</b>					
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	-
<b>Investment in Wholly Owned Subsidiary Company</b>					
Blow Plast Retail Ltd.	10	50,000	0.05	50,000	0.05
VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)	-	9,070,475	6.44	9,070,475	6.44
<b>Investments in Joint Venture</b> (Refer Note No 10.1)					
VIP Nitol Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	25,003	2.12
<b>b) In Preference Instruments</b>					
<b>Investment in Wholly Owned Subsidiary Company</b>					
VIP Industries Bangladesh Pvt Ltd . (Face Value of BDT 10)	-	14,608,629	11.76	3,852,176	3.05
<b>c) Others</b>					
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	10	-
<b>Total Value of Unquoted Investments</b>			<b>20.37</b>		<b>11.66</b>
Total of Long Term Investments			<b>20.38</b>		<b>11.67</b>
Less : Provision for Diminution in the value of Investment			<b>2.12</b>		<b>2.12</b>
<b>Net Value of Investment</b>			<b>18.26</b>		<b>9.55</b>

#### Note No. 10.1:-

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

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>11 DEFERRED TAX ASSETS (NET)</b>		
<b><u>Deferred Tax Assets</u></b>		
On account of Expenses allowable under income tax on payment basis	1.09	1.16
On account of Voluntary Retirement Scheme	0.56	
On account of Allowance for Bad & Doubtful Debts	0.38	0.38
On account of difference in depreciation as per books and income tax	1.07	-
(A)	3.10	1.54
<b><u>Less : Deferred Tax Liabilities</u></b>		
On account of difference in depreciation as per books and income tax	-	0.10
(B)	-	0.10
<b>Net Deferred Tax Assets</b>	3.10	1.44
<b>12 LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	1.10	1.67
Security Deposits	15.68	18.21
<u>With related party</u>		
Share Application Money to Subsidiary (VIP Industries Bangladesh Pvt. Ltd.)	1.92	9.73
<u>Other loans &amp; Advances</u>		
Advance Recoverable in Cash or in kind or for value to be received	0.59	0.70
Sales Tax Advance/Refund	5.38	5.68
Inter Corporate Deposits	0.05	0.80
Advance Income Tax and Income Tax Deducted at Source (Net of Provision for Taxation)	0.92	1.48
	25.64	38.27
<b>13 Other Non-Current Assets</b>		
<u>Others</u>		
Receivable against Sale of Property	4.50	-
	4.50	-
<b>14 INVENTORIES</b>		
Raw Materials (Refer Note No 14.1)	16.93	15.67
Work-in-Progress	8.92	8.90
Finished Goods	34.61	37.76
Stock-in-Trade (Refer Note No 14.1 )	161.33	109.70
Stores & Spares, Packing Material and others	0.93	0.77
	222.72	172.80

## NOTES ON FINANCIAL STATEMENTS

	(₹ in Crores)	
	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>Note 14.1 : Goods in Transit</b>		
Raw Material inventory includes Goods-in transit ₹ Nil (Previous year ₹ 0.20 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 12.52 Crores (Previous year ₹ 11.86 Crores)		
<b>15 TRADE RECEIVABLES</b>		
(Unsecured)		
<b>Outstanding For a Period exceeding Six Months from the date they are due for payment</b>		
Considered Good	2.85	5.46
Considered Doubtful	1.10	1.12
<b>Others</b>		
Considered Good	108.25	89.55
	<u>112.20</u>	<u>96.13</u>
Less : Allowance for Bad & Doubtful Debts	1.10	1.12
	<u>111.10</u>	<u>95.01</u>
<b>16 CASH AND BANK BALANCES:</b>		
<b><u>Cash and Cash Equivalents :</u></b>		
<b><u>Balances with Banks in:</u></b>		
Current Accounts	1.93	2.67
Remittance in Transit	2.03	4.97
Cash on Hand	0.84	0.43
	(A) <u>4.80</u>	<u>8.07</u>
<b>Other Bank Balances :</b>		
Unclaimed dividend Accounts (Refer Note No. 16.1 )	2.27	1.92
Unpaid Matured Deposits (Refer Note No. 16.1 )	0.04	0.06
Margin Money Account (Refer Note No. 16.2 )	0.07	0.81
	(B) <u>2.38</u>	<u>2.79</u>
	(A+B) <u>7.18</u>	<u>10.86</u>

**Note No. 16.1**

The Balances can be utilized only towards settlement of the unpaid dividend/unpaid matured deposits.

**Note No. 16.2**

Margin money deposits amounting to ₹ 0.07 Crores (Previous Year ₹ 0.81 Crores) are lying with bank against Bank Guarantees and Letter of credit.

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>17 SHORT TERM LOANS &amp; ADVANCES</b>		
(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	6.14	2.40
Advance Recoverable in Cash or in kind or for value to be received	2.03	4.24
Advances to Employees	0.26	0.25
Advance to Suppliers	4.31	8.44
Balance with Statutory Authorities	7.84	7.87
Advance Income Tax and Income Tax Deducted at Source (Net of Provision for Taxation)	3.47	2.01
	24.30	25.46
<b>18 OTHER CURRENT ASSETS</b>		
Interest receivable	0.35	0.44
Export Incentive Receivable	2.45	1.77
Receivable against Sale of Property	0.50	-
<u>Others</u>		
SAD Refund Receivable	14.47	14.09
Other (Refer Note No 18.1)	8.11	9.90
	25.88	26.20
<b>Note No. 18.1</b>		
Others include ₹ 0.31 Crores for Guarantee Commission Receivable from Subsidiary (VIP Industries Bangladesh Pvt. Ltd.) (Previous Year ₹ 0.19 Crores)		
<b>19 a) CONTINGENT LIABILITY</b>		
1) Claims against the company not acknowledged as Debts	0.04	0.04
2) Disputed Income Tax Liability	2.23	3.11
3) Disputed Sales Tax Liability	115.44	77.43
4) Bonds issued under EPCG scheme	4.71	4.41
5) Disputed Excise duty liability	0.80	0.41
6) Disputed Employees state insurance corporation Liability.	0.08	0.08
<b>b) COMMITMENTS</b>		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	0.48	1.37

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>20 REVENUE FROM OPERATIONS</b>		
Sale of Products ( Refer Note No. 20.1)	1,058.87	983.65
Income from Services (Refer Note No. 20.2)	1.22	2.28
<u>Other Operating Revenues</u>		
Sale of Scrap	0.73	0.54
Export Incentive	2.71	1.24
Less: Excise Duty	15.84	14.89
	<u>1,047.69</u>	<u>972.82</u>
<b>Note No 20.1: Sale of Products:</b>		
<b>Particulars</b>		
Soft Luggage	773.13	682.51
Hard Luggage	272.53	274.29
Furniture	13.11	26.79
Others	0.10	0.06
	<u>1,058.87</u>	<u>983.65</u>
<b>Note No 20.2: Income from Services:</b>		
<b>Particulars</b>		
Job Work	1.22	2.28
	<u>1.22</u>	<u>2.28</u>
<b>21 OTHER INCOME</b>		
Interest Income ( Refer Note No. 21.1)	0.20	0.65
Dividend from Current Investment	0.20	0.19
Miscellaneous Income including Rent	2.20	1.90
	<u>2.60</u>	<u>2.74</u>
<b>Note No. 21.1: Break-up of Interest received</b>		
Interest Income on Deposits with Banks	0.06	0.11
Interest Income on Income Tax	-	0.14
Interest Income on Inter Corporate Deposits	0.03	0.08
Interest Income on Others	0.11	0.32
	<u>0.20</u>	<u>0.65</u>
<b>22 COST OF MATERIALS CONSUMED</b>		
<b>Cost of Materials Consumed</b> (Refer Note No.22.1, 35 & 46)	<u>145.99</u>	<u>151.40</u>
<b>Note No. 22.1: Cost of Materials Consumed</b>		
Polycarbonate	9.64	3.99
Aluminium Sections	9.09	11.92
Polypropylene	30.04	41.77
Components & Other Materials	97.22	93.72
	<u>145.99</u>	<u>151.40</u>
<b>23 PURCHASES OF STOCK IN TRADE</b>		
Soft Luggage	483.14	410.17
	<u>483.14</u>	<u>410.17</u>



(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
<b>Finished Goods</b>		
Opening Stock	37.76	37.66
Closing Stock	<u>34.61</u>	<u>37.76</u>
	3.15	(0.10)
<b>Work-in-Progress</b>		
Opening Stock	8.90	5.67
Closing Stock	<u>8.92</u>	<u>8.90</u>
	(0.02)	(3.23)
<b>Stock-in-Trade</b>		
Opening Stock	109.70	84.39
Closing Stock	<u>161.33</u>	<u>109.70</u>
	(51.63)	(25.31)
	<u>(48.50)</u>	<u>(28.64)</u>
<b>25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Wages	96.27	84.10
Contribution to Provident Fund & Other Funds	5.53	4.85
Staff Welfare Expenses	4.20	3.83
	<u>106.00</u>	<u>92.78</u>
<b>26 FINANCE COSTS</b>		
Interest Expense ( Refer Note No. 26.1)	0.84	0.79
Other Borrowing Costs	0.43	0.78
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	0.01	0.23
	<u>1.28</u>	<u>1.80</u>
<b>Note No. 26.1: Break-up of Interest Expense</b>		
Interest Expense on Bank Borrowings	0.67	0.79
Interest Expense on Income Tax	0.15	-
Interest Expense on Others	0.02	-
	<u>0.84</u>	<u>0.79</u>
<b>27 OTHER EXPENSES</b>		
Consumption of Stores and Spare parts (Refer Note No. 36)	1.20	1.69
Power & Fuel	13.26	13.04
Rent	38.61	36.61
<u>Repairs</u>		
for Buildings	0.21	0.11
for Machinery	0.54	0.39
for Other Repairs	<u>6.41</u>	<u>7.95</u>
Insurance	0.19	0.27
Rates and Taxes (includes Wealth Tax ₹ 0.05 Crores (Previous Year ₹ 0.06 Crores))	2.85	2.83

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
Payment to Auditors (Refer Note No. 27.1)	0.26	0.28
Freight, Handling and Octroi	55.72	48.28
Discounts & Rebates	30.33	30.73
CSR Expenditure	2.50	-
Commission on Sales	1.06	1.86
Advertisement and Marketing	62.97	57.06
Travelling & Conveyance	15.30	13.43
Legal & Professional Fees	5.36	3.26
Communication Cost	3.89	3.42
Bank Charges & Commission	1.78	2.16
Human Resource Procurement	21.38	23.38
Directors' Fees	0.07	0.06
Investment Written Off (Refer Note No 27.2)	-	1.66
Less :- Provision for Diminution in Investment	-	1.66
Allowance for Bad & Doubtful Debts	0.31	0.25
Bad Debts written off during the year	0.33	0.17
Less :- Provision for Bad & Doubtful Debts	0.33	0.17
Net Loss on Foreign Currency Transactions	0.41	2.07
Obsolescence of Fixed Assets	0.17	0.76
Miscellaneous Expenses	19.88	16.37
	<b>284.66</b>	<b>266.26</b>
<b>Note No. 27.1 : Payment to Statutory Auditors</b>		
Audit Fees (including Limited Review)	0.14	0.14
Tax Audit Fees	0.02	0.02
Certification & other services	0.05	0.08
Income Tax Representation	0.03	0.03
Towards Service Tax*	0.02	0.02
	<b>0.26</b>	<b>0.29</b>

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

### Note No 27.2:

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 previous year the company had received approval from Reserve Bank of India to write off the investment in CTG and accordingly the investment of ₹ 1.66 Crores had been written off during the previous year.

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>28 EXCEPTIONAL ITEMS - INCOME\EXPENSES)</b>		
<b>Income</b>		
Profit on sale of Non Trade Non Current Investment	-	9.37
Profit on Sale of Fixed Asset (Net)	6.34	6.39
<b>Expenses</b>		
Compensation under VRS Scheme	(2.02)	-
	<b>4.32</b>	<b>15.76</b>
<b>29 EARNING PER SHARE (EPS):</b>		
(A) Profit attributable to Equity Shareholders (₹ in Crores)	47.86	58.39
(B) No. of Equity Share outstanding during the year.	141,317,315	141,317,315
(C) Face Value of each Equity Share (₹)	2.00	2.00
(D) Basic & Diluted earning per Share (₹)	3.39	4.13

**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 ₹ **38.61 Crores** (previous year ₹ 36.61 Crores) are charged as Rent and grouped under the Note No. 27 "Other Expenses". These leasing arrangements which are cancellable, range 11 months to 3 years, or longer and are usually renewable by mutually agreed terms and conditions.

Rental Income of ₹ **1.42 Crores** (previous year ₹ 1.33 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 21 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2014-2015	2013-2014
Gross Block	1.82	1.82
Accumulated Depreciation	0.41	0.41
Written down value	1.41	1.41
Depreciation for the year	0.03	0.03

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

**31 SEGMENT REPORTING:**

**Segment Information for the year ended 31<sup>st</sup> March 2015**

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 revenue, geographical segment is reported as the secondary segment.

**Information about secondary geographical business segment**

(₹ in Crores)

	2014 - 15			2013 - 14		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	955.62	94.66	1,050.28	872.34	103.22	975.56
Segment Assets	452.00	47.20	499.20	453.50	45.80	499.30
Capital Expenditure	10.06	0.03	10.09	8.33	0.93	9.26

## NOTES ON FINANCIAL STATEMENTS

### Notes:

- (a) The segment revenue in the geographical segments considered for disclosure are as follows:-
- Revenue within India includes sales to customers located within India and Earnings in India
  - 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) Name of the related party and description of relationship

Name of Related Parties	Nature of Relationship
<b><u>Parties where control exists:</u></b>	
Blow Plast Retail Ltd.	Wholly owned Subsidiary Company
VIP Industries Bangladesh Pvt Ltd.	Wholly owned Subsidiary Company
VIP Nitol Industries Ltd.	Joint Venture (Refer Note No. 10.1)
<b><u>Key Management Personnel:</u></b>	
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	2014-2015	2013-2014
1. VIP Industries Bangladesh Pvt Ltd.	Equity Contribution	-	3.25
	Preference Shares Contribution	8.71	3.05
	Commission Income	0.11	0.19
	Purchase of Goods	25.80	1.78
	Share Application Money - Preference Shares	0.89	9.73
2. Mr Dilip G. Piramal	Remuneration Paid	1.02	0.86
	Commission	0.69	0.68
3. Ms. Radhika Piramal	Remuneration Paid	1.33	1.29
	Commission	0.69	0.68
4. Mr. Ashish Saha	Remuneration Paid	0.61	0.49

#### C) Balances at the year end.

		(₹ in Crores)	
Name of Related Parties	Particulars	As on 31 <sup>st</sup> March 2015	As on 31 <sup>st</sup> March 2014
1. VIP Industries Bangladesh Pvt Ltd	Investment in Equity Shares	6.44	6.44
	Investment in Preference Shares	11.76	3.05
	Reimbursement Receivables	0.25	0.25
	Share Application Money	1.92	9.73
	Sundry creditor for Goods	3.82	0.62
	Commission Receivable	0.31	0.19
2. VIP Nitol Industries Ltd	Investment in Equity Shares	2.12	2.12
3. Mr Dilip G. Piramal	Commission payable	0.69	0.68
4. Ms. Radhika Piramal	Commission payable	0.69	0.68
5. Blow Plast Retail Ltd.	Investment in Equity Shares	0.05	0.05

**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)	
	2014-15	2013-14
Employer's Contribution to Provident Fund	3.79	3.40

**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 31<sup>st</sup> March 2015

	(₹ in Crores)					
	2014-15			2013-14		
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
<b><u>(i) Assumptions</u></b>						
Discount Rate	7.85%	7.85%	7.85%	9.20%	9.20%	9.20%
Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rate of Return	9.30%	-	-	9.30%	-	-
<b><u>(ii) Change in present value of obligation</u></b>						
Projected Benefit Obligations at the beginning of the year	18.07	1.93	1.01	18.49	1.81	-
Interest Cost	1.45	0.15	0.09	1.39	0.12	-
Service Cost	4.25	0.66	0.69	1.62	0.52	0.54
Benefits paid	(4.64)	(0.52)	-	(2.81)	(0.58)	-
Actuarial (gain) / loss on obligations	(1.16)	(0.53)	(0.69)	(0.62)	0.06	0.46
Projected Benefit Obligations at the end of the year	17.97	1.70	1.10	18.07	1.93	1.01
<b><u>(iii) Changes in Fair value of Plan Assets</u></b>						
Fair value of Plan Assets at the beginning of the year	18.38	-	-	18.75	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	(0.00)	-	-
Expected Return on Plan Assets	1.54	-	-	1.66	-	-
Contributions	0.90	0.52	-	0.94	0.58	-
Benefits paid	(4.64)	(0.52)	-	(2.81)	(0.58)	-

## NOTES ON FINANCIAL STATEMENTS

(₹ in Crores)

	2014-15			2013-14		
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
Gain / (loss) on Plan Assets	1.85	-	-	(0.15)	-	-
Fair value of Plan Assets at the end of the year	18.03	-	-	18.38	-	-
<u>(iv) Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.38	-	-	18.75	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	(0.00)	-	-
Actual return on Plan Assets	3.38	-	-	1.51	-	-
Contributions	0.90	0.52	-	0.94	0.58	-
Benefits paid	(4.64)	(0.52)	-	(2.81)	(0.58)	-
Fair value of Plan Assets at the end of the year	18.03	-	-	18.38	-	-
Funded Status	0.05	(1.70)	(1.10)	0.31	(1.93)	(1.01)
Excess of actual over expected return on Plan Assets	1.85	-	-	(0.15)	-	-
<u>(v) Actuarial gain/loss recognised :</u>						
Actuarial gain/(loss) for the year - Obligation	1.16	0.53	0.69	0.62	(0.06)	(0.46)
Actuarial gain/(loss) for the year - Plan Assets	1.85	-	-	(0.15)	-	-
Total Gain/(loss) for the period	3.01	0.53	0.69	0.47	(0.06)	(0.46)
Actuarial gain/(loss) recognised for the period	3.01	0.53	0.69	0.47	(0.06)	(0.46)
Unrecognised Actuarial Gain/(Loss)						
<u>(vi) The amounts to be recognised in the Balance Sheet and Statement of Profit or Loss</u>						
Present value of obligations as at the end of the year	17.97	1.70	1.10	18.07	1.93	1.01
Fair value of plan assets as at the end of the year	18.03	-	-	18.38	-	-
Funded status	0.05	(1.70)	(1.10)	0.31	(1.93)	(1.01)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-	-	-
Net Asset /(liability) recognized in balance sheet	0.05	(1.70)	(1.10)	0.31	(1.93)	(1.01)
<u>(vii) Expenses Recognised in statement of Profit &amp; Loss</u>						
Current Service Cost	4.25	0.66	0.69	1.62	0.52	0.54
Interest Cost	1.45	0.15	0.09	1.39	0.12	-
Adjustment to opening Fair value of Plan Assets	-	-	-	0.00	-	-
Expected return on Plan Assets	(1.54)	-	-	(1.66)	-	-
Net Actuarial (gain) / loss recognised in the year	(3.01)	(0.53)	(0.69)	(0.47)	0.06	0.46
Expenses recognised in the statement of Profit & Loss	1.16	0.28	0.10	0.88	0.70	1.01

(₹ in Crores)

	2014-15			2013-14		
	Gratuity	Leave Encashment	Compensated absences- Sick Leave	Gratuity	Leave Encashment	Compensated absences- Sick Leave
	(Funded plan)	(Non-funded plan)	(Non- Funded plan)	(Funded plan)	(Non-funded plan)	(Non- Funded plan)
<u>(viii) Movements in the liability recognised in the Balance Sheet</u>						
Opening Net liability	(0.31)	1.93	1.01	(0.25)	1.81	-
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expense as above	1.16	0.28	0.10	0.88	0.70	1.01
Contributions	(0.90)	(0.52)	-	(0.94)	(0.58)	-
Closing Net liability	(0.05)	1.70	1.10	(0.31)	1.93	1.01
<u>(ix) Experience Analysis - Liabilities</u>						
Actuarial (Gain)/Loss due to change in bases	1.09	0.18	0.12	(0.27)	(0.15)	-
Experience (Gain) / Loss due to Change in Experience	(2.25)	(0.71)	(0.81)	(0.35)	0.21	0.46
Total	(1.16)	(0.53)	(0.69)	(0.62)	0.06	0.46
<u>Experience Analysis - Plan Assets</u>						
Experience (Gain) / Loss due to Change in Plan Assets	(1.85)	-	-	0.15	-	-
Current Liability	-	0.34	0.45	-	0.44	0.48
Non-Current Liability	17.97	1.35	0.66	18.07	1.50	0.52

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

(₹ in Crores)

	2014-15	2013-14
a ) Raw Material	8.43	7.60
b ) Capital Goods	2.18	0.10
c ) Stores & Spares	0.05	0.09
	<u>10.66</u>	<u>7.79</u>

35 IMPORTED AND INDIGENOUS RAW-MATERIALS AND COMPONENTS CONSUMED :

(₹ in Crores)

	2014-2015		2013-2014	
	%	Value	%	Value
<b>Raw Materials</b>				
Imported*	0%	-	3%	1.85
Indigenous	100%	48.77	97%	55.83
<b>Subtotal (A)</b>	100%	<u>48.77</u>	100%	<u>57.68</u>
<b>Components and other Raw Materials</b>				
Imported*	7%	7.21	6%	5.17
Indigenous	93%	90.01	94%	88.55
<b>Subtotal (B)</b>	100%	<u>97.22</u>	100%	<u>93.72</u>
<b>TOTAL (A)+(B)</b>		<u>145.99</u>		<u>151.40</u>

\* Excludes imported items purchased locally.

## NOTES ON FINANCIAL STATEMENTS

### 36 IMPORTED AND INDIGENOUS STORES & SPARES CONSUMED:

(₹ in Crores)

	2014-2015		2013-2014	
	%	Value	%	Value
Imported *	5%	0.06	6%	0.10
Indigenous	95%	1.14	94%	1.59
	100%	1.20	100%	1.69

\* Excludes imported items purchase locally.

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

	2014-2015	2013-2014
<b>a) Final Dividend :</b>		
i) No. of non-resident shareholders	435	428
ii) No. of shares held by the shareholders	228,410	235,610
iii) Amount remitted (₹ in Crores)	0.03	0.02
iv) Year to which pertains	2013-14	2012-13
<b>b) Interim Dividend :</b>		
i) No. of non-resident shareholders	435	438
ii) No. of shares held by the shareholders	239,660	241,660
iii) Amount remitted (₹ in Crores)	0.01	0.01
iv) Year to which pertains	2014-15	2013-14

### 38 EXPENDITURE IN FOREIGN CURRENCY:

(₹ in Crores)

	2014-2015	2013-2014
Travelling	2.82	2.48
Interest	0.07	0.25
Commission	0.89	1.66
Capital assets	0.03	0.92
Import of goods	313.68	274.55
Payable on other accounts	23.21	21.26
	<u>340.70</u>	<u>301.12</u>

### 39 EARNINGS IN FOREIGN CURRENCY :

(₹ in Crores)

	2014-2015	2013-2014
FOB value of exports	93.24	101.66
Freight	1.32	1.31
Interest Income	0.00	0.04
Commission Income	0.11	0.20
	<u>94.67</u>	<u>103.21</u>

### 40 DISCLOSURE RELATING TO WARRANTY PROVISIONS:-

The movement in the following provisions is summarised as under :

	(₹ in Crores)	
	2014-2015	2013-2014
Opening	1.28	0.96
Additions	0.66	0.59
Utilisation/reversal	0.33	0.27
Closing Balance	<u>1.61</u>	<u>1.28</u>



**Notes:**

- a) The Closing Balance includes ₹ **0.54 Crores** as Short Term and ₹ **1.07 Crores** as Long Term in Current year (Previous year ₹ 0.43 Crores as short Term and ₹ 0.85 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.

**41 RESEARCH & DEVELOPMENT EXPENDITURE:**

(₹ in Crores)

	2014-2015	2013-2014
Revenue Expenditure included in Employee Benefits	0.84	1.12
Revenue Expenditure included in other expenses	1.21	1.09
<b>Total</b>	<b>2.05</b>	<b>2.21</b>

**42. DERIVATIVES :-**

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

Buy or Sell	As on 31.03.2015		As on 31.03.2014		Foreign Currency
	(₹ in Crores)	Amount in Foreign Currency	(₹ in Crores)	Amount in Foreign Currency	
BUY	-	-	3.54	590,537	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 31.03.2015		As on 31.03.2014		Foreign Currency
	(₹ in Crores)	Amount in Foreign Currency	(₹ in Crores)	Amount in Foreign Currency	
<b>a) Receivables :-</b>					
	17.96	2,873,324	13.21	2,205,665	USD
	0.48	616,539	0.17	218,820	HKD
	0.18	108,628	0.17	101,349	AED
	0.01	1,307	0.15	15,183	GBP
<b>b) Payables :-</b>					
	0.06	9,627	0.10	12,435	EUR
	0.24	144,062	0.17	106,354	AED
	43.14	6,902,357	27.11	4,524,369	USD
	0.03	44,606	0.03	44,606	HKD
	0.02	2,335	0.03	2,667	GBP

**43 CORPORATE INFORMATION**

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

### 44 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

#### A) BASIS OF ACCOUNTING:

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

#### B) USE OF ESTIMATES :

The presentation and preparation of financial statements in conformity with the generally accepted accounting principles 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) INVENTORY:

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

#### D) CASH AND CASH EQUIVALENTS :

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

#### E) REVENUE RECOGNITION :

##### Sale & Sale of Services

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

##### Other Income

Interest income is accrued on accrual basis.

##### Export Benefits

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

##### Dividends

Dividend Income is accounted for as and when received.

#### F) FIXED ASSETS AND DEPRECIATION:

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

<b>Assets</b>	<b>Useful life</b>
Furniture and Fixtures in company run stores	2 years
Computer Server	3 years
Soft luggage Moulds	2 years
Hard Luggage Moulds	around 6 years

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

**G) FOREIGN CURRENCY TRANSACTIONS :**

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

**H) GOVERNMENT GRANTS & SUBSIDY:**

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

**I) INVESTMENTS:**

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

**J) EMPLOYEE BENEFITS:**

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

**K) SEGMENT REPORT:**

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

**L) BORROWING COST :**

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

**M) EARNINGS PER SHARE :**

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

### **N) TAXATION :**

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

### **O) LEASE :**

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

### **P) Research and Development Expenses**

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

### **Q) IMPAIRMENT OF ASSETS :**

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

### **R) PROVISION AND CONTINGENT LIABILITIES:**

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

### **S) OPERATING CYCLE:**

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

- 45 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 46 During the year there was fire in one of the plant of the Company and Properties & Inventories of the company were damaged. As the losses are fully recoverable from insurance company the same has been shown as receivable from insurance company. There is no impact on the Profit of the company for the year. In respect of losses which are being identified and quantified, the management expects that the losses are fully recoverable from insurance company and the same are being accounted on its determination.

- 47 During the year, the Company has made a provision of ₹ **0.28 Crores** (Previous Year ₹ 0.52 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.
- 48 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.
- 49 The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current presentation.

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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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

## TO THE MEMBERS OF VIP INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **VIP INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together are referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2015, and the Consolidated Statement of Profit and Loss and the 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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial control system over financial reporting in place and effectiveness of such control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31<sup>st</sup> March 2015 and its profit and its cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the Financial Statement of the Subsidiary Company **VIP Industries Bangladesh Private Limited** whose financial statement reflect total assets of ₹ 256,630,640 as at 31<sup>st</sup> March 2015 total revenue of ₹ 256,742,123 and net cash flows of ₹ 1,172,984 for the period ended on that date, as considered in the consolidated financial statement. These financial statement of the Subsidiary VIP Industries Bangladesh Private Limited have been audited by another auditor,

whose reports have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order which are applicable to the Holding Company, VIP Industries Limited and its Indian subsidiary, Blow Plast Retail Limited but are not applicable in case of the foreign subsidiary VIP Industries Bangladesh Private Limited. Accordingly the reporting on these matters is based on the reports of the Holding Company VIP Industries Limited and its Indian subsidiary Blow Plast Retail Limited wherever clauses of the order are applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2015 taken on record by the Board of Directors of the Holding Company and its subsidiary incorporated in India, none of the directors of the Group is disqualified as on 31<sup>st</sup> March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Financial Statements has disclosed the impact of pending litigations on the consolidated financial of the Group – Refer Note No. 19(a) to the financial statements;
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and its subsidiary incorporated in India.

For and on behalf of

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

Chartered Accountants

Firm's Registration No. 101484W

**Ashish Bairagra**

Partner

Membership No.109931

Place : Mumbai

Date : 14<sup>th</sup> May 2015

**Annexure to the Independent Auditor's Report on the consolidated financial statements referred to in paragraph titled as "Report on other Legal and Regulatory Requirements" to the members of VIP Industries Limited for the year ended 31<sup>st</sup> March 2015.**

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

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

- (i) (a) The holding company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management of the holding company according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the holding Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management of the holding company during the year and discrepancies noticed between the book records and the physical inventories were not material and have been properly dealt with in the accounts.
- (ii) (a) During the year, the inventories have been physically verified by the management of the holding company. 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 of the holding company are reasonable and adequate in relation to the size of the Holding 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 Holding 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.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Holding 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 continuing failure to correct major weakness in such internal controls system has been observed.
- (v) The Holding Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Holding Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act or any other relevant provision of the Act and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vii) According to information and explanation given to us, in respect of the Statutory dues of the Holding Company and the subsidiary company incorporated in India:
  - (a) The respective entities are generally regular in depositing undisputed statutory dues including Provident 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 except undisputed amounts of the Holding Company were outstanding at the year end for a period of more than six months from the date they became payable in respect of Works Contract Tax of ₹ 1,274, Sales Tax of ₹ 210,277 and Income Tax of ₹ 116,437.
  - (b) According to the records of the respective companies, there are no dues in respect of Wealth Tax, Service Tax, Customs Duty, and Cess, which have not been deposited on account of any dispute.



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

Sr. No.	Name of the Statute	Nature of the Dues	Amount (₹)	Financial Year to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax/VAT and Entry Tax	732,804	Various years from 1996-97 to 2003-04	Assistant Commissioner of Sales Tax
			1,504,375	2013-14	Intelligence Superintendent
			311,561	Various years from 1992-93 to 1994-95	Sales tax Officers
			20,310	2005-06	Commercial Tax Officer
			25,574,852	Various years from 1990-91 to 2012-13	Deputy/Sr. Deputy Commissioner of Sales Tax (Appeals)
			34,656,855	Various years from 1993-94 to 2010-11	Joint/Sr. Joint Commissioner of Sales Tax (Appeals)
			39,931,531	Various years from 1999-2000 to 2002-03	Joint Director of Industries
			19,255,110	2011-2012 and 2012-2013	Commissioner of Sales Tax
			974,714,528	Various years from 1983-84 to 2010-11	Sales Tax Tribunal
			9,307,582	Various years from 1999-2000 to 2005-06	Honourable High Court
2.	Income-tax Act, 1961	Income Tax	7,942,088	2009-2010 and 2010-2011	Commissioner of Income Tax (Appeals)
			4,371,873	2004-2005 and 2005-2006	Honorable High Court
			139,161	2005-2006	Assessing Officer (ITO)
3.	Central Excise Act, 1944	Excise duty on Cenvat dues	2,112,981	2000-01, 2004-05 and 2008-09	Honorable High Court
			5,00,000	2006-2007 to 2010-2011	Customs, Excise and Service Tax Appellate Tribunal
			32,42,162	2000-2001 and 2001-2002	Honourable Supreme Court

(c) The Holding Company is regular in transferring amounts to the Investor Education and Protection Fund in accordance with the provision of the Companies Act, 1956 and rules made there under.

- (viii) The Group does not have accumulated losses at the end of the financial year. The Group has not incurred cash losses on consolidated basis during the current financial year covered by the audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanation given to us, the Holding Company has not defaulted in repayment of dues to banks during the year. The Holding Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud has been noticed or reported during the year on the Holding Company or on its subsidiary company or by the Holding Company or by its subsidiary Company.
- (xiii) The clause numbers (i), (ii), (iii), (iv), (v), (vi), (vii) (c), (ix), (x), (xi) of the Order are not applicable to the Indian subsidiary and clause numbers (iii), (vi), (x), (xi) are not applicable to the Holding Company.

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

**Ashish Bairagra**  
Partner  
Membership No. 109931

Place : Mumbai  
Date : 14<sup>th</sup> May 2015

# CONSOLIDATED BALANCE SHEET

(₹ in Crores)

	Note	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	28.26	28.26
(b) Reserves & Surplus	2	277.49	258.76
		305.75	287.02
<b>(2) Non-Current Liabilities</b>			
(b) Other Long Term Liabilities	3	1.46	1.03
(c) Long Term Provisions	4	3.08	2.87
		4.54	3.90
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	5	31.03	16.08
(b) Trade Payables	6	119.03	99.10
(c) Other Current Liabilities	7	20.44	20.35
(d) Short Term Provisions	8	18.63	22.59
		189.13	158.12
<b>TOTAL</b>		<b>499.42</b>	<b>449.04</b>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		69.85	83.75
(ii) Intangible Assets		1.45	1.12
(iii) Capital Work - in - Progress		1.09	0.74
		72.39	85.61
(b) Non Current Investment	10	0.01	0.01
(c) Deferred Tax Assets (Net)	11	3.10	1.44
(d) Long Term Loans and Advances	12	24.17	28.94
(e) Other non - current assets	13	4.50	-
		31.78	30.39
<b>(2) Current Assets</b>			
(a) Inventories	14	226.89	175.62
(b) Trade Receivables	15	111.10	95.01
(c) Cash & Bank Balances	16	7.52	11.09
(d) Short Term Loans and Advances	17	24.17	25.31
(e) Other Current Assets	18	25.57	26.01
		395.25	333.04
<b>TOTAL</b>		<b>499.42</b>	<b>449.04</b>
<b>Contingent Liabilities and Commitments</b>	19		
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON FINANCIAL STATEMENTS</b>	1 to 46		

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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Note	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b><u>INCOME:</u></b>			
Revenue from Operations		1,063.53	987.71
Less :- Excise Duty		15.84	14.89
Net Revenue from Operations	20	1,047.69	972.82
Other Income	21	2.49	2.55
<b>Total Revenue</b>		<b>1,050.18</b>	<b>975.37</b>
<b><u>EXPENSES:</u></b>			
Cost of Materials Consumed	22	163.02	153.85
Purchases of Stock - in - Trade	23	457.34	408.38
Changes in Inventories of Finished Goods, Work - in Progress and Stock - in - Trade	24	(47.60)	(29.91)
Employee Benefits Expense	25	109.69	93.32
Finance Costs	26	1.28	1.80
Depreciation & Amortization Expenses	9	17.52	17.05
Other Expenses	27	287.76	266.89
<b>Total Expenses</b>		<b>989.01</b>	<b>911.38</b>
Profit before exceptional items and tax		61.17	63.99
Add :- Exceptional Items -Income\Expense)	28	4.32	15.76
Profit before tax and after Exceptional Items		65.49	79.75
<b><u>Less : Tax expense</u></b>			
(1) Current tax		19.69	22.80
(2) Deferred tax		(0.04)	(2.14)
(3) Short/(Excess) provision for Tax relating to prior year		(0.75)	1.45
		<b>18.90</b>	<b>22.11</b>
<b>Profit for the year</b>		<b>46.59</b>	<b>57.64</b>
Earning per equity share (EPS) of face value of ₹ 2 each :	29		
Basic and Diluted Earnings Per Share (excluding Extraordinary items, net of tax)		3.30	4.08
Basic and Diluted Earnings Per Share (including Extraordinary items, net of tax)		3.30	4.08
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON FINANCIAL STATEMENTS</b>	<b>1 to 46</b>		

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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	65.49	79.75
Adjusted for:		
Depreciation/ Amortisation Expense	17.52	17.05
Wealth Tax	0.06	0.06
Dividend Received	(0.20)	(0.19)
Interest Expense	0.84	1.20
Interest Income	(0.20)	(0.65)
(Gain) /Loss on Exchange Rate Fluctuation	(0.04)	(1.80)
(Gain) /Loss on Translation	0.74	(0.02)
Adjustment for Capital Incentive	(0.05)	(0.05)
(Profit) / Loss on sale of Investments	-	(9.37)
(Profit)/Loss on sale of fixed assets (Net)	(6.17)	(5.63)
	<u>12.50</u>	<u>0.60</u>
Operating profit before working capital changes	<u>77.99</u>	<u>80.35</u>
Adjusted for :		
Trade and Other Receivables	(7.14)	(10.56)
Inventories	(56.98)	(30.38)
Trade and Other Payables	20.73	32.94
	<u>(43.39)</u>	<u>(8.00)</u>
Cash Generated from Operations	<u>34.60</u>	<u>72.35</u>
Direct Taxes Paid (Net of refund received)	<u>(21.01)</u>	<u>(22.09)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>13.59</b>	<b>50.26</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets/ Payment Towards Capital Work in Process	(10.84)	(20.48)
Intercorporate deposits Received back	0.75	0.37
Sale of Investments	-	9.66
Sale of Fixed Assets	6.71	7.82
Interest Income	0.30	0.63
Dividend Received	0.20	0.19
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2.88)</b>	<b>(1.81)</b>

# CONSOLIDATED CASH FLOW STATEMENT

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(0.84)	(1.28)
Proceeds / (Repayments) from / of Borrowings (net)	14.94	(23.58)
Dividend paid (inclusive of Dividend Distribution Tax)	(27.97)	(24.45)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(13.87)</b>	<b>(49.31)</b>
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	<b>(3.16)</b>	<b>(0.86)</b>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	8.30	9.16
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<b>5.14</b>	8.30
	<b>(3.16)</b>	<b>(0.86)</b>

**Notes:**

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

Cash and Cheques on Hand	0.84	0.43
<u>Balances with Scheduled Banks in :</u>		
*Current Accounts	2.27	2.90
Remittance in Transit	2.03	4.97
Total	<u>5.14</u>	<u>8.30</u>

\*Closing Balance includes exchange rate difference Loss of ₹ 0.02 Crores (previous year Gain ₹ 0.01 Crores)

(2) Interest income includes interest received on account of income tax refund of ₹ Nil (Previous year ₹ 0.14 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 : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>1 SHARE CAPITAL</b>		
<b><u>Authorized Share Capital</u></b>		
246,500,000 Equity shares of ₹ 2/- each (Previous Year 246,500,000 Equity shares of ₹ 2/- each)	<b>49.30</b>	49.30
1000 9% Redeemable Cumulative Preference shares of ₹1000/- each (Previous Year 1000 Preference shares of ₹1000/- each)	<b>0.10</b>	0.10
	<b>49.40</b>	49.40
<b><u>Issued, Subscribed and Fully Paid Up Share Capital</u></b>		
141,317,315 Equity shares of ₹ 2/- each (Previous year 141,317,315 Equity shares of ₹ 2/- each)	<b>28.26</b>	28.26
<b>Total Issued, Subscribed and Fully paid Up Share Capital</b>	<b>28.26</b>	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 31<sup>st</sup> March 2015:**

	As at 31 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
	Number of Shares	₹ in Crores	Number of Shares	₹ in Crores
Number of Equity shares at the beginning	<b>141,317,315</b>	<b>28.26</b>	<b>141,317,315</b>	28.26
Add :- Shares issued during the year	-	-	-	-
Less :- Shares Bought back	-	-	-	-
Number of Equity shares at the end of the year	<b>141,317,315</b>	<b>28.26</b>	<b>141,317,315</b>	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 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
	No of Shares held	%	No of Shares held	%
DGP Securities Ltd.	<b>36,581,765</b>	<b>25.89%</b>	36,581,765	25.89%
Vibhuti Investments Co. Ltd.	<b>21,862,645</b>	<b>15.47%</b>	21,862,645	15.47%

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

		As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>2 RESERVES &amp; SURPLUS</b>			
<b><u>Capital Reserve</u></b>			
At the beginning and at the end of the year	(A)	0.15	0.15
<b><u>Capital Redemption Reserve</u></b>			
At the beginning and at the end of the year	(B)	0.15	0.15
<b><u>Securities Premium Reserve</u></b>			
At the beginning and at the end of the year	(C)	33.53	33.53
<b><u>Capital Incentive</u></b>			
At the beginning of the year		1.04	1.09
Less : Transferred to Statement of Profit & Loss		0.05	0.05
At the end of the year	(D)	0.99	1.04
<b><u>General Reserve</u></b>			
At the beginning of the year		188.51	158.23
Add: Transferred from surplus		22.37	30.28
Less : Adjustment of carrying amount (Net of Deferred Tax) as per Schedule II of Companies Act 2013 (Refer Note No 9.5)			
Carrying Amount (Net of residual value)	4.70		-
Adjustment of Deferred Tax	(1.63)	3.07	-
At the end of the year	(E)	207.81	188.51
<b><u>Foreign Currency Translation Reserve</u></b>	(F)	0.78	0.03
<b><u>Surplus</u></b>			
At the beginning of the year		35.35	36.10
Add: Net profit after tax transferred from Statement of Profit & Loss		46.59	57.64
<b>Amount available for appropriation</b>		81.94	93.74
<b><u>Less : Appropriations</u></b>			
Interim Dividend		7.07	7.07
Final Dividend		14.13	16.96
<b>Total Dividend</b>		21.20	24.03
Dividend Distribution Tax		4.29	4.08
Amount transferred to general reserve		22.37	30.28
At the end of the year	(G)	34.08	35.35
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G)</b>		277.49	258.76
<b>3 OTHER LONG TERM LIABILITIES</b>			
<b><u>Others</u></b>			
Deposits		1.46	1.03
		1.46	1.03
<b>4 LONG TERM PROVISIONS</b>			
<b><u>Provisions for Employee Benefits</u></b>			
Leave Encashment (Refer Note No. 34)		1.35	1.50
Compensated Absences - sick leave (Refer Note No.34)		0.66	0.52
<b><u>Others</u></b>			
Provision for Warranty (Refer Note No. 35)		1.07	0.85
		3.08	2.87

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>5 SHORT TERM BORROWINGS</b>		
<b><u>Cash Credit and Demand loan from Banks</u></b>		
Secured (Refer Note No. 5.1 )	27.15	14.79
Unsecured	3.88	1.29
	<u>31.03</u>	<u>16.08</u>
<b>Note No. 5.1</b>		
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.		
<b>6 TRADE PAYABLES</b>		
Sundry Creditors for Goods (Refer Note No. 6.1 )	66.57	58.49
Sundry Creditors for Expenses (Refer Note No. 6.1 )	52.46	40.61
	<u>119.03</u>	<u>99.10</u>
<b>Note No. 6.1</b>		
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.		
<b>7 OTHER CURRENT LIABILITIES</b>		
Interest Accrued but not due on Borrowings	0.01	-
Unpaid Dividend	2.27	1.92
Unpaid Matured Deposits and Interest Accrued thereon	0.04	0.06
<u>Other Liabilities</u>		
Sundry Creditors For Capital Goods	0.33	0.96
Advances from Customers	3.84	3.73
Statutory Liabilities	6.65	5.95
Others	7.30	7.73
	<u>20.44</u>	<u>20.35</u>
<b>8 SHORT TERM PROVISIONS</b>		
<u>Provision for Employee Benefits</u>		
For Leave Encashment (Refer Note No. 34)	0.34	0.44
For Compensated Absences - sick leave (Refer Note No.34)	0.45	0.48
<u>Other Provisions</u>		
Provision For Income Tax (Net of Advance Tax)	0.29	1.40
Proposed Dividend ( Refer Note No. 8.1)	14.13	16.96
Dividend Distribution Tax (Refer Note No. 8.1)	2.88	2.88
Provision for Warranty (Refer Note No. 35)	0.54	0.43
	<u>18.63</u>	<u>22.59</u>

**Note No. 8.1**

The Board of Directors have recommended a final dividend of ₹ 1 (previous year ₹ 1.2) per share on par value of equity share of ₹ 2.0 each amounting to ₹ **14.13 Crores** (previous year ₹ 16.96 Crores) for the financial year 2014-15. An interim dividend of ₹ 0.5 per share (previous year ₹ 0.5) amounting to ₹ **7.07 Crores** (previous year ₹ 7.07 Crores) was paid during the financial year 2014-15. Hence, total dividend declared for the financial year 2014-15 would be ₹ **1.5** per share (previous year ₹ 1.7) amounting to ₹ **21.20 Crores** (previous year ₹ 24.02 Crores) and Dividend Distribution Tax ₹ **4.29 Crores** (previous year ₹ 4.08 Crores).



9. FIXED ASSETS

(₹ in Crores)

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 <sup>st</sup> April, 2014	Additions	Deductions / Adjustments (Refer Note No. 9.4 & 9.6)	As at 31 <sup>st</sup> March 2015	As at 1 <sup>st</sup> April, 2014	For the year (Refer Note No 9.5)	Deductions/ Adjustments (Refer Note No 9.5 & 9.6)	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>Tangible Assets:</b>										
Freehold Land	0.02	-	-	0.02	-	-	-	-	0.02	0.02
Leasehold Land (Refer Note No. 9.1)	6.10	-	0.24	5.86	-	-	-	-	5.86	6.10
Buildings ( Refer Note No. 9.1, 9.2 & 31)	51.11	0.02	3.18	47.95	17.13	1.92	1.45	17.60	30.35	33.98
Plant and Machinery (Refer Note No. 9.3)	93.76	4.06	13.37	84.45	78.04	4.64	11.12	71.56	12.89	15.72
Moulds and Dies	75.16	1.64	3.50	73.30	64.78	3.80	3.39	65.19	8.11	10.38
Furniture & Fixtures	31.28	1.79	3.72	29.35	22.07	3.88	2.34	23.61	5.74	9.21
Office Equipments	1.89	0.25	0.19	1.95	0.68	0.44	(0.14)	1.26	0.69	1.21
Data Processing Machines	10.90	0.73	0.88	10.75	9.00	1.27	0.79	9.48	1.27	1.90
Vehicles	6.62	0.93	0.59	6.96	1.39	0.89	0.24	2.04	4.92	5.23
<b>Total Tangible Assets</b>	<b>276.84</b>	<b>9.42</b>	<b>25.67</b>	<b>260.59</b>	<b>193.09</b>	<b>16.84</b>	<b>19.19</b>	<b>190.74</b>	<b>69.85</b>	83.75
Tangible Assets (Previous Year)	279.75	25.74	28.65	276.84	203.61	15.95	26.47	193.09	83.75	
<b>Intangible Assets:</b>										
Patents and Trademarks	9.08	-	-	9.08	8.97	0.04	-	9.01	0.07	0.11
Computer Software	5.91	1.00	(0.01)	6.92	4.90	0.64	-	5.54	1.38	1.01
<b>Total Intangible Assets</b>	<b>14.99</b>	<b>1.00</b>	<b>(0.01)</b>	<b>16.00</b>	<b>13.87</b>	<b>0.68</b>	<b>-</b>	<b>14.55</b>	<b>1.45</b>	<b>1.12</b>
Intangible Assets (Previous Year)	14.26	0.73	-	14.99	12.77	1.10	-	13.87	1.12	
<b>Total Fixed Assets</b>	<b>291.83</b>	<b>10.42</b>	<b>25.66</b>	<b>276.59</b>	<b>206.96</b>	<b>17.52</b>	<b>19.19</b>	<b>205.29</b>	<b>71.30</b>	
Total Fixed Assets (Previous Year)	294.01	26.47	28.65	291.83	216.38	17.05	26.47	206.96	84.87	
<b>Capital Work- in- Progress</b>	-	-	-	-	-	-	-	-	<b>1.09</b>	0.74

**Note No 9.1: Leasehold Land**

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

**Note No 9.2: 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 9.3: 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 9.4: Obsolescence of Fixed Assets**

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

**Note No 9.5:**

Pursuant to Schedule II to the Companies Act, 2013 ('the Act') effective from April 1, 2014, the Company has revised depreciation rates on tangible fixed assets except Moulds, Furniture & Fixtures and Computer Server as per useful life specified in Part 'C' of Schedule II of the Act. Due to the same there has been a change in the estimated useful life of depreciable tangible assets which has affected the depreciation for the year ending 31<sup>st</sup> March 2015 and also for subsequent years during the remaining useful life of the assets.

Accordingly, the Company has re-worked depreciation with reference to the estimated economic lives of Fixed Assets prescribed by Schedule II of the Act during the year ended 31<sup>st</sup> March 2015. In case of an asset whose life is completed before 1<sup>st</sup> April 2014, the carrying amount (Net of residual value) of ₹ 4.70 Crores has been adjusted to the Retained Earnings after adjusting impact of deferred tax of ₹ 1.63 Crores and in other cases the carrying amount has been depreciated over the remaining revised useful life of the assets. As a result the charge for depreciation is higher by ₹ 2.59 Crores for the year ended 31<sup>st</sup> March 2015.

**Note No 9.6:**

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

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 10 NON CURRENT INVESTMENT

Non Trade Investments (at cost)	Face Value per Unit ₹	As at 31 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
		Number of Units	Amount (₹ In Crores)	Number of Units	Amount (₹ In Crores)
<b>Quoted</b>					
<b>In Equity Instruments</b>					
Windsor Machines Limited.	2	1,000	0.01	1,000	0.01
Kemp & Co Ltd.	10	1,909	-	1,909	-
Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
<b>Total Value of Quoted Investments</b>			<u>0.01</u>		<u>0.01</u>
Aggregate market value of Quoted Investments ₹ <b>0.32 Crores</b> (previous year ₹ 0.17 Crores)					
<b>Unquoted</b>					
<b>a) In Equity Instruments</b>					
Dinnette Exclusive Club Pvt Ltd.	100	500	-	500	-
The Saraswat Co Op Bak Ltd.	10	2,000	-	2,000	-
The Shamrao Vithal Co Op Bank Ltd.	25	100	-	100	-
<u>Investments in Joint Venture (Refer Note No. 10.1)</u>					
VIP Nitol Industries Limited. (Face Value of BDT 1,000)	-	25,003	2.12	25,003	2.12
<b>b) Others</b>					
Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	-	10	-
<b>Total Value of Unquoted Investments</b>			<u>2.12</u>		<u>2.12</u>
Total of Long Term Investments			<u>2.13</u>		<u>2.13</u>
Less : Provision for Diminution in the value of Investment			<u>2.12</u>		<u>2.12</u>
<b>Net Value of Investment</b>			<u><u>0.01</u></u>		<u><u>0.01</u></u>

#### Note No. 10.1:-

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

(₹ in Crores)

11 DEFERRED TAX ASSETS (NET)	As at 31 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
<b>Deferred Tax Assets</b>				
On account of Expenses allowable under income tax on payment basis		1.09		1.16
On account of Voluntary Retirement Scheme		0.56		-
On account of Allowance for Bad & Doubtful Debts		0.38		0.38
On account of difference in depreciation as per books and income tax		1.07		-
	(A)	<u>3.10</u>		<u>1.54</u>
<b>Less : Deferred Tax Liabilities</b>				
On account of difference in depreciation as per books and income tax		-		0.10
	(B)	<u>-</u>		<u>0.10</u>
<b>Net Deferred Tax Assets</b>	(A-B)	<u><u>3.10</u></u>		<u><u>1.44</u></u>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>12 LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	1.13	1.67
Security Deposits	16.10	18.61
<u>Other loans &amp; Advances</u>		
Advance Recoverable in Cash or in kind or for value to be received	0.59	0.70
Sales Tax Advance/Refund	5.38	5.68
Inter Corporate Deposits	0.05	0.80
Advance Income Tax and Income Tax Deducted at Source (Net of Provision for Taxation)	0.92	1.48
	24.17	28.94
<b>13 Other Non-Current Assets</b>		
<u>Others</u>		
Receivable against Sale of Property	4.50	-
	4.50	-
<b>14 INVENTORIES</b>		
Raw Materials (Refer Note No 14.1)	20.63	17.24
Work-in-Progress	9.59	9.56
Finished Goods (Refer Note No 14.1 )	40.61	39.26
Stock-in-Trade (Refer Note No 14.1 )	155.05	108.78
Stores & Spares, Packing Material and others	1.01	0.78
	226.89	175.62
<b>Note 14.1 : Goods in Transit</b>		
Raw Material inventory includes Goods-in transit ₹ Nil (Previous year ₹ 0.20 Crores)		
Stock-in-Trade inventory includes Goods-in transit ₹ 6.52 Crores (Previous year ₹ 10.47 Crores)		
<b>15 TRADE RECEIVABLES</b>		
(Unsecured)		
<b>Outstanding For More Than Six Months</b>		
Considered Good	2.85	5.46
Considered Doubtful	1.10	1.12
<b>Others</b>		
Considered Good	108.25	89.55
	112.20	96.13
Less : Allowance for Bad & Doubtful Debts	1.10	1.12
	111.10	95.01

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>16 CASH AND BANK BALANCES:</b>		
<b><u>Cash and Cash Equivalents :</u></b>		
<b><u>Balances with Banks in:</u></b>		
Current Accounts	2.27	2.90
Remittance in Transit	2.03	4.97
Cash on Hand	0.84	0.43
	(A) <u>5.14</u>	<u>8.30</u>
<b><u>Other Bank Balances :</u></b>		
Unclaimed dividend Accounts (Refer Note No. 16.1 )	2.27	1.92
Unpaid Matured Deposits (Refer Note No. 16.1 )	0.04	0.06
Margin Money Account (Refer Note No. 16.2 )	0.07	0.81
	(B) <u>2.38</u>	<u>2.79</u>
	(A+B) <u>7.52</u>	<u>11.09</u>
<b>Note No. 16.1</b>		
The Balances can be utilized only towards settlement of the unpaid dividend/unpaid matured deposits.		
<b>Note No. 16.2</b>		
Margin money deposits amounting to ₹ 0.07 Crores (Previous Year ₹ 0.81 Crores) are lying with bank against Bank Guarantees and Letter of credit.		
<b>17 SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good, unless specified otherwise)		
<b><u>Others</u></b>		
Security Deposits	6.14	2.40
Advance Recoverable in Cash or in kind or for value to be received	2.13	4.32
Advances to Employees	0.26	0.25
Advance to Suppliers	4.33	8.46
Balance with Statutory Authorities	7.84	7.87
Advance Income Tax and Income Tax Deducted at Source (Net of Provision for Taxation)	3.47	2.01
	<u>24.17</u>	<u>25.31</u>
<b>18 OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	0.35	0.45
Export Incentive Receivable	2.45	1.77
Receivable against Sale of Property	0.50	-
<b><u>Others:-</u></b>		
SAD Refund Receivable	14.47	14.09
Other	7.80	9.70
	<u>25.57</u>	<u>26.01</u>
<b>19 a) CONTIGENT LIABILITY</b>		
1) Claims against the company not acknowledged as Debts	0.04	0.04
2) Disputed Income Tax Liability	2.23	3.11
3) Disputed Sales Tax Liability	115.44	77.43
4) Bonds issued under EPCG scheme	4.71	4.41
5) Disputed Excise duty liability	0.80	0.41
6) Disputed Employees state insurance corporation Liability.	0.08	0.08
<b>b) COMMITMENTS</b>		
Estimated Amounts of Contract remaining to be executed on Capital account and not provided for	0.48	1.37

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>20 REVENUE FROM OPERATIONS</b>		
Sale of Products ( Refer Note No. 20.1)	1,058.87	983.65
Income from Services (Refer Note No. 20.2)	1.22	2.28
<u>Other Operating Revenues</u>		
Sale of Scrap	0.73	0.54
Export Incentive	2.71	1.24
Less: Excise Duty	15.84	14.89
	<u>1,047.69</u>	<u>972.82</u>
<b>Note No 20.1: Sale of Products:</b>		
<b>Particulars</b>		
Soft Luggage	773.13	682.51
Hard Luggage	272.53	274.29
Furniture	13.11	26.79
Others	0.10	0.06
	<u>1,058.87</u>	<u>983.65</u>
<b>Note No 20.2: Income from Services:</b>		
<b>Particulars</b>		
Job Work	1.22	2.28
	<u>1.22</u>	<u>2.28</u>
<b>21 OTHER INCOME</b>		
Interest Income ( Refer Note No. 21.1)	0.20	0.65
Dividend from Current Investment	0.20	0.19
Miscellaneous Income including Rent	2.09	1.71
	<u>2.49</u>	<u>2.55</u>
<b>Note No. 21.1: Break-up of Interest received</b>		
Interest Income on Deposits with Banks	0.06	0.11
Interest Income on Income Tax	-	0.14
Interest Income on Inter Corporate Deposits	0.03	0.08
Interest Income on Others	0.11	0.32
	<u>0.20</u>	<u>0.65</u>
<b>22 COST OF MATERIALS CONSUMED</b>		
<b>Cost of Materials Consumed (Refer Note No.22.1)</b>	<u>163.02</u>	<u>153.85</u>
<b>Note No. 22.1: Cost of Materials Consumed</b>		
Polycarbonate	9.64	3.99
Aluminium Sections	9.09	11.92
Polypropylene	30.04	41.77
Polyester Nylon Fabric	4.33	0.57
Components & Other Materials	109.92	95.60
	<u>163.02</u>	<u>153.85</u>
<b>23 PURCHASES OF STOCK IN TRADE</b>		
Soft Luggage	457.34	408.38
	<u>457.34</u>	<u>408.38</u>

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
<b>Finished Goods</b>		
Opening Stock	39.27	37.66
Closing Stock	40.60	39.28
	(1.33)	(1.62)
<b>Work-in-Progress</b>		
Opening Stock	9.58	5.67
Closing Stock	9.58	9.58
	-	(3.91)
<b>Stock-in-Trade</b>		
Opening Stock	108.77	84.39
Closing Stock	155.04	108.77
	(46.27)	(24.38)
	(47.60)	(29.91)
<b>25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Wages	99.78	84.58
Contribution to Provident Fund & Other Funds	5.60	4.85
Staff Welfare Expenses	4.31	3.89
	109.69	93.32
<b>26 FINANCE COSTS</b>		
Interest Expense ( Refer Note No. 26.1)	0.84	0.79
Other Borrowing Costs	0.43	0.78
Net Gain/Loss on Foreign currency transactions and translation (considered as finance cost)	0.01	0.23
	1.28	1.80
<b>Note No. 26.1: Break-up of Interest Expense</b>		
Interest Expense on Bank Borrowings	0.67	0.79
Interest Expense on Income Tax	0.15	-
Interest Expense on Others	0.02	0.00
	0.84	0.79

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>27 OTHER EXPENSES</b>		
Consumption of Stores and Spare parts	1.46	1.69
Power & Fuel	13.45	13.07
Rent	38.77	36.67
<u>Repairs</u>		
for Buildings	0.22	0.11
for Machinery	0.55	0.40
for Other Repairs	6.43	7.96
Insurance	0.60	0.31
Rates and Taxes (includes Wealth Tax ₹ 0.05 Crores (Previous Year ₹ 0.06 Crores))	2.85	2.83
Payment to Auditors (Refer Note No. 27.1)	0.26	0.28
Freight, Handling and Octroi	56.28	48.33
Discounts & Rebates	30.34	30.73
CSR Expenditure	2.50	-
Commission on Sales	1.06	1.86
Advertisement and Marketing	62.97	57.06
Travelling & Conveyance	15.63	13.51
Legal & Professional Fees	6.08	3.54
Communication Cost	3.92	3.43
Bank Charges & Commission	1.78	2.16
Human Resource Procurement	21.38	23.38
Directors' Fees	0.07	0.06
Allowance for Bad & Doubtful Debts	0.31	0.25
Bad Debts written off during the year	0.33	0.17
Less :- Provision for Bad & Doubtful Debts	0.33	0.17
Net Loss on Foreign Currency Transactions	0.53	2.01
Obsolescence of Fixed Assets	0.17	0.76
Miscellaneous Expenses	20.15	16.49
	<u>287.76</u>	<u>266.89</u>
<b>Note No. 27.1 : Payment to Statutory Auditors</b>		
Audit Fees (including Limited Review)	0.14	0.14
Tax Audit Fees	0.02	0.02
Certification & other services	0.05	0.08
Income Tax Representation	0.03	0.03
Towards Service Tax*	0.02	0.02
	0.26	0.29
* Note: Out of above, service tax credit of ₹ Nil (previous year ₹ 0.01 Crores), has been taken and the same has not been debited to the Statement of Profit & Loss.		
<b>28 EXCEPTIONAL ITEMS - INCOME / (EXPENSES)</b>		
<b>Income</b>		
Profit on sale of Non Trade Non Current Investment	-	9.37
Profit on Sale of Fixed Asset (Net)	6.34	6.39
<b>Expenses</b>		
Compensation under VRS Scheme	(2.02)	-
	<u>4.32</u>	<u>15.76</u>

	For the Year ended 31 <sup>st</sup> March 2015	For the Year ended 31 <sup>st</sup> March 2014
<b>29 EARNING PER SHARE (EPS):</b>		
(A) Profit attributable to Equity Shareholders (₹ in Crores)	46.59	57.64
(B) No. of Equity Share outstanding during the year	141,317,315	141,317,315
(C) Face Value of each Equity Share (₹)	2.00	2.00
(D) Basic & Diluted earning per Share (₹)	3.30	4.08

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

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

Country of Incorporation: Bangladesh

Extent of holding : 100%

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

Country of Incorporation: India

Extent of holding : 100%

**31 ASSETS TAKEN ON LEASE:**

The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings therein wherever applicable taken on leave and license basis). The aggregate lease rentals of ₹ **38.77 Crores** (previous year ₹ 36.67 Crores) are charged as Rent and grouped under the Note No. 27 "Other Expenses". These leasing arrangements which are cancellable, range 11 months to 3 years, or longer and are usually renewable by mutually agreed terms and conditions.

Rental Income of ₹ **1.42 Crores** (previous year ₹ 1.33 Crores) from Operating leases are recognised in the Statement of Profit & Loss & grouped under the Note No. 21 "Other Income".

The details of Asset given on lease are as under:

	(₹ in Crores)	
	2014-2015	2013-2014
Gross Block	1.82	1.82
Accumulated Depreciation	0.41	0.41
Written down value	1.41	1.41
Depreciation for the year	0.03	0.03

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

**32 SEGMENT REPORTING:**

**Segment Information for the year ended 31<sup>st</sup> March 2015**

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 revenue, geographical segment is reported as the secondary segment.

Information about secondary geographical business segment

	2014 - 15			2013 - 14		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	955.52	94.65	1,050.17	872.30	103.06	975.36
Segment Assets	451.01	48.40	499.41	402.20	46.94	449.14
Capital Expenditure	10.06	0.35	10.41	8.33	18.14	26.47



**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.

**33 RELATED PARTY DISCLOSURES:**

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

Name of Related Parties	Nature of Relationship
<b><u>Parties where control exists:</u></b> VIP Nitol Industries Ltd.	Joint Venture (Refer Note No. 10.1)
<b><u>Key Management Personnel:</u></b> Mr Dilip G. Piramal Ms. Radhika Piramal Mr. Ashish K Saha	Whole time Director W.e.f. 15.05.2013 and Chairman Managing Director Director Works

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

Name of Related Parties	Nature of Transactions during the year	2014-2015	2013-2014
1. Mr Dilip G. Piramal	Remuneration Paid	1.02	0.86
	Commission	0.69	0.68
2. Ms. Radhika Piramal	Remuneration Paid	1.33	1.29
	Commission	0.69	0.68
3. Mr. Ashish Saha	Remuneration Paid	0.61	0.49

**C) Balances at the year end (₹ in Crores)**

Name of Related Parties	Particulars	As on 31 <sup>st</sup> March 2015	As on 31 <sup>st</sup> March 2014
1. Mr Dilip G. Piramal	Commission payable	0.69	0.68
2. Ms. Radhika Piramal	Commission payable	0.69	0.68
3. VIP Nitol Industries Ltd	Investment in Equity Shares	2.12	2.12

**34 EMPLOYEE BENEFITS:**

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

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised as an expense for the year are as under : (₹ in Crores)

	2014-15	2013-14
Employer's Contribution to Provident Fund	3.79	3.40

**Defined Benefit Plan**

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

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	(₹ in Crores)					
	2014-15			2013-14		
	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Compensated absences- Sick Leave (Non- Funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Compensated absences- Sick Leave (Non- Funded plan)
<u>(i) Assumptions</u>						
Discount Rate	7.85%	7.85%	7.85%	9.20%	9.20%	9.20%
Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rate of Return	9.30%	-	-	9.30%	-	-
<u>(ii) Change in present value of obligation</u>						
Projected Benefit Obligations at the beginning of the year	18.07	1.93	1.01	18.49	1.81	-
Interest Cost	1.45	0.15	0.09	1.39	0.12	-
Service Cost	4.25	0.66	0.69	1.62	0.52	0.54
Benefits paid	(4.64)	(0.52)	-	(2.81)	(0.58)	-
Actuarial (gain) / loss on obligations	(1.16)	(0.53)	(0.69)	(0.62)	0.06	0.46
Projected Benefit Obligations at the end of the year	17.97	1.70	1.10	18.07	1.93	1.01
<u>(iii) Changes in Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.38	-	-	18.75	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	(0.00)	-	-
Expected Return on Plan Assets	1.54	-	-	1.66	-	-
Contributions	0.90	0.52	-	0.94	0.58	-
Benefits paid	(4.64)	(0.52)	-	(2.81)	(0.58)	-
Gain / (loss) on Plan Assets	1.85	-	-	(0.15)	-	-
Fair value of Plan Assets at the end of the year	18.03	-	-	18.38	-	-
<u>(iv) Fair value of Plan Assets</u>						
Fair value of Plan Assets at the beginning of the year	18.38	-	-	18.75	-	-
Adjustment to opening Fair value of Plan Assets	-	-	-	(0.00)	-	-
Actual return on Plan Assets	3.38	-	-	1.51	-	-
Contributions	0.90	0.52	-	0.94	0.58	-
Benefits paid	(4.64)	(0.52)	-	(2.81)	(0.58)	-
Fair value of Plan Assets at the end of the year	18.03	-	-	18.38	-	-
Funded Status	0.05	(1.70)	(1.10)	0.31	(1.93)	(1.01)
Excess of actual over expected return on Plan Assets	1.85	-	-	(0.15)	-	-
<u>(v) Actuarial gain/loss recognised :</u>						
Actuarial gain/(loss) for the year - Obligation	1.16	0.53	0.69	0.62	(0.06)	(0.46)
Actuarial gain/(loss) for the year - Plan Assets	1.85	-	-	(0.15)	-	-
Total Gain/(loss) for the period	3.01	0.53	0.69	0.47	(0.06)	(0.46)
Actuarial gain/(loss) recognised for the period	3.01	0.53	0.69	0.47	(0.06)	(0.46)
Unrecognised Actuarial Gain/(Loss)						

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crores)

Particulars	2014-15			2013-14		
	Gratuity	Leave Encashment	Compensated absences-Sick Leave	Gratuity	Leave Encashment	Compensated absences-Sick Leave
	(Funded plan)	(Non-funded plan)	(Non-Funded plan)	(Funded plan)	(Non-funded plan)	(Non-Funded plan)
<u>(vi) The amounts to be recognised in the Balance Sheet and Statement of Profit or Loss</u>						-
Present value of obligations as at the end of the year	17.97	1.70	1.10	18.07	1.93	1.01
Fair value of plan assets as at the end of the year	18.03	-	-	18.38	-	-
Funded status	0.05	(1.70)	(1.10)	0.31	(1.93)	(1.01)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-	-	-
Net Asset /(liability) recognized in balance sheet	0.05	(1.70)	(1.10)	0.31	(1.93)	(1.01)
<u>(vii) Expenses Recognised in statement of Profit &amp; Loss</u>						
Current Service Cost	4.25	0.66	0.69	1.62	0.52	0.54
Interest Cost	1.45	0.15	0.09	1.39	0.12	-
Adjustment to opening Fair value of Plan Assets	-	-	-	0.00	-	-
Expected return on Plan Assets	(1.54)	-	-	(1.66)	-	-
Net Actuarial (gain) / loss recognised in the year	(3.01)	(0.53)	(0.69)	(0.47)	0.06	0.46
Expenses recognised in the statement of Profit & Loss	1.16	0.28	0.10	0.88	0.70	1.01
<u>(viii) Movements in the liability recognised in the Balance Sheet</u>						
Opening Net liability	(0.31)	1.93	1.01	(0.25)	1.81	-
Adjustment to opening Fair value of Plan Assets	-	-	-	-	-	-
Expense as above	1.16	0.28	0.10	0.88	0.70	1.01
Contributions	(0.90)	(0.52)	-	(0.94)	(0.58)	-
Closing Net liability	(0.05)	1.70	1.10	(0.31)	1.93	1.01
<u>(ix) Experience Analysis - Liabilities</u>						
Actuarial (Gain)/Loss due to change in bases	1.09	0.18	0.12	(0.27)	(0.15)	-
Experience (Gain) / Loss due to Change in Experience	(2.25)	(0.71)	(0.81)	(0.35)	0.21	0.46
Total	(1.16)	(0.53)	(0.69)	(0.62)	0.06	0.46
<u>Experience Analysis - Plan Assets</u>						
Experience (Gain) / Loss due to Change in Plan Assets	(1.85)	-	-	0.15	-	-
Current Liability	-	0.34	0.45	-	0.44	0.48
Non-Current Liability	17.97	1.35	0.66	18.07	1.50	0.52

### 35 DISCLOSURE RELATING TO WARRANTY PROVISIONS:-

The movement in the following provisions is summarised as under :

	(₹ in Crores)	
	2014-2015	2013-2014
Opening	1.28	0.96
Additions	0.66	0.60
Utilisation/reversal	0.33	0.27
Closing Balance	<u>1.61</u>	<u>1.28</u>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- a) The Closing Balance includes ₹ **0.54 Crores** as Short Term and ₹ **1.07 Crores** as Long Term in Current year (Previous year ₹ 0.43 Crores as short Term and ₹ 0.85 Crores as Long Term)
- b) A Provision has been recognised for the expected Warranty Claims on Product Sold based on past experience. It is expected that the majority of this expenditure will be incurred in the next 2-3 Years.

### 36 RESEARCH & DEVELOPMENT EXPENDITURE:

	(₹ in Crores)	
	2014-2015	2013-2014
Revenue Expenditure included in Employee Benefits	0.84	1.12
Revenue Expenditure included in other expenses	1.21	1.09
Total	<u>2.05</u>	<u>2.21</u>

### 37 DERIVATIVES :-

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

Buy or Sell	As on 31.03.2015		As on 31.03.2014		Foreign Currency
	(₹ in Crores)	Amount in Foreign Currency	(₹ in Crores)	Amount in Foreign Currency	
BUY	-	-	3.54	590,537	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 31.03.2015		As on 31.03.2014		Foreign Currency
	(₹ in Crores)	Amount in Foreign Currency	(₹ in Crores)	Amount in Foreign Currency	
<b>a) Receivables :-</b>					
	18.28	2,924,791	13.56	2,262,244	USD
	0.48	616,539	0.17	218,820	HKD
	0.18	108,628	0.17	101,349	AED
	0.01	1,307	0.15	15,183	GBP
<b>b) Payables :-</b>					
	0.06	9,627	0.10	12,435	EUR
	0.24	144,062	0.17	106,354	AED
	43.55	6,972,924	28.56	4,759,498	USD
	0.03	44,606	0.03	44,606	HKD
	0.02	2,335	0.03	2,667	GBP

### 38 CORPORATE INFORMATION

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

### 39 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

#### A) BASIS OF ACCOUNTING:

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

**B) USE OF ESTIMATES :**

The presentation and preparation of financial statements in conformity with the generally accepted accounting principles 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) INVENTORY:**

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

**D) CASH AND CASH EQUIVALENTS :**

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

**E) REVENUE RECOGNITION :**

Sale & Sale of Services

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

Other Income

Interest income is accrued on accrual basis.

Export Benefits

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

Dividends

Dividend Income is accounted for as and when received.

**F) FIXED ASSETS AND DEPRECIATION:**

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

<b>Assets</b>	<b>Useful life</b>
Furniture and Fixtures in company run stores	2 years
Computer Server	3 years
Soft luggage Moulds	2 years
Hard Luggage Moulds	around 6 years

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

**Foreign Subsidiary:**

Property, Plant and Equipment :

Items of fixed assets excluding land and building are measured at cost less accumulated depreciation and accumulated impairment losses. Land and building is recognized at cost at the time of acquisition. The cost of an asset comprises

its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipments". Subsequent costs is capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

### Depreciation :

During the current Financial year, the Company has changed the policy to provide depreciation from Reducing Balance method to Straight Line method.

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

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

### **G) FOREIGN CURRENCY TRANSACTIONS :**

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

### **Foreign Subsidiary:**

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

### **H) 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 over the periods necessary to match them with the related costs, which they are intended to compensate.

### **I) INVESTMENTS:**

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

### **J) EMPLOYEE BENEFITS:**

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

### **Foreign Subsidiary:**

#### Provident Fund:

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

obtaining necessary approval from the National Board of Revenue, GOB. Provident Fund is administered by a Board of Trustees. All confirmed employees are contributing 8.33% of their basic salary as subscription of the fund and the Company has also contributed at the same rate to the fund. The contributions are invested in compliance with the PF Trust Deed. Members are eligible to withdraw fund as per the BEPZA provident Fund policy 2012.

**K) SEGMENT REPORT:**

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

**L) BORROWING COST :**

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

**M) EARNINGS PER SHARE :**

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

**N) TAXATION :**

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

**Foreign Subsidiary:**

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

**O) LEASE :**

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

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

### P) Research and Development Expenses

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

### Q) IMPAIRMENT OF ASSETS :

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

### R) PROVISION AND CONTINGENT LIABILITIES:

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

### S) OPERATING CYCLE:

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

- 40 Balances of Trade Receivables, Trade Payables, Loans & Advances are subject to confirmation and consequential adjustments, if any.
- 41 During the year there was fire in one of the plant of the Company and Properties & Inventories of the company were damaged. As the losses are fully recoverable from insurance company the same has been shown as receivable from insurance company. There is no impact on the Profit of the company for the year. In respect of losses which are being identified and quantified, the management expects that the losses are fully recoverable from insurance company and the same are being accounted on its determination.
- 42 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.
- 43 Closing Stock of Inventory of the subsidiary VIP Industries Bangladesh Private Limited included in Statement of Profit & Loss and Balance Sheet has been translated at average rate of Exchange & closing rate of exchange respectively. Consequently, Loss of ₹ **0.08 Crores** (previous year Gain ₹ 0.08 Crores) has been debited to Foreign Currency Translation Reserve.
- 44 During the year, the Company has made a provision of ₹ **0.28 Crores** (Previous Year ₹ 0.52 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.
- 45 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.
- 46 The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current presentation.

As per our report of even date.

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

Chartered Accountants

Firm Registration Number : 101484W

**Ashish Bairagra**

Partner

Membership No. : 109931

Mumbai

Dated : 14<sup>th</sup> May 2015

**Dilip G Piramal**, Chairman

**Radhika Piramal**, Managing Director

**Jogendra Sethi**, Chief Financial Officer

**Shreyas Trivedi**, Company Secretary





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

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.

ATTENDANCE SLIP

DP Id\*
Client Id\*

Folio No.
No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER/PROXY

I hereby record my presence at the 48th Annual General Meeting of the Company held on Friday, the 24th July, 2015 at 3.30 p.m. at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik – 422 007, Maharashtra.

\*Applicable for investors holding shares in electronic form.

Signature of Shareholder/ Proxy

Scissors icon indicating a cut line.

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 and Registered Address of Member(s):
e-mail Id:
Folio No. /\*Client Id:
\*DP Id:

I/We, being the member(s) holding 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 and whose signature(s) is/are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 48th Annual General Meeting of the Company, to be held on Friday, the 24th July 2015 at 3.30 p.m. at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007, Maharashtra and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

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

Table with 3 columns: Resolutions, For, Against. Contains 6 rows of resolutions for voting.

Affix a Re.1 Revenue Stamp

Signed this day of 2015

Signature of Shareholder

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.





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