

VIP INDUSTRIES LIMITED

ANNUAL REPORT
2010 - 2011



COMPANY INFORMATION

BOARD OF DIRECTORS

Dilip G. Piramal (Chairman)
D. K. Poddar
Vijay Kalantri
Vivek Nair
Sudhir Jatia (upto 31.3.2011)
G. L. Mirchandani
Nirmal Gangwal
Nabankur Gupta
Radhika Piramal (Managing Director)
T. Premanand (Director - Works)

COMPANY SECRETARY & HEAD – LEGAL

Mr. Shreyas Trivedi

STATUTORY AUDITORS

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

INTERNAL AUDITORS

Ernst & Young Private Limited

BANKERS

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

REGISTERED OFFICE

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

FACTORIES

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

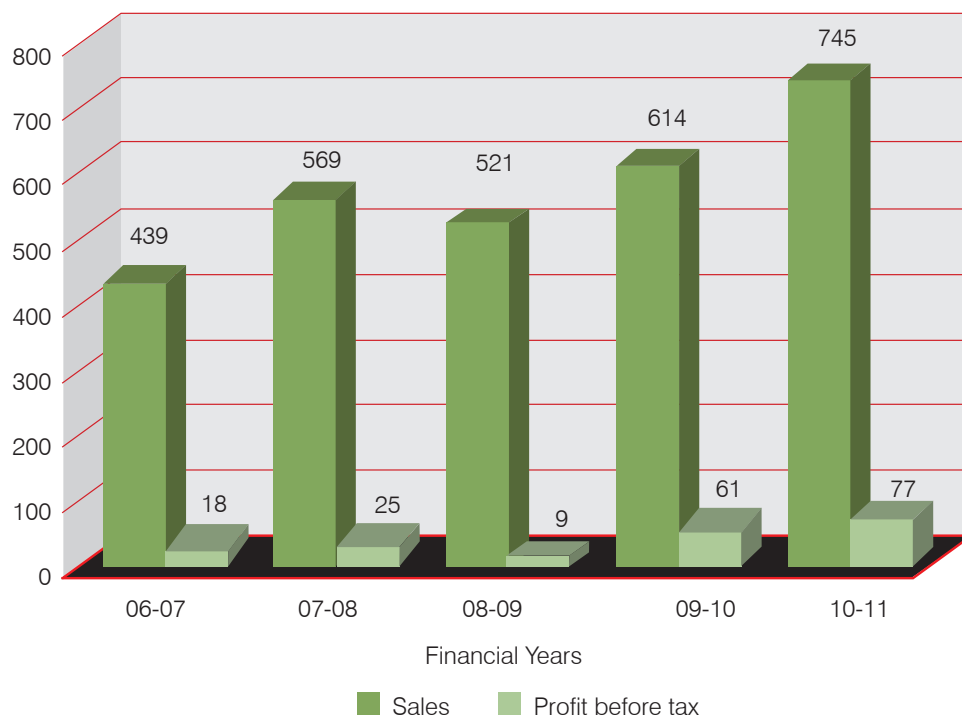
INVESTORS' SERVICES DEPARTMENT

DGP House, 5th Floor, 88-C, Old Prabhadevi Road, Mumbai – 400 025, Maharashtra.
Tel.: +91-022-6653 9000 Fax: +91-022-6660 8393 Email: investor-help@vipbags.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai – 400 078, Maharashtra.
Tel. : +91-022-2596 3838, +91-022-2594 6970
Fax : +91-022-2594 6969.
Email: helpline@linkintime.co.in

Sales and PBT (Rs in Crs)



Distribution of Earnings 2010-11



Materials consumed	45%
Excise duty	2%
Employees' remuneration	10%
Other expenses	31%
Interest	0.5%
Depreciation	2%
Income tax	2%
Dividend (including dividend tax)	4%
Retained earnings	4%

NOTICE

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Members of V.I.P. INDUSTRIES LIMITED will be held at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik-422 007, Maharashtra on Thursday, the 29th September, 2011 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the payment of interim dividend on equity shares for the financial year 2010-11.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. Dilip G. Piramal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vivek Nair, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and all other applicable provisions, if any, of the Companies Act, 1956, M/s. M. L. Bhuvania & Co., Chartered Accountants having Registration No. 101484W, the retiring Auditors, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period in addition to the reimbursement of actual out of pocket expenses as may be incurred by them in the performance of their duties."

SPECIAL BUSINESS:

7. To consider & if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Nabankur Gupta, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 13th May, 2011 in terms of Section 260 of the Companies Act, 1956 read with Article 159 of the Articles of Association of the Company and who holds office till the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."
8. To consider & if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. T. Premanand, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 27th July, 2010 in terms of Section 260 of the Companies Act, 1956 read with Article 159 of the Articles of Association of the Company and who holds office till the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) ("the Act") read with Schedule XIII to the Act, the approval of the Company be and is hereby accorded to the appointment of Mr. T. Premanand as a Whole time Director designated as Director - Works of the Company for a period of five years from 27th July, 2010 to 26th July, 2015 (both days inclusive) on the terms and conditions, including remuneration and perquisites as mentioned herein below and set out more particularly in the Agreement to be entered into between the Company and Mr. T. Premanand, a draft of which is placed before this Meeting :

SALARY

₹ 1,50,000 per month in the scale of ₹ 1,50,000 - ₹ 3,00,000 per month.

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

PERQUISITES

Following perquisites in addition to salary shall be allowed as per the rules of the Company within the overall ceiling fixed by the Company. For the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

Housing

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

Medical Reimbursement

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

Leave Travel Allowance

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

Performance Linked Incentive

As per the rules of the Company.

Other Allowances

As per the policy of the Company.

Personal Accident and Mediclaim Insurance

As per the policy of the Company.

Provident Fund

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

Pension / Superannuation fund

As per the policy of the Company.

Gratuity

As per the rules of the Company.

Earned / Privilege leave

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

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

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

Car & Telephones

As per the policy of the Company.

Sitting Fees

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

General

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

Minimum Remuneration

In the event of absence or inadequacy of profits of the Company in any financial year, the proposed remuneration as mentioned herein above shall not be reduced but shall be payable subject to the approval of the Central Government. In the event, the Central Government accords its approval subject to any modifications / alterations, the remuneration of Mr. T. Premanand shall be such, as may be approved by the Central Government. However, in the event of the Central Government not according its approval, Mr. T. Premanand shall be entitled to receive such amount as minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Act.

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

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

"RESOLVED THAT pursuant to the provisions of Sections 16, 94, 95 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Article 5 of the Articles of Association of the Company and subject to such approvals / permissions / sanctions as may be necessary from the relevant authorities, approval of the members be and is hereby accorded to the Board of Directors (herein after referred to as "the Board" which term shall also include any Committee thereof) for sub-division of each existing equity share of the Company of the nominal value of ₹ 10 (Rupees Ten) each fully paid up into 5 (Five) equity shares of the nominal value of ₹ 2 (Rupees Two) each fully paid up and consequently, the existing authorised share capital of the Company of ₹ 49,40,00,000 (Rupees Forty Nine Crores Forty Lacs) divided into 4,93,00,000 (Four Crores Ninety Three Lacs) equity shares of ₹ 10 (Rupees Ten) each and 1000 (One Thousand), 9% Redeemable Cumulative Preference Shares of ₹ 1000 (Rupees One Thousand) each be and shall stand altered to ₹ 49,40,00,000 (Rupees Forty Nine Crore Forty Lacs) divided into 24,65,00,000 (Twenty Four Crores Sixty Five Lacs) equity shares of ₹ 2 (Rupees Two) each and 1000 (One Thousand), 9% Redeemable Cumulative Preference Shares of ₹ 1000 (Rupees One Thousand) each;

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the following as new Clause V in place of existing Clause V:

"V. The Authorised Share Capital of the Company is ₹ 49,40,00,000 (Rupees Forty Nine Crores Forty Lacs) divided into 24,65,00,000 (Twenty Four Crore Sixty Five Lacs) Equity Shares of ₹ 2 (Rupees Two) each and 1000 (One Thousand), 9% Redeemable Cumulative Preference Shares of ₹ 1000 (Rupees One Thousand) each, all of which shares capital shall be capable of being increased or reduced in accordance with the Company's regulations and legislative provision for the time being in force in that behalf, with power to divide the shares in the capital for the time being into equity share capital and preference share capital, to attach thereto respectively any preferential, qualified, deferred or special assets, or by the allotment of fully or partly paid shares, debentures, debenture stock, or securities of this or any other consideration or at fair or concessional value and divest the ownership of any property of the Company to or in favour of any public or local body or authority or Central or State Government or any public institution or trust engaged in the programme or rural development."

RESOLVED FURTHER THAT the Board be and is hereby authorised to obtain approvals / permissions / sanctions as may be necessary from the relevant authorities and to take such steps and actions and give all such directions as it may in its absolute discretion deem necessary, proper or expedient to give effect to this resolution and to issue new share certificates, wherever required, in cancellation of the existing share certificates, subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to settle any question that may arise in this regard and to finalise and execute all documents, deeds and writings as may be necessary."

11. To consider & if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act") the Articles of Association of the Company be and are hereby altered as follows:

A. The existing clause (2) of Article 91 be and is hereby deleted and substituted by the following as new clause (2) of Article 91:

"Notice of every meeting of the Company shall be given :

- (i) To every member of the Company in any manner authorised by sub-section (1) to (4) of Section 53 of the Act including by way of electronic mode.
- (ii) To the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description at the address, if any in India supplied for the purpose or by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given, including by way of electronic mode, as if the death or insolvency had not occurred; and
- (iii) to the auditor or auditors for the time being of the Company, in any manner authorised by Section 53 of the Act including by way of electronic mode in the case of any member or members of the Company.

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company."

B. The existing Article 98 be and is hereby deleted and substituted by the following as new Article 98:

"At any general meeting a resolution put to the vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided by show of hands, by members present personally at the meeting including at proceedings of the meeting conducted in electronic mode through video conferencing or any other mode."

C. The existing clause (1) of Article 99 be and is hereby deleted and substituted by the following as new clause (1) of Article 99:

"Subject to the provisions of the Act, upon a show of hands, every member entitled to vote and present in person including present at proceedings of the meeting conducted in electronic mode through video conferencing or any other mode shall have one vote and upon a poll every member entitled to vote and present in person as aforesaid or by proxy shall have one vote, for every share held by him."

D. The existing clause (2) of Article 99 be and is hereby deleted and substituted by the following as new clause (2) of Article 99:

"No member not personally present (including not present in electronic mode through video conferencing or any other mode) shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Section 187 of the Act in which such proxy or representative may vote on a show of hands as if it were a member of the Company."

E. The existing clause (1) of Article 200 be and is hereby deleted and substituted by the following as new clause (1) of Article 200:

"A notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India or to his electronic address, supplied by him to the Company for giving such notices to him."

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps and actions and give all such directions as it may in its absolute discretion deem necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

SHREYAS TRIVEDI

General Manager – Legal
& Company Secretary

Place : Mumbai
Dated : 10th August, 2011
Registered Office:
78-A, MIDC, Satpur,
Nashik-422 007

NOTICE (Contd.)

ANNEXURE TO THE NOTICE

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

ITEM NO. 7

The Board of Directors at its meeting held on 13th May, 2011 appointed Mr. Nabankur Gupta, as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") read with Article 159 of the Articles of Association of the Company. Mr. Gupta holds office upto the date of this Meeting. The Company has received a notice in writing along with the requisite deposit of ₹ 500 under Section 257 of the Companies Act, 1956 from a shareholder intimating her intention to propose Mr. Nabankur Gupta as a candidate for the office of Director.

Mr. Nabankur Gupta is a graduate in Electrical Engineering from IIT Delhi and has an experience of over 4 decades in the field of marketing and restructuring of business. He had been the recipient of several national and international corporate awards. He was also awarded title "Marketing Superstar" by Advertising Age International, New York in 1996. He has been providing management consultancy services to various corporates.

The Board of Directors recommend passing of the Resolution as set out in Item No. 7 of the accompanying Notice.

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

ITEM NO. 8 & 9

The Board of Directors ("the Board") at its meeting held on 27th July, 2010 appointed Mr. T. Premanand, as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 (the Act) read with Article 159 of the Articles of Association of the Company. Mr. Premanand holds office upto the date of this Meeting. The Company has received a notice in writing along with the requisit deposit of ₹ 500 under Section 257 of the Companies Act, 1956 from a shareholder intimating his intention to propose Mr. T. Premanand as a candidate for the office of Director.

Mr. Premanand 45, is a B. Tech. (Chemical) from Regional Engineering College, Warangal and is in the employment of the Company as Vice President – Manufacturing since February 2008. He has over 23 years of experience in Indian and Foreign Multinationals in the field of manufacturing and supply chain.

Considering his qualification and rich experience, the Board at its aforesaid meeting also appointed Mr. T. Premanand as a Whole-time Director of the Company designated as Director – Works for a period of five years with effect from 27th July, 2010 pursuant to Sections 198, 269 and 309 of the Act read with Schedule XIII to the Act, upon the terms & conditions including the remuneration as detailed in the Agreement to be entered into between the Company and the Director - Works and also as set out in the Ordinary Resolution at Item No. 9 of the accompanying Notice.

Inspection by Members:

The draft of the Agreement to be entered into between the Company and Mr. T. Premanand, as 'Director - Works' of the Company is open for inspection by the Members during the normal working hours of the Company at its Registered Office upto the date of the Meeting.

The Board of Directors recommend passing of the Resolutions as set out in Item Nos. 8 & 9 of the accompanying Notice.

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

ITEM NO. 10

As you are aware, the equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and The Bombay Stock Exchange Limited, (BSE). The equity shares are also available for trading under the derivative segment of NSE.

The market price of the equity shares of the Company has witnessed significant increase over last couple of years. In order to improve the liquidity of the Company's shares in the stock market and to make it accessible to the retail investors, it is proposed to sub-divide the nominal value of the equity portion of the authorised share capital of the Company.

Presently, the authorised equity share capital of the Company is ₹ 49,40,00,000 divided into 4,93,00,000 equity shares of ₹ 10 each and 1,000, 9% Redeemable Cumulative Preference shares of ₹1,000 each. It is proposed to sub-divide each

NOTICE (Contd.)

equity share of ₹ 10 each into five equity shares of ₹ 2 each. Accordingly, the authorised share capital of the Company would be 24,65,00,000 equity share of ₹ 2 each and 1,000, 9% Redeemable Cumulative Preference shares of ₹1,000 each aggregating to ₹ 49,40,00,000. The alteration of Clause V of the Memorandum of Association is consequential of the said change. The Articles of Association of the Company states that the Authorised Capital of the Company is as mentioned in the Capital Clause V of the Memorandum of Association of the Company or as may be classified by the Company from time to time and hence, does not need an alteration.

The paid up share capital of the Company would then be 14,13,17,315 equity shares of ₹ 2 each aggregating to ₹ 28,26,34,630.

The aforesaid sub-division of shares would require shareholders' approval by way of an Ordinary Resolution.

The Board of Directors recommend passing of the Resolution as set out in Item No. 10 of the accompanying Notice.

The Directors of the Company may be concerned or interested or deemed to be concerned or interested in passing of the said resolution only to the extent of equity shares held by them in the Company.

ITEM NO. 11

The present Articles of Association have been adopted and altered considering the applicable securities laws, from time to time. Over the years, securities laws in the country such as the Securities Exchange Board of India Act, 1992, and Regulations made thereunder, the Securities Contracts (Regulation) Act, 1956, and such other legislations have undergone significant changes with a view to improve the various aspects of working of the securities laws.

In line with the recent circulars & clarifications that have been issued by the Ministry of Corporate Affairs pertaining to securities laws to promote the "green initiative" and facilitate speedier and more efficient corporate communication and corporate meetings, it is considered prudent to make certain amendments in the Articles of Association of the Company to facilitate ease of applicability and implementation of the applicable securities laws.

In terms of Section 31 of the Companies Act, 1956 and other applicable provisions of the said Act, a Company may with the consent of its members by way of special resolution, approve any alteration to its Articles of Association. Accordingly, the proposed alterations in the Articles of Association as more specifically stated at Item No. 11 of the Notice require your approval by special resolution.

The Board of Directors recommend passing of the Resolution as set out in Item No. 11 of the accompanying Notice.

None of the Directors are in any way, concerned or interested or deemed to be concerned or interested in passing of the said resolution.

By Order of the Board of Directors

SHREYAS TRIVEDI

General Manager – Legal
& Company Secretary

Place : Mumbai

Dated : 10th August, 2011

Registered Office:

78-A, MIDC, Satpur,

Nashik-422 007

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the businesses under item Nos 7 to 11 of the accompanying Notice and the details in respect of the Directors proposed to be appointed / re-appointed at the Annual General Meeting to be provided under Clause 49 of the Listing Agreement with Stock Exchange(s) where the shares of the Company are listed, are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (c) Proxies in order to be effective, should be deposited duly completed, stamped and signed at the Registered Office of the Company, not less than 48 hours before the Meeting.
- (d) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the

NOTICE (Contd.)

Company will be closed from Tuesday, the 20th September, 2011 to Thursday, the 29th September, 2011 (both days inclusive).

- (e) The Final Dividend as recommended by the Board of Directors if approved by the Members at the ensuing Annual General Meeting, will be paid on 5th October, 2011 as under:
 - i) To the Members holding shares in physical form, whose names appear in the Company's Register of Member as on 29th September, 2011.
 - ii) To the Beneficial Owners, whose names appear in the beneficial owners list to be furnished for this purpose by the National Securities Depository Limited and the Central Depository Services (India) Limited as on the close of business hours on 19th September, 2011;
- (f) Members desirous of obtaining any information in respect of Annual Accounts and operations of the Company are requested to write to the Company at least one week before the Meeting, to enable the Company to make available the required information at the Meeting.
- (g) Members are requested to notify immediately, any change in their address registered with the Company to Link Intime India Private Limited, (Unit - V.I.P. Industries Limited) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078, the Registrar and Share Transfer Agent of the Company, in respect of equity shares held in physical form and to their respective Depository Participants (DPs) in respect of equity shares held in electronic form.
- (h) Under the provisions of Section 109A and 109B of the Companies Act, 1956, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their share(s) in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company or the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited (Unit - V.I.P. Industries Limited), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078. Tel. No.: 022-25963838, Fax No.: 022-25962691 and those Members who are holding share(s) in electronic form, are requested to write to their respective Depository Participants (DPs).
- (i) Consequent upon the amendment of Section 205A of the Companies Act, 1956 and the insertion of Section 205C by the Companies (Amendment) Act, 1999, the amount remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrants for the years 2003-2004 onwards are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year 2003-2004 is due for transfer to the Fund on 10th November 2011.
- (j) As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their own copies to the Meeting.
- (k) The Company is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, vide its circular Nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011, respectively, has allowed companies to send official documents to their shareholders electronically as part of its 'Green Initiative in Corporate Governance'.

Recognizing the spirit of the circular issued by the MCA, the Company henceforth propose to send documents like Notice convening the general meetings, Directors' Report, Auditors' Report, Financial Statements etc to the email address provided by Members with their depositories.

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

Those members who have shares in physical form are requested to expeditiously inform their email address to the Company at DGP House, 5th Floor, 88-C, Old Prabhadevi Road, Mumbai – 400 025, Tel.: +91-022-6653 9000 Fax: +91-022-6660 8393 Email: investor-help@vipbags.com or the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited (Unit - V.I.P. Industries Limited), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078. Tel. No.: 022-25963838, Fax No.: 022-25962691

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

(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. Dilip G. Piramal	Mr. Vivek Nair
Date of Birth	2 nd November, 1949	3 rd January, 1952
Date of Appointment	4 th June, 1979	22 nd May, 2000
Qualification	B.Com	B.A. (Hon.), MPS from Cornell (USA)
Experience in special functional area	Industrialist with rich business experience	Corporate Management
Chairman / Director of other companies	1. DGP Securities Ltd.	1. Leela Lace Software Solution Pvt. Ltd.
	2. Alkyl Amines & Chemicals Ltd.	2. Standard Precious Alloy Industries Pvt. Ltd.
	3. Kiddy Plast Ltd.	3. Leela Housing Pvt. Ltd.
	4. Gazelle Travels Pvt. Ltd.	4. Armcess Engineers Pvt. Ltd.
	5. DGP Enterprises Pvt. Ltd.	5. VIBGYOR Leasing Pvt. Ltd.
	6. KEC International Ltd.	6. Elegant Eateries Pvt. Ltd.
	7. DGP Capital Management Ltd.	7. Aushim Soft Pvt. Ltd.
		8. Leela Soft Pvt. Ltd.
		9. Leela Lace Holdings Pvt. Ltd.
		10. Hotel Leelaventure Ltd.
		11. Leela Capital & Finance Ltd.
		12. Buena Vista Travels Pvt. Ltd.
		13. Leela Lace Estates Pvt. Ltd.
		14. Zillion Hotels & Resorts Pvt. Ltd.
		15. Raheja Universal Ltd.
		16. Leela Palaces and Resort Ltd.
		17. Mumbai International Convention & Exhibition Centre Ltd.
		18. Tourism Finance Corporation of India Ltd.
		19. Kerala State Industrial Development Corporation Ltd.
		20. Emmel Real Estate Developers Pvt. Ltd.
		21. L. M. Realtors Pvt. Ltd.
		22. Rockfort Estate Developers Pvt. Ltd.
Chairman/ Member of Committees of other Companies	Nil	Hotel Leelaventure Ltd. - Audit Committee Leela Capital & Finance Ltd. - Audit Committee
No. of shares held in the Company	85304	Nil

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT

(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. T. Premanand	Mr. Nabankur Gupta
Date of Birth	3 rd January, 1965	15 th October, 1948
Date of Appointment	27 th July, 2010	13 th May, 2011
Qualification	B. Tech. (Chemical)	B.E. (Electrical)
Experience in special functional area	In the field of manufacturing and supply chain.	In the field of marketing and restructuring of business.
Chairman / Director of other companies	1. Blow Plast Retail Ltd.	1. Raymond Ltd.
	2. Trimurti Glass Containers Ltd.	2. Colorplus Fashions Ltd.
		3. J. K. Investo Trade (India) Ltd.
		4. J K Helene Curtis Ltd
		5. Cravatex Limited
		6. Lexicon Public Relations & Corporate Consultants Ltd.
		7. Pritish Nandy Communications Ltd.
		8. PNC Wellness Ltd.
		9. BP Ergo Ltd.
		10. Magma Fincorp Ltd.
		11. Quantum Advisors Pvt. Ltd.
		12. Blueocean Capital and Advisory Services Pvt. Ltd.
Chairman / Member of Committees of other Companies	Nil	Raymond Ltd. - Audit Committee – Member - Shareholders/Investor Grievances – Chairman J K Investor Trade (India) Ltd - Audit Committee – Chairman - Shareholders/Investor Grievances –Member Pritish Nandy Communications Ltd. - Audit Committee – Member Quantum Advisors Pvt. Ltd. - Audit Committee – Member
No. of shares held in the Company	Nil	Nil

DIRECTORS' REPORT

Your Directors are pleased to present the 44th Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2011.

FINANCIAL RESULTS

(₹ in Crores)

	Year Ended 31.03.2011	Year Ended 31.03.2010
Sales, Income from Operations & Other Income	743.43	611.52
Gross Profit	94.47	95.68
Interest	3.07	7.96
Depreciation	14.82	17.28
Profit Before Tax & Extra-ordinary Items	76.58	70.44
Extra-ordinary Items	-	9.39
Tax Provision (Net of Deferred Tax) including Fringe Benefit Tax and Income Tax for prior years	14.57	11.00
Profit After Tax	62.01	50.05
Profit brought forward from Previous Year	36.11	32.51
Profit available for Appropriation	98.12	82.56
Appropriations:		
Interim and Proposed Dividend	28.26	14.13
Corporate Tax on Dividend	4.65	2.40
General Reserve	29.10	29.92
Balance carried to Balance Sheet	36.11	36.11
	98.12	82.56

OVERALL PERFORMANCE AND OUTLOOK

Income from Operations & Other Income during the financial year ended 31st March 2011 was at ₹ 743.43 crores as against ₹ 611.52 crores last year, representing an increase of approximately 22% over the corresponding period of previous year. Profit after Tax for the year under review amounted to ₹ 62.01 crores after considering the Extra-ordinary Items of ₹ Nil (previous year ₹ 9.39 crores) as against ₹ 50.05 crores in the previous year representing an increase of approximately 24% over the previous year. Despite continuous pressure in rising input costs in the previous year, your Company was able to pass on most of the cost increases to its customers due to the strength of our brands. Sales value and volume growth was robust and the outlook for the current year remains strong across traditional trade and modern retail sales channels.

As on 31st March 2011, the Reserves and Surplus of your Company stood at ₹ 172.95 crores.

The outlook for the current year is encouraging.

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

DIVIDEND

Your Directors are pleased to recommend for your consideration, a final dividend of ₹ 7 (Rupees Seven) per equity share (previous year ₹ 3 per equity share) for the financial year 2010-11. Your Company had paid in February 2011, an interim dividend of ₹ 3 (Rupees Three) per equity share (previous year ₹ 2) for the financial year 2010-11.

Accordingly, the total dividend declared by your Company for the financial year 2010-11 is ₹ 10 (Rupees Ten) per equity share (previous year ₹ 5 per equity share).

SUB DIVISION OF EQUITY SHARES

The Board of Directors of your Company proposed the sub-division of each existing equity share of the nominal value

DIRECTORS' REPORT (Contd.)

of ₹ 10 into 5 (Five) equity shares of the nominal value of ₹ 2 each fully paid up. The Record Date for the same shall be determined subsequently. The sub-division of equity shares is subject to your approval and also any other statutory and regulatory authorities, as applicable. The sub-division of equity shares has been recommended with a view to encourage greater participation from retail investors.

EXPORTS AND INTERNATIONAL OPERATIONS

Exports for the year ended 31st March 2011 was at ₹ 73.07 Crores as against ₹ 47.02 Crores in the previous year, an increase of approximately 56 % over the previous year. Whereas the global economy has not shown much signs of recovery, your Company has gained some share in certain countries including European markets. Your Company is expecting that with the introduction of its new ranges, it will be able to further strengthen the market share in the coming years.

CARLTON TRAVEL GOODS LIMITED

Carlton Travel Goods Limited (CTGL), the wholly owned subsidiary of your Company which sells and distributes brand "Carlton" in U.K. and European markets incurred heavy losses, both operationally as well as on currency translated losses in the year 2008-09. Since then, CTGL had undertaken several initiatives with a view to improve sales of the brand "Carlton" including that of launching new products for mid-to-premium customers and successfully gaining entry into key luggage stores and retail chains. In spite of all these measures, there were no signs of recovery. Your Company instead of selling directly through its work force in U.K. appointed Distributors to reduce fixed cost overheads. Your Company also started direct billing in USD rather than GBP to most customers. These initiatives will not only grow sales and ensure strong presence of brand "Carlton" in UK and European markets but also stem any further losses and minimize cross currency exposures.

RESEARCH & DEVELOPMENT

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profits of your Company for the year under review;
- (iii) that your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that your Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'Going Concern' basis.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

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

SUBSIDIARIES

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of Carlton Travel Goods Limited and Blow Plast Retail Limited have not been attached with the Balance Sheet of your Company.

DIRECTORS' REPORT (Contd.)

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

INSURANCE

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

DEPOSITORY

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

PUBLIC DEPOSITS

Your Company had not received instructions from 43 depositors for repayment of deposits amounting to ₹ 6,36,000 (Rupees Six Lakhs Thirty Six Thousand) as at 31st March, 2011. None of these deposits have been repaid since then.

CENTRAL GOVERNMENT APPROVAL UNDER SECTION 211 AND 212 OF THE COMPANIES ACT, 1956

On an application made by your Company under Section 211 of the Companies Act, 1956, the Central Government vide its letter No. 46/29/2011-CL-III dated 18th January, 2011 exempted your Company from giving disclosure of quantitative details in compliance of Schedule VI to the Companies Act, 1956 in this Annual Report.

On an application made by your Company under Section 212(8) of the Companies Act, 1956, the Central Government vide its letter No. 47/16/2011-CL-III dated 9th February, 2011, exempted your Company from attaching a copy of the Balance Sheet and the Profit and Loss Account of the Subsidiary Companies and other documents to be attached under Section 212(1) of the Annual Report of your Company. Accordingly, the said documents are not being attached with the Balance Sheet of your Company. A gist of the financial performance of the Subsidiary Companies is contained in this Report. The annual accounts of the Subsidiary Companies are open for inspection by any shareholder and your Company will make available these documents/details upon request by any shareholder of your Company or to any investor of its Subsidiary Companies who may be interested in obtaining the same. Further, the annual accounts of the Subsidiary Companies will also be kept for inspection by any Shareholder at the Registered Office of your Company and at the respective Head Offices of the subsidiary companies.

DIRECTORS

Mr. T. Premanand was appointed as a Whole-time Director of your Company designated as Director – Works, for a period of 5 years with effect from 27th July, 2010. The necessary approval of shareholders is being sought in the ensuing Annual General Meeting for the appointment and payment of remuneration to Mr. T. Premanand as Director – Works of your Company.

Mr. Nabankur Gupta was appointed as an Additional Director of your Company with effect from 13th May, 2011 and holds office till the conclusion of the ensuing Annual General Meeting. The necessary approval of shareholders is being sought in the ensuing Annual General Meeting for the appointment of Mr. Nabankur Gupta as Director of your Company.

Mr. Sudhir Jatia ceased to be the Managing Director of your Company with effect from 30th April 2010. Mr. Jatia continued as a non-executive Director of your Company with effect from 1st May 2010. Subsequently, Mr. Jatia has resigned as a Director of your Company w.e.f. 31st March, 2011.

Mr. Dilip G. Piramal and Mr. Vivek Nair, Directors retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, information on Directors retiring by rotation is provided as a part of the Notice convening the ensuing Annual General Meeting.

DIRECTORS' REPORT (Contd.)

AUDITORS

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

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

During the year, Ernst & Young Private Limited, were appointed as one of the Internal Auditors of your Company to evaluate the current state, identification of performance gaps, prioritize improvement opportunities and future state vision across all functions of your Company.

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

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

PARTICULARS OF EMPLOYEES & EMPLOYEE STOCK OPTION SCHEME

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

During the year under review, no fresh stock options have been granted by your Company. Accordingly, no new equity shares have been allotted under the Employee Stock Option Scheme of your Company. Hence, no disclosure under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been made during the year under review.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year under review.

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

DILIP G. PIRAMAL
Chairman

Place : Mumbai

Date : 10th August, 2011

ANNEXURE (A)

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

(A) CONSERVATION OF ENERGY:

- a) Energy conservation measures taken:
 - Vane pump of Nessei 600T machine interfaced with AC drive resulting in reduction of power consumption.
 - New generation of air compressor installed at Nashik plant.
 - Replaced AC roof sheets by Transparent FRP sheets at main store area for natural daylight.
 - Installed automatic power factor correction panel in Haridwar plant.
 - Installed Timer controller switch unit for bore-well motor at Haridwar Plant.
- b) Additional proposals:
 - Replacement of continuous running motor with energy efficient motors at Nashik plant.
 - Installation of new extruder for PC luggage at Nashik plant.
 - Soft luggage warehouse Lights of 250W HPMV/HPSV replacement by new 150W MH lamp at Sinnar plant.
 - To install Energy saver unit for lighting load – 40 Kw at Haridwar plant.
 - Replace Screw and barrel of SP 400 Injection moulding machine to reduce energy consumption at Haridwar Plant.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Cost saving through reduction in energy consumption expected with above proposals at Nashik, Sinnar & Hariwar Plants.
- d) Total energy consumption and energy consumption per unit of production:

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

(B) TECHNOLOGY ABSORPTION:

- a) Research and Development (R&D):
 - i) Specific areas in which R&D carried out by your Company:
 - Research on “no break polymer blends” by using latest generation polymers. The patent for the same has been filed this year.
 - Developed Polycarbonate encased Soft luggage. The patent for the same has been filed this year.
 - Extrusion of the Thinnest PC sheet for making light weight PC luggage.
 - Development of soft fabric textures on hard cases.
 - Development of double texture designs for foamed luggage.
 - New process development for international class Trolley manufacturing.
 - Indigenous development of new range of Wheels, Trolley systems & ABS / PC luggages which were previously imported.
 - ii) Benefits derived as a result of above R&D:
 - World Class products offered to consumers at affordable price considering durability & reliability.
 - Light weight, high impact resistant and better aesthetics Polycarbonate products offered to consumers.
 - World class finishes and designs in hard and soft luggage products.
 - Ultra light vertical upright developed which is a key customer requirement.
 - iii) Future plan of action:
 - Research on polymeric materials, blends and finishes.
 - Innovation in adhesive & textile technology for smarter world class interiors.
 - To develop new & light weight wheeling & Trolley systems .

ANNEXURE (A) (Contd.)

- Alternate material development of luggage shells.

iv) Expenditure on R&D:

(Amount ₹ in Crores)

Capital	-
Recurring	2.60
Total	2.60
R & D expenditure as a percentage of total turnover	0.3%

b) Technology Absorption, Adaption and Innovation:

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

Technology absorption from:

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

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

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

iii) Information regarding technology imported during last 5 years:

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during the year:

Amount (₹ in Crores)

Used	189.58
Earned	75.58

On behalf of the Board of Directors

DILIP G. PIRAMAL
Chairman

Place : Mumbai
Date : 10th August, 2011

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO THE DIRECTORS' REPORT

COMPANY'S PHILOSOPHY

Your Company is committed to adopt the best Corporate Governance practices and endeavours continuously to implement the code of Corporate Governance in its true spirit. The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholders' value without compromising in any way in complying with the laws and regulations.

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

BOARD OF DIRECTORS

Composition of the Board:

The Board of Directors of your Company consists of nine Directors as on 31st March 2011 out of which seven are Non-executive Directors, five of which are Independent Directors in terms of Clause 49(l)(A) of the Listing Agreement.

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

During the financial year 2010-11, four Board Meetings were held on the following dates:

1. 29.4.2010
2. 27.7.2010
3. 20.10.2010
4. 27.1.2011

The details of the Directors on the Board of your Company as on 31st March, 2011 are given below:

Name	Category	No. of shares held	Attendance Particulars		No. of Outside Directorships (*)	No. of outside Committee positions held	
			Board Meetings	Last AGM		Chairman	Member @
Mr. Dilip G. Piramal	Chairman (Non-Executive Director)	504	4	Yes	5	-	-
Ms. Radhika Piramal	Executive Director	28,900	4	Yes	2	-	-
Mr. T. Premanand \$	Executive Director	-	3	N.A.	-	-	-
Mr. Vivek Nair	Independent, Non-Executive Director	-	-	No	7	-	2
Mr. Vijay Kalantri	Independent, Non-Executive Director	-	4	No	12	-	-
Mr. D. K. Poddar	Independent, Non-Executive Director	-	4	Yes	8	-	4
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	4	No	8	-	1
Mr. Sudhir Jatia #	Non-Executive Director	17,00,152	2	No	2	-	-
Mr. Nirmal Gangwal	Independent, Non-Executive Director	-	3	No	5	-	3

NOTE: Mr. Nabankur Gupta was appointed as an Additional Director of your Company with effect from 13th May, 2011.

\$ Mr. T. Premanand was appointed as a Whole-time Director of your Company designated as Director – Works, with effect from 27th July, 2010.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- # Mr. Sudhir Jatia ceased to be the Managing Director of your Company with effect from 30th April 2010. Mr. Jatia continued as a non-executive Director of your Company with effect from 1st May 2010. Mr. Jatia has resigned as a Director of your Company with effect from 31st March, 2011.
- * Excludes directorship in Indian Private Limited Companies, Foreign Companies, Companies under section 25 of the Companies Act, 1956 and membership of Managing Committees of various bodies.
- @ Only membership of Audit Committee and Shareholder / Investors' Grievances Committee are considered.

Board Procedure:

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

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

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

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

AUDIT COMMITTEE

Terms of reference:

The Audit Committee of the Board of Directors of your Company, interalia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. During the year 2010-11, your Company appointed Ernst & Young Private Limited as one of its Internal Auditors to carry out the internal audit of its various functions.

Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the Committee reviews reports of the Internal Auditors, meets Statutory Auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the Auditors and reviews accounting policies followed by your Company. The Committee reviews with the management, the half yearly and annual financial statements before its submission to the Board. The minutes of the Audit Committee meetings are placed and noted at the subsequent meeting of the Board of Directors of your Company.

Composition and Attendance at meetings:

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

Mr. D. K. Poddar, Independent Director is the Chairman of the Committee. The Managing Director, the Chief Financial Officer and the Statutory Auditors of your Company are permanent invitees at the meetings of the Committee. The quorum for the Audit Committee meetings is two members, with atleast two Independent Directors to be present at the meeting. The Company Secretary acts as the Secretary to the Committee. The Internal Auditors report to the Audit Committee with regard to the audit program, observations and recommendations in respect of different areas of operations of your Company.

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

The Audit Committee met four times during the year on 29.4.2010, 27.7.2010, 20.10.2010 and 27.1.2011.

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

Name of the Member	Position	No. of Meetings held	No. of meetings attended
Mr. D. K. Poddar	Chairman	4	4
Mr. Dilip G. Piramal	Member	4	4
Mr. Vijay Kalantri	Member	4	4
Mr. G. L. Mirchandani	Member	4	4

REPORT ON CORPORATE GOVERNANCE (Contd.)

Mr. D. K. Poddar, Chairman of the Committee was present at the 43rd Annual General Meeting of your Company held on 15th July, 2010 to answer the shareholders' queries.

The minutes of the Audit Committee Meetings form part of the documents placed before the meetings of the Board of Directors. In addition, the Chairman of the Audit Committee appraises the Board members about the significant discussions at the Audit Committee meetings.

FINANCE COMMITTEE

Terms of reference:

The Finance Committee of your Company, reviews and assesses the financial matters of your Company. The Committee also looks and decides on all issues related to taking or giving loans, investments, hedging of foreign exchange with respect to imports and exports of the Company and any other transactions involving foreign currencies.

Composition and Attendance at Meetings:

The Finance Committee comprises of three members, two of whom are Non-Executive Directors.

Mr. Nirmal Gangwal, Independent Director is the Chairman of the Committee.

The Finance Committee met twice during the year, on 13th September, 2010 and 13th January, 2011.

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

Name	Position	No. of Meetings held	No. of Meetings attended
Mr. Nirmal Gangwal	Chairman	2	2
Mr. Dilip G. Piramal	Member	2	2
Ms. Radhika Piramal	Member	2	2

REMUNERATION AND COMPENSATION COMMITTEE

Terms of reference:

The Remuneration and Compensation Committee of your Company, reviews, assesses and recommends, the performance of managerial personnel on a periodical basis and also reviews their remuneration package and recommends suitable revision to the Board.

The Committee also looks into and decides on all issues related to administration and implementation of your Company's Employees' Stock Option Scheme and other matters connected thereto.

Composition and Attendance at Meetings:

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

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

The Remuneration and Compensation Committee met thrice during the year on 29th April, 2010, 27th July, 2010 and 30th March, 2011.

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

Name	Position	No. of Meetings held	No. of Meetings attended
Mr. D. K. Poddar	Chairman	3	3
Mr. Dilip G. Piramal	Member	3	3
Mr. Vijay Kalantri	Member	3	3
Mr. G. L. Mirchandani	Member	3	3

Mr. Nabankur Gupta has been appointed as the member of the Remuneration and Compensation Committee with effect from 13th May 2011. Due to his pre-occupation, Mr. Vijay Kalantri ceases to be the member of the Remuneration and Compensation Committee of your Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Remuneration Policy:

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

i) Non-Executive Directors' Remuneration:

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

(in ₹)

Name	Sitting Fees	Commission	Total
Mr. Dilip G. Piramal	1,55,000	11,075,000	11,230,000
Mr. Vivek Nair	Nil	-	-
Mr. Vijay Kalantri	1,15,000	-	1,15,000
Mr. D. K. Poddar	1,15,000	-	1,15,000
Mr. G. L. Mirchandani	1,15,000	-	1,15,000
Mr. Nirmal Gangwal	1,00,000	-	1,00,000
Mr. Sudhir Jatia [#]	40,000	-	40,000

[#] Upon cessation as the Managing Director, Mr. Sudhir Jatia continued to be a non-executive Director of your Company effective 1st May 2010 and hence the sitting fees are paid for the Board meetings attended by him subsequent to his assuming the charge as non-executive Director. Since then, Mr. Sudhir Jatia has resigned as a Director of your Company with effect from 31st March, 2011.

ii) Executive Directors' Remuneration:

a) Managing Director:

Ms. Radhika Piramal was appointed as the Managing Director of your Company with effect from 1st May, 2010 to 12th July, 2012 (both days inclusive). The contract may be terminated by either party by giving the other party, 3 months' notice or your Company paying notice pay equal to the amount due to the Managing Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

Mr. Sudhir Jatia ceased to be the Managing Director of your Company with effect from 30th April 2010 and hence the remuneration paid to him as the Managing Director during the part of the financial year has been disclosed separately below.

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

Details of remuneration of Managing Director for the year ended 31st March, 2011 are as follows:

(in ₹)

Name	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Sudhir Jatia	1,15,21,217	-	-	1,15,21,217
Ms. Radhika Piramal	93,28,880	1,10,75,000	-	2,04,03,880

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

b) Whole-time Director:

Mr. T. Premanand was appointed as a Director in the whole-time employment of your Company designated as Director - Works for a period of five years from 27th July, 2010 to 26th July, 2015 (both days inclusive). The contract may be terminated by either party by giving the other party, 3 months' notice or your Company paying notice pay equal to the amount due to the Whole-time Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

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

Details of remuneration paid to the Whole-time Director for the period from 27th July 2010 upto 31st March 2011 is as follows:

(in ₹)

Name	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. T. Premanand	35,88,377	-	-	35,88,377

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

INVESTORS' GRIEVANCES & SHARE TRANSFER COMMITTEE:

Terms of reference:

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

Link Intime India Private Limited is the Registrar and Transfer Agent of your Company and the Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Composition:

Ms. Radhika Piramal, Managing Director of your Company was appointed as the member of the Investors' Grievances and Share Transfer Committee in place of Mr. Sudhir Jatia with effect from 1st April 2011. Accordingly, the Committee comprises of three members viz. Mr. Dilip G. Piramal, Ms. Radhika Piramal and Mr. Vijay Kalantri. Mr. Shreyas Trivedi, General Manager - Legal & Company Secretary is the Compliance Officer of your Company.

Your Company has approximately 35531 investors comprising of shareholders and fixed deposit holders as on 31st March 2011. During the year, your Company processed 331 share transfers comprising of 34,189 equity shares in the physical form. Your Company received 233 complaints during the year, all of which have been attended to within a period of fifteen days from the date of receipt of the same.

The Investors' Grievances and Share Transfer Committee generally meets once in a fortnight and approves all matters related to shares vis-à-vis transfers, transmissions, dematerialization and re-materialization of shares etc. In case of shares held in physical form, all transfers are completed within 14 days from the date of receipt of complete documents.

GENERAL BODY MEETINGS:

Particulars of General Meetings held during last three years:

Annual General Meeting (AGM)	Date	Venue	Time	No. of Special Resolutions Passed
41 st AGM (2007-08)	29 th August, 2008	"NIWEC", Satpur, Nashik - 422 007	12.30 p.m.	Nil
42 nd AGM (2008-09)	25 th September, 2009	"NIWEC", Satpur, Nashik - 422 007	11.30 a.m.	1
43 rd AGM (2009-10)	15 th July, 2010	"NIWEC", Satpur, Nashik - 422 007	12.30 p.m.	1

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

To appoint Ms. Radhika Piramal as an Executive Director of your Company with effect from 13th July, 2009 for a period of 3 years.

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

To pay commission to the Non-Executive Directors.

Postal Ballot

During the year ended 31st March, 2011, no resolutions were passed through Postal Ballot:

DISCLOSURES:

Your Company has no material significant transactions with its related parties that may have a potential conflict with the interest of your Company during the financial year 2010-2011. The details of transaction between your Company and the related parties are given for information under Note 16 of the Notes to Accounts to the Balance Sheet as at 31st March, 2011.

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

Your Company has formulated and laid down a procedure on risk assessment and minimization. These procedures have been considered by the Board and a properly defined framework is laid down to ensure that executive management controls the identified risks. Your Company has not framed any Whistle Blower Policy during the year 2010-11.

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

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

Means of Communication

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

Your Company's results and official news releases and presentations, if any, made to Investors are displayed on your Company's website www.vipbags.com

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

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:

- Date and Time : Thursday, 29th September, 2011 at 12.00 noon
- Venue : "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik – 422 007, Maharashtra.

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

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

3. Date of Book Closure : Tuesday, 20th September, 2011 to Thursday, 29th September, 2011 (both days inclusive)

REPORT ON CORPORATE GOVERNANCE (Contd.)

4. Dividend Payment Date (2010-11) : On 5th October, 2011.
5. Listing on Stock Exchange :
 1. Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 023
 2. National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th Floor, Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051
6. Listing Fees : Listing fees of both the Stock Exchanges for the year 2011-12 has been paid.
7. Stock Code
 - BSE : 507880
 - NSE : VIPIND
 - International Securities Identification Number (ISIN) : INE054A01019
8. The monthly High and Low of market price of the equity shares of your Company on the BSE and NSE and the stock performance during the last financial year was as under:

Bombay Stock Exchange				National Stock Exchange		
Period (Year 2010- 11)	High (₹)	Low (₹)	Sensex (High)	High (₹)	Low (₹)	Nifty (High)
April 2010	299.00	255.00	18047.86	298.40	252.60	5399.65
May 2010	276.30	224.05	17536.86	276.80	220.15	5250.15
June 2010	351.65	242.90	17919.62	351.55	243.00	5354.35
July 2010	429.10	335.00	18237.56	428.55	330.10	5466.25
August 2010	520.00	420.60	18475.27	517.80	421.00	5506.15
September 2010	585.70	466.50	20234.05	585.90	458.15	6073.50
October 2010	801.40	575.00	20854.55	801.80	575.15	6284.10
November 2010	730.80	581.55	20970.91	731.40	561.65	6338.50
December 2010	690.70	488.00	20552.03	690.85	486.65	6147.30
January 2011	688.70	545.00	20664.80	688.50	558.00	6181.05
February 2011	601.60	454.25	18690.97	601.65	455.00	5599.25
March 2011	688.00	501.25	19575.16	687.85	500.05	5872.00



Stock performance – V.I.P. v/s BSE

REPORT ON CORPORATE GOVERNANCE (Contd.)

9. Distribution Schedule and Shareholding Pattern as on 30th June, 2011.

DISTRIBUTION SCHEDULE			SHAREHOLDING PATTERN		
Category No. of Shares	No. of Shareholders	No. of Shares	Category of Shareholders	No. of Shares	%
Upto 500	30820	3090229	Promoters	14690735	51.98
501- 1000	1034	757822	Mutual Funds and UTI	5414	0.02
1001 – 2000	381	559347	Banks, Financial Institutions, Insurance Companies	186328	0.66
2001 – 3000	109	269720	Foreign Institutional Investors	2342139	8.29
3001 – 4000	41	145350	Bodies Corporate	1569992	5.55
4001 – 5000	31	145537	Indian Public	9076435	32.11
5001 – 10000	51	384340	Non Resident Individuals/ Overseas Corporate Bodies	392420	1.39
10001 and above	85	22911118	TOTAL	28263463	100.00
TOTAL	32552	28263463			

Note : The promoters have intimated to your Company and the Stock Exchanges that due to various amalgamations which took place over the years in your Company, some of the promoter group entities were inadvertently omitted to be disclosed as Promoter Group shareholders. Such shareholding aggregating to 7.86% of the paid-up share capital of the Company are now being disclosed as Promoter Group shareholding. Most of the shares were acquired over several years by way of amalgamation and none of these acquisitions triggered any obligation of making an open offer.

10. Registrar and Share Transfer Agents : Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai – 400 078,
Tel. No.: 022-25963838/25946970,
Fax No.: 022-25962691
Email : helpline@linkintime.co.in
11. Dematerialization of shares and liquidity : 91.06% of the paid-up capital of your Company has been dematerialized as on 31st March, 2011. The equity shares of your Company are actively traded on the BSE and the NSE in dematerialized form.
12. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments : NIL
13. Plant Locations : (i) Nashik - 78 A, MIDC Estate, Satpur, Nashik – 422007
(ii) Sinnar - A-7, MIDC, Sinnar – 422 103
(iii) Haridwar - Plot No 8, Sector 12, SIDCUL Area, Haridwar – 249 403
(iv) Jalgaon – E 5/2 Additional MIDC Area, Jalgaon – 425 016
(v) Nagpur - L-4, MIDC, Hingna, Nagpur – 440 016
(vi) Paithan – D/4 Paithan Industrial Area, MIDC, Paithan – 431 107
14. Address for correspondence : i) Link Intime India Private Limited
(Unit – V.I.P. Industries Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
Tel. No. 022-25963838/25946970
Fax No.: 022-25962691
ii) The Company Secretary
V.I.P. Industries Limited
5th floor DGP House,
88-C, Old Prabhadevi Road, Mumbai – 400 025
Tel. No.022-66539000,
Fax No.: 022-66539089
15. Designated E-mail ID for registering Complaints by the investors : investor-help@vipbags.com

REPORT ON CORPORATE GOVERNANCE (Contd.)

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

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

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

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 Manoj Tulsian, Chief Financial Officer of V.I.P. Industries Limited, to the best of our knowledge and belief, certify that:

We have reviewed the financial statements, read with the cash flow statement of V.I.P. Industries Limited for the year ended 31st March, 2011 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 present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) That there are no significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - (iii) that there are no frauds of which we have become aware and the involvement therein, if any, of the management or an employee.

For V.I.P. INDUSTRIES LIMITED

RADHIKA PIRAMAL
Managing Director

MANOJ TULSIAN
Chief Financial Officer

Place : Mumbai
Date : 10th August, 2011

REPORT ON CORPORATE GOVERNANCE (Contd.)

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

In accordance with sub-clause I(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I, Radhika Piramal, Managing Director of V.I.P. Industries Limited hereby confirm that the Board Members and the Senior Management personnel of your Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2011.

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

RADHIKA PIRAMAL
Managing Director

Place: Mumbai
Dated : 10th August, 2011

ANNEXURE TO THE DIRECTORS' REPORT

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by V.I.P. Industries Limited for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For **M. L. BHUWANIA & CO.**
Chartered Accountants

Place : Mumbai
Date : 10th August, 2011

J. P. BAIRAGRA
Partner
Membership No.12839
Firm Registration No. 101484W

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

LUGGAGE

Domestic Markets

The year under review was very good due to growth in travel sector which directly impacts the growth of the luggage category. Increased disposable income, significant increase in investments in travel infrastructure like airports, national highways etc have contributed to growth in travel segment. Both domestic and international air travel have now shown consistent double digit growth over a year. World Tourism Organization is reported to have predicted that India will account for 50 million outbound tourists by 2020. More and more international destinations have been investing in India to attract Indians to visit them.

The luggage category is estimated to be of ₹ 3500 Crores in size and growing at around 15% per annum, with soft luggage growing faster than hard luggage. All distribution channels have grown well, in particular organized modern trade across lifestyle and hyper formats. In the coming year, your Company expects to witness more new product introductions, consolidate Hard Luggage premium volumes and further enhance Soft Luggage volumes.

International Markets

The International Business of your Company registered a growth in all regions led by the Asia Pacific region which grew by 78%. Despite recession in Europe and a depressed situation in the Middle East, your Company's business grew by 13% in Europe and 18% in the Middle East. There were several new products launched in "Carlton" ranges which are extremely light weight, aesthetic, colourful and appealing to most consumers while being affordable. These launches received a very good response from most of the International markets. The value for money offering in recessionary times helped your Company grow its business.

MOULDED FURNITURE

Your Company registered a growth in the business of over 33% as compared to the previous year, despite the upward movement of raw material cost which continued to be a concern throughout the year. The brand 'MODERNA' because of its uncompromised quality has managed to register another year of good performance.

B. OPPORTUNITIES AND THREATS

LUGGAGE

Your Company expects domestic luggage market to grow on account of increased business and leisure travel in the year ahead and higher disposable incomes in India. Increase in air travel will benefit the popular and premium segment of the market. With investment on premium brands like 'Carlton' and 'VIP,' your Company is equipped to maximize its share of this growth. With your Company's multi segment – multi brand approach, it will be able to address all segments of the market, including those customers who are price conscious, through value brands like Alfa, Skybags and Aristocrat. With favorable marriage calendar during the year, hard luggage demand is likely to be robust.

Crude oil prices going up on account of uncertainty in the MENA region will increase the input costs for hard luggage. Appreciation of the Yuan, increased material and labour costs may increase buying prices for soft luggage finished goods from China. These cost increases may pressure your Company's margins, however it should be noted that all luggage players will experience the same cost pressures across the industry.

MOULDED FURNITURE

Being primarily a plastic product, moulded furniture will also experience margin pressure if oil and plastic prices remain high and volatile. However, the Moderna brand provides some pricing power.

C. SEGMENT / PRODUCT WISE PERFORMANCE

LUGGAGE

Your Company has segmented the market and clearly defined the role for each of its six brands in the category. CARLTON has been introduced through soft launch in November 2010 across premium distribution channel. Initial response has been very encouraging. Its positioning as international stylish premium brand from England has been well received.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

With multiple successful range launches across categories and with consistent and effective marketing investments, brand 'VIP' has done very well and has achieved best ever performance. The growth in the soft luggage segment has been almost double than that of the entire category. The brand continues to be the leader in the category and with bank of innovative product launches, the brand is likely to further improve its lead going ahead.

After successful test marketing in certain territories, the brand 'SKYBAGS' is being rolled out across traditional distribution channels beyond Hyper channel. The brand is positioned as a stylish offering for newer generation of travelers. Your Company has signed Bollywood star icon, 'John Abraham' for endorsing SKYBAGS and has promoted SKYBAGS through mass media nationally.

After a gap of seven years, brand 'Alfa' was promoted on TV during October - November 2010 marriage season. The new range of 'Boxer' hard side upright has been very well received by the market and has become one of the largest volume ranges in a very short time. With renewed focus on brand 'Footloose' and with improved product ranges, this brand has more than doubled its turnover in the year under review. This performance has given a lot of confidence to your Company to further expand the brand width in the years ahead. 'Aristocrat' brand has shown robust growth in the soft luggage segment.

MOULDED FURNITURE

The implementation and continuation with advance payment policy has substantially de-risked the business. Renewed focus on institutional business has also helped your Company to get good volume from different segments.

D. OUTLOOK

LUGGAGE

Considering the threats, opportunities and the strengths of your Company, the key task at hand will be to make most of the category growth across all price segments. Your Company is successfully executing its multi brand – multi segment strategy with consistent investment in advertising for all its luggage brands.

MOULDED FURNITURE

Your Company is confident that it will be able to improve upon its sales in the coming years through fresh initiatives, including the introduction of products of different design and colours.

E. RISKS AND CONCERNS

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

F. INTERNAL CONTROL SYSTEMS

During the year under review, your Company has appointed Ernst & Young Private Limited, as one of the Internal Auditors of your Company for maintaining internal controls to safeguard your Company's assets against losses from unauthorized use and ensure proper authorization of financial transactions, to evaluate the current state and identify performance gaps, to prioritize improvement opportunities and future state vision across all functions of the Company, to provide a high degree of assurance regarding the effectiveness and efficiency of operations, to assess the reliability of financial controls and compliance with laws and regulations. Your Company has a budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

G. FINANCIAL PERFORMANCE

SALES:

The Sales and Other Income of your Company for the year ended 31st March, 2011 was at ₹ 743.43 crores (Previous Year ₹ 611.52 crores). The consolidated Sales and Other Income for the year under review was ₹ 761.04 crores (Previous Year ₹ 645.98 crores).

EXPENDITURE:

Your Company continued its focus on cost management initiatives.

PROFIT:

Profit after Tax for the year under review amounted to ₹ 62.02 crores (Previous Year ₹ 50.05 crores). The consolidated Profit after Tax for the year under review was ₹ 88.72 crores as against previous year's ₹ 48.38 crores.

H. HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

The Human Resources department of your Company has effectively partnered the business in the year under review, to register strong growth and achieve targets. A structured recruitment process has helped your Company attract the right talent. A positive work environment and exciting career prospects have helped keep attrition under control in spite of very aggressive external market factors.

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

The employee strength as on 31st March 2011 was 1685.

AUDITORS' REPORT

TO THE MEMBERS OF
V.I.P. INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of VIP Industries Limited as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors of the company as on 31st March 2011 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2011 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon more particularly Note No. 25 of Schedule 'W', give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants

J. P. Bairagra
Partner
Membership No. 12839
Firm Registration No. 101484W

Place: Mumbai
Date: 10th August, 2011.

AUDITORS' REPORT (Contd.)

Annexure referred to in paragraph 3 of Auditor's report to the members of VIP Industries Limited for the year ended 31st March 2011.

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

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies noticed between the book records and the physical inventories were not material and have been properly dealt with in the accounts.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) (a) to (g) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year covered by the audit. In respect of deposits accepted in earlier years, the company has complied the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vii) According to the information and explanation given to us, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
- (ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues applicable to it with

AUDITORS' REPORT (Contd.)

the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable except Sales Tax of ₹ 84,327, Service Tax ₹ 43,188, Works Contract ₹ 1274, Bonus Payable ₹ 2,59,018 and Income Tax of ₹ 2,34,620.

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

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

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which it relates	Forum where dispute is pending
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	244,611	1994-1995	Joint Commissioner of Tax
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	427,546	1990-1991 to 1993-1994	Sales Tax Tribunal
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	311,561	1992-1993 to 1994-1995	Assistant Commissioner of Sales Tax
Assam General Sales Tax Act	Sales Tax Dues	1,930,577	1994-1995 and 1997-1998	Joint Commissioner of Sales Tax
Bihar Sales Tax Act, 1959	Sales Tax Dues	214,583	2006-2007	Deputy Commissioner of Commercial Tax
Delhi Sales Tax Act, 1975	Sales Tax Dues	97,244	1992-1993	Deputy Commissioner of Sales Tax
Bombay Sales Tax Act, 1959	Sales Tax Dues	2,562,070	1999-2000 to 2001-2002	Honourable High Court
Bombay Sales Tax Act, 1959	Sales Tax Dues	39,931,531	1999-2000 to 2002-2003	Joint Director of Industries
Bombay Sales Tax Act, 1959	Sales Tax Dues	10,867,258	1988-1989, 1993-1994 and 2002-2003 to 2004-05	Joint Commissioner (Appeals)
Bombay Sales Tax Act, 1959	Sales Tax Dues	5,706,696	2001-2002	Sr. Dy. Commissionerate (Assessment)
Bombay Sales Tax Act, 1959	Sales Tax Dues	27,82,919	1990-1991 and 2000-2001	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956	Sales Tax Dues	40,145,075	1988-1989, 2002-2003 2003-2004 and 2004-2005	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Sales Tax Dues	3,815	1999-2000	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax Dues	9,893	1992-93	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956	Sales Tax Dues	3,489,327	2002-2003	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax Dues	125,364	2005-2006	Dy. Commissionerate of Appeals
Kerala General Sales Tax Act, 1963	Sales Tax Dues	33,855	2005-2006 and 2008-2009	Commercial Tax Officer
Orissa Entry Tax Act, 1999	Entry Tax	958,391	2001-2002 to 2004-2005	Assistant Commissioner of Sales Tax

AUDITORS' REPORT (Contd.)

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which it relates	Forum where dispute is pending
Orissa Entry Tax Act, 1999	Entry Tax	112,198	2003-2004	Honourable High Court
Orissa Sales Tax Act, 1947	Sales Tax Dues	4,444,914	1999-2000 to 2004-2005	Honourable High Court
Orissa Entry Tax Act, 1999	Sales Tax Dues	687,877	2001-2002 to 2005-2006	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	Sales Tax Dues	5,175,952	1996-1997 to 2003-2004	Assistant Commissioner of Sales Tax
Punjab General Sales Tax Act, 1948	Sales Tax Dues	1,035,379	2000-01	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax Dues	4,447,657	1997-1998	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax Dues	93,879	2006-2007 and 2007-08	Sr. Joint Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax Dues	807,297	2005-2006	Dy. Commissionerate of Appeals
West Bengal Sales Tax Act, 1994	Sales Tax Dues	1,657,783	2005-2006	Joint Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax Dues	3,891,334	2005-2006	Dy. Commissioner of Sales Tax
Uttar Pradesh Trade Tax Act, 1948	Sales Tax Dues	33,437	2003-2004	Assistant Commissioner, Sales Tax
Uttar Pradesh Trade Tax Act, 1948	Sales Tax Dues	1,108,267	1986-1987	Trade Tax Tribunal
Madhya Pradesh Vat Adhiniyam 2002	Sales Tax Dues	289,158	2005-2006 to 2006-2007	Deputy Commissioner
Gujarat Value Added Tax Act, 2003	Sales Tax Dues	3,972,010	2006-07	Gujarat Value Added Tax Tribunal
Bombay Sales Tax Act, 1959	Sales Tax Dues	3,425,000	2000-01	High Court
Income Tax Act, 1961	Income Tax Dues	297,014	2005-2006 and 2006-2007	Income Tax Assessing Officer
Income Tax Act, 1961	Income Tax Dues	1,193,690	2007-2008	Commissioner of Income Tax (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2011. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2011 and in the immediately preceding financial year ended March 31, 2010.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year. Accordingly, clause 4 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.

AUDITORS' REPORT (Contd.)

- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2011.

For and on behalf of
M. L. BHUWANIA & CO.
Chartered Accountants

J. P. Bairagra
Partner
Membership No. 12839
Firm Registration No. 101484W

Place: Mumbai
Date: 10th August, 2011.

BALANCE SHEET

AS AT MARCH 31, 2011

(Rupees in '000)

	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	A	282,635	282,635
Reserves and Surplus	B	1,729,512	1,438,980
		2,012,147	1,721,615
Loan Funds:			
Secured Loans	C	843,581	723,143
Unsecured Loans	D	221,856	150,000
		1,065,437	873,143
Deferred Tax Liabilities (Net)	E	(70,466)	6,121
TOTAL		3,007,118	2,600,879
APPLICATION OF FUNDS			
Fixed Assets:	F		
Gross Block		2,605,890	2,468,490
Less: Accumulated Depreciation/ Amortisation		1,804,122	1,660,178
Net Block		801,768	808,312
Capital Work-in progress		49,902	4,231
		851,670	812,543
Investments	G	3,569	20,125
Current Assets, Loans and Advances:			
Inventories	H	1,189,694	801,197
Sundry Debtors	I	1,393,393	913,948
Cash and Bank Balances	J	86,999	167,245
Other Current Assets	K	97,208	91,442
Loans and Advances	L	416,823	567,524
		3,184,117	2,541,356
Less: Current Liabilities and Provisions:			
Current Liabilities	M	764,668	636,692
Provisions	N	267,570	136,453
		1,032,238	773,145
Net Current Assets		2,151,879	1,768,211
TOTAL		3,007,118	2,600,879
Notes to Accounts	W		
Accounting Policies	X		

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA

Partner

Membership No. : 12839

Place : Mumbai

Dated : 10th August, 2011

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

Chairman
Managing Director
Director
Company Secretary

Place : Mumbai

Dated : 10th August, 2011

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2011	(Rupees in '000) 2010
INCOME:			
Income from Operations	P	7,412,623	6,093,210
Other Income	Q	21,636	21,995
		7,434,259	6,115,205
EXPENDITURE:			
Cost of Materials	R	3,422,818	2,640,690
Payments to and Provisions for Employees	S	723,750	632,424
Administrative, Selling and Other Expenses	T	2,343,035	1,885,294
Interest (Net)	U	30,665	79,641
Depreciation / Amortisation		148,205	172,790
		6,668,473	5,410,839
Profit before Tax and Extraordinary items		765,786	704,366
Less: Extraordinary items	V	-	93,876
Profit before Tax		765,786	610,490
Less : Provision for Tax :			
Current Tax [including Wealth Tax ₹600,000 (previous year ₹ 500,000)]		227,100	132,500
Deferred Tax		(76,587)	(21,963)
Income Tax for earlier years		(4,898)	(582)
Profit after Tax		620,171	500,535
Add : Balance of profit brought forward		361,060	325,059
AMOUNT AVAILABLE FOR APPROPRIATION		981,231	825,594
APPROPRIATIONS:			
Interim Dividend		84,790	56,527
Proposed Dividend		197,844	84,790
Corporate Dividend Tax		46,505	24,017
General Reserve		291,032	299,200
Balance carried to Balance Sheet		361,060	361,060
		981,231	825,594
Earnings per share, Rupees:			
(Refer Note No. 17 of schedule 'W')			
Basic/Diluted Earnings Per Share excluding Extraordinary items (net of tax expenses)		21.94	19.90
Basic/Diluted Earnings Per Share including Extraordinary items		21.94	17.71
Notes to Accounts	W		
Accounting Policies	X		

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA
Partner
Membership No. : 12839
Place : Mumbai
Dated : 10th August, 2011

Dilip G. Piramal
Radhika Piramal
D.K. Poddar
Shreyas Trivedi
Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

	2011	(Rupees in '000) 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & Extraordinary item	765,786	704,366
Adjusted for:		
Depreciation/ Amortisation	148,205	172,790
Dividend received	(6)	(7)
Interest charged (Net)	30,666	79,641
Provision for warranty	3,769	515
Provision for leave encashment	(1,700)	(5,104)
Provision for gratuity	(1,691)	14,019
Provision for Doubtful Debts	275,305	(8,438)
(Gain) /Loss on Exchange rate fluctuation	(3,453)	102,870
(Profit) / Loss on sale of Investments	-	(264)
Adjustment for Capital Incentive	(500)	-
Investments Written Off	16,556	3,790
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence	2,759	8,799
	469,910	368,611
Operating profit before working capital changes	1,235,696	1,072,977
Changes in :		
Trade receivables	(755,295)	65,630
Inventories	(388,497)	(124,467)
Trade payables & Provisions	127,298	(156,640)
Loans and Advances	(78,996)	83,849
Other Current Assets	(18,039)	(114,578)
Cash generated from operations	122,167	958,399
Direct taxes paid (Net of refund received)	(149,619)	(124,854)
NET CASH FROM OPERATING ACTIVITIES	(27,452)	833,545
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Subsidy Received	-	3,000
Purchase of Fixed assets/ Payment towards CWIP	(194,223)	(107,986)
Loan to Subsidiary	157,115	(5,177)
Sale of Fixed assets	4,132	3,620
Sale of Investments	-	3,078
Interest received	23,537	12,450
Dividend received	6	7
NET CASH FROM INVESTING ACTIVITIES	(9,433)	(91,008)

CASH FLOW STATEMENT (Contd.)

FOR THE YEAR ENDED MARCH 31, 2011

	2011	(Rupees in '000) 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(43,820)	(96,200)
Proceeds / (Repayments) from / of borrowings (net)	196,358	(477,970)
Dividend paid (inclusive of Dividend Tax)	(195,899)	(97,869)
NET CASH FROM FINANCING ACTIVITIES	(43,361)	(672,039)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	(80,246)	70,498
CASH AND CASH EQUIVALENTS - OPENING BALANCE	167,245	96,747
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	86,999	167,245
	(80,246)	70,498

Notes:

(1) Closing Balance of Cash & Cash Equivalents included exchange rate difference gain of ₹ 97,948 (previous year loss of ₹ 4,14,879)

(2) Cash and Cash Equivalents include :

	2011	(Rupees in '000) 2010
Cash and Cheques on Hand	4,865	96,461
<u>Balances with Scheduled Banks in :</u>		
Current Accounts	18,417	13,926
Margin Money Account	26,159	25,224
Unclaimed Dividend Accounts	10,428	55,004
Balances in Current Account with Non Scheduled Banks	3,683	7,926
Remittance - in - Transit	23,447	47,076
Total	86,999	167,245

(3) Previous year's figures have been regrouped and/or rearranged wherever considered necessary.

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA

Partner

Membership No. : 12839

Place : Mumbai

Dated : 10th August, 2011

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

Chairman
Managing Director
Director
Company Secretary

Place : Mumbai

Dated : 10th August, 2011

SCHEDULES

FORMING PART OF ACCOUNTS

(Rupees in '000)

2011

2010

SCHEDULE 'A'

SHARE CAPITAL

Authorised:

49,300,000 Equity Shares (previous year 49,300,000) of ₹ 10 each	493,000	493,000
1,000 9% Redeemable Cumulative Preference Shares of ₹ 1,000 each	1,000	1,000
	<u>494,000</u>	<u>494,000</u>

Issued,Subscribed and Paid-Up:

28,263,463 (previous year 28,263,463) Equity Shares of ₹ 10 each fully paid- up	282,635	282,635
	<u>282,635</u>	<u>282,635</u>

Notes:

Of the above Equity Shares:

- 30,000 Equity Shares (previous year 30,000) of ₹ 10 each were allotted as fully paid-up shares, pursuant to a contract for consideration other than cash,
- 3,525,000 Equity Shares (previous year 3,525,000) of ₹ 10 each were allotted as fully paid-up Bonus Shares by way of capitalisation of reserves,
- 16,800,000 Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Blow Plast Ltd. with the Company and
- 2,801,650 Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Aristocrat Luggage Ltd. with the Company.

SCHEDULE 'B'

RESERVES AND SURPLUS

Capital Reserve:

As per last Balance Sheet	1,496	1,496
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Capital Incentive :

As per last Balance Sheet	12,432	9,432
Add: Additions during the year	-	3,000
Less: Transferred to Profit and Loss Account (Other Income)	<u>500</u>	<u>-</u>
(Refer Note No 26 of Schedule 'W')	11,932	12,432

Securities Premium Account :

As per last Balance Sheet	335,250	335,250
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Capital Redemption Reserve :

As per last Balance Sheet	1,502	1,502
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General Reserve :

As per last Balance Sheet	727,240	428,040
Add: Transferred from Profit and Loss Account	<u>291,032</u>	<u>299,200</u>
	1,018,272	727,240

Profit and Loss Account:

Balance as per Account annexed	361,060	361,060
	<u>1,729,512</u>	<u>1,438,980</u>

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

	2011	(Rupees in '000) 2010
SCHEDULE 'C'		
SECURED LOANS		
A. Term Loans:		
1. ECB loan - Axis Bank Ltd	5,575	28,062
- Refer Note No. 1		
2. Foreign Currency Corporate loan - State Bank of India	32,962	37,118
- Refer Note No. 2		
3. Corporate Term loan from State Bank of India	—	32,000
- Refer Note No. 2	38,537	97,180
B. Working Capital Facilities from Banks	805,044	625,963
- Refer Note No. 3		
	843,581	723,143

Notes:

1. ECB from Axis Bank Ltd is secured by first charge on pari passu basis on all the movable and immovable fixed assets of the company located at Haridwar.
2. The Corporate Rupee Term loan and Foreign currency loan from State Bank of India is secured by first pari passu charge on fixed assets of the Company located at Plants in Nasik, Sinnar and Haridwar.
3. Working Capital facilities from banks are 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.

SCHEDULE 'D'

UNSECURED LOANS

A. Term Loans:		
Short Term loan from banks	100,000	150,000
- Refer Note		
B. Working Capital Facilities from Banks	121,856	-
	221,856	150,000

Note : Amount payable within one year ₹221,856,120 (previous year ₹ 150,000,000)

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'E'

DEFERRED TAX LIABILITIES (Net)

Deferred Tax Liabilities

On account of :

- Depreciation /Amortisation

	38,970	49,351
(a)	38,970	49,351

Deferred Tax Assets

On account of :

- Expenses allowable on payment basis
- Provision for Doubtful Debts
- Voluntary Retirement Scheme Expenses
- Merger Expenses

	6,206	9,474
	89,913	604
	13,016	32,344
	301	808
(b)	109,436	43,230
Net (a-b)	(70,466)	6,121

SCHEDULE 'F'

FIXED ASSETS

(Rupees in '000)

	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at 31st March, 2010	Additions	Deductions/ Adjustments	As at 31st March, 2011	As at 31st March, 2010	For the year	Deductions/ Adjustments	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Freehold Land	268	-	-	268	-	-	-	-	268	268
Leasehold Land	39,677	4,664	-	44,341	-	-	-	-	44,341	39,677
Buildings	361,228	12,126	-	373,354	124,373	11,564	-	135,937	237,417	236,855
Plant and Machinery	846,579	26,498	-	873,077	681,019	33,156	-	714,175	158,902	165,560
Data Processing Machines	126,660	5,506	273	131,893	113,721	7,360	104	120,977	10,916	12,939
Moulds and Dies	654,814	51,737	-	706,551	499,441	44,740	-	544,181	162,370	155,373
Furniture, Fixture and Equipments	259,738	26,910	1,069	285,579	131,975	36,824	959	167,840	117,739	127,763
Vehicles	49,889	17,090	9,811	57,168	13,539	4,889	3,198	15,230	41,938	36,350
Intangible Assets:										
Patents and Trademarks	90,803	-	-	90,803	61,797	6,967	-	68,764	22,039	29,006
Computer Software	38,834	4,022	-	42,856	34,313	2,705	-	37,018	5,838	4,521
	2,468,490	148,553	11,153	2,605,890	1,660,178	148,205	4,261	1,804,122	801,768	808,312
Previous Year	2,425,042	113,271	69,823	2,468,490	1,542,525	172,790	55,137	1,660,178	808,312	

Notes:

- (1) Buildings include Original cost of ₹ 7,007,275 (previous year ₹ 7,007,275) being the cost of ownership flats represented by 10 (previous year 10) shares of ₹ 50 each of Co-operative societies.
- (2) Plant & Machinery to the extent of ₹ 3,000,000 (Previous year ₹ 3,000,000) is hypothecated to the State Government of Uttarakhand (SIDCUL Dehradun) as per agreement for the Capital Incentive Scheme.

SCHEDULES
FORMING PART OF ACCOUNTS (Contd.)

	Face Value Rupees	Nos.	2011	Nos.	(Rupees in '000) 2010
SCHEDULE 'G'					
INVESTMENTS (At Cost)					
Long term and Non-Trade					
Quoted:					
a) Equity Shares :					
1) Windsor Machines Limited.	10	2,280,730	163,635	2,280,730	163,635
2) Kemp & Co Ltd.	10	1,909	20	1,909	20
3) Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
			<u>163,655</u>		<u>163,655</u>
Total Value of Quoted Investments			<u>163,655</u>		<u>163,655</u>
Unquoted :					
a) Equity Shares:					
1) Dinnette Exclusive Club Pvt Ltd	100	500	50	500	50
2) Taluka Audyogik Sahakari Vasahat Maryadit, Sinnar	100	10	1	10	1
3) The Saraswat Co Op Bank Ltd.	10	2,000	20	2,000	20
4) The Shamrao Vithal Co Op Bank Ltd.	25	100	3	100	3
5) Investment in Wholly Owned Subsidiary Company:					
i) Carlton Travel Goods Ltd. (Face Value of GBP 1)	-	200,000	16,556	200,000	16,556
ii) Blow Plast Retail Ltd.	10	50,000	500	50,000	500
			<u>17,130</u>		<u>17,130</u>
b) Joint Venture					
Equity shares:					
VIP Nitol Industries Limited (Face Value BDT 1000) (Refer Note No. 24 of Schedule 'W')	-	25,003	21,190	-	-
Total Value of Unquoted Investments			<u>38,320</u>		<u>17,130</u>
Total Value of Investments			201,975		180,785
Less: Provision for diminution in value of Investments			198,406		160,660
Net Value of Investments			<u>3,569</u>		<u>20,125</u>

Notes : Aggregate market value of Quoted Investments ₹ 172,542,920 (previous year ₹ 97,154,971)

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'H'

INVENTORIES

(As certified by the Management)

(Valued at lower of cost and net realisable value unless otherwise stated)

Stores and Spares & Loose Tools	7,417	6,875
Raw Materials & Components	148,544	116,310
Packing Materials	7,584	5,842
Work-In- Process (at estimated cost)	61,978	47,059
Scrap (at net realisable value)	798	524
Finished Goods	963,373	624,587
	1,189,694	801,197

SCHEDULE 'I'

SUNDRY DEBTORS (unsecured)

Over Six Months:

Considered Good	82,451	251,530
Considered Doubtful	272,568	1,777
	355,019	253,307

Other debts:

Considered Good	1,310,941	662,418
Considered Doubtful	4,515	-
	1,670,475	915,725

Less: Provision for Doubtful Debts

	277,082	1,777
	1,393,393	913,948

Amount due from subsidiary ₹ 9,909,435 (previous year ₹ 223,415,275)

SCHEDULE 'J'

CASH AND BANK BALANCES

Cash and Cheques on Hand	4,865	96,461
Balances with Scheduled Banks in :		
Current Accounts	18,417	13,926
Margin Money Account	25,407	25,224
Unclaimed Dividend Accounts	10,428	7,926
	54,252	47,076
Balances with Non Scheduled Banks in :		
Current Accounts *	3,683	524
Margin Money Account	752	-
Remittance - in - Transit	23,447	23,184
	86,999	167,245

* Hong kong Shanghai Banking Corporation Limited: a) Hongkong, maximum balance outstanding during the year ₹ 3,525,588 (Previous year ₹ 2,983,461), b) London- maximum balance outstanding during the year ₹ 25,250,963 (Previous year ₹ Nil)

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

	2011	(Rupees in '000) 2010
SCHEDULE 'K'		
OTHER CURRENT ASSETS		
Interest Receivable*	3,456	15,729
Export Incentive Receivable	14,125	14,193
Others	79,627	61,520
	97,208	91,442

* Interest Receivable includes an amount due from subsidiary ₹ Nil
(previous year ₹12,898,468)

SCHEDULE 'L'

LOANS AND ADVANCES

(Unsecured, considered good, unless otherwise stated)

Deposit with Corporate Bodies & Others	1,703	1,703
Advance Recoverable in cash or in kind or for value to be received	248,904	180,278
Loan to Subsidiary	-	157,115
MAT Credit Entitlement	-	9,703
Less : Reversed during the year	-	9,703
Loans and advances to staff	5,465	3,731
Deposits:		
Public Bodies	14,452	14,470
Others	130,026	121,371
	144,478	135,841
Advance Income Tax (net of provisions) *	16,273	88,856
	416,823	567,524

* Advance Income Tax for the current year is net of Provision for tax of ₹ 520,387,923 (previous year ₹ 513,650,310).

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'M'

CURRENT LIABILITIES

Sundry Creditors	438,103	363,164
Other Liabilities	277,276	226,658
Advances and deposits from customers	35,572	33,475
Investor Education & Protection Fund *		
Unclaimed Dividend	10,428	7,926
Unclaimed Interest on Fixed Deposits	787	904
Unclaimed Fixed Deposits	546	836
	11,761	9,666
Interest accrued but not due on loans	1,956	3,729
	764,668	636,692

1. Sundry Creditors include amount due to Subsidiary ₹ Nil (previous year ₹ 3,165,035)
2. *An amount of ₹ 61,035 (previous year ₹ 22,685) is due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2011 (since paid on 19th April 2011).
3. Refer Note No. 5 of Schedule 'W' for Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

SCHEDULE 'N'

PROVISIONS

Provision for Proposed Dividend	197,844	84,790
Provision for Tax on Dividend	32,094	14,410
Provision for Gratuity	13,477	15,167
Provision for Leave encashment	17,832	19,532
Provision for Warranty (Refer Note No. 23 of Schedule 'W')	6,323	2,554
	267,570	136,453

SCHEDULE 'P'

INCOME FROM OPERATIONS

Sales	7,445,868	6,140,411
Less : Excise Duty	130,042	126,731
Net Sales	7,315,826	6,013,680
Income from Job work	76,229	68,614
Export Incentives	20,568	10,916
	7,412,623	6,093,210

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'Q'

OTHER INCOME

Dividend from Long term (Non trade) Investments	6	7
Profit on sale of Long term (Non trade) Investments (Net)	-	264
Sale of Scrap	7,375	6,807
Rent Received	1,258	3,076
Exchange Rate Difference (Net)	2,943	-
Miscellaneous Income	10,054	11,841
	21,636	21,995

SCHEDULE 'R'

COST OF MATERIALS

Raw Materials & Components Consumed :

Opening Stock	116,310	103,013
Add: Purchases	1,593,859	1,384,400
	1,710,169	1,487,413
Less: Sales	12,789	10,353
Closing Stock	148,544	116,310
	1,548,836	1,360,750
Purchase of Finished Goods	2,135,637	1,310,491

Decrease/(Increase) in stock:

Opening Stock		
Finished goods	624,587	523,431
Work-in-process	47,059	38,393
Scrap	524	500
	672,170	562,324
Less: Closing stock		
Finished goods	963,373	624,587
Work-in-process	61,978	47,059
Scrap	797	524
	1,026,148	672,170

(353,978) (109,846)

Packing Materials Consumed	92,323	79,295
	3,422,818	2,640,690

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'S'

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Bonus	620,044	548,792
Contribution to Provident and Other Funds	66,603	50,103
Welfare Expenses	37,103	33,529
	723,750	632,424

SCHEDULE 'T'

ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Stores and Spares Consumed	26,140	20,566
Power and Fuel	111,176	114,133
Repairs and Maintenance to :		
Plant and Machinery	8,532	10,306
Buildings	1,187	1,116
Others	30,607	28,965
	40,326	40,387
Freight, Handling and Octroi	376,932	324,215
Discounts & Rebates	544,003	495,015
Commission on Sales	5,020	1,508
Insurance	2,169	3,355
Rent including Lease rentals	197,687	194,709
Rates and Taxes	13,080	10,564
Advertisement and Brand Marketing	366,852	293,113
Travelling & Conveyance	101,170	83,206
Legal & Professional Fees	19,382	23,457
Royalty	12,470	20,139
Communication Cost	29,421	28,121
Bank Charges & Commission	19,159	19,258
Human Resource Procurement	82,285	58,430
Directors' Fees	640	325
Auditors' Remuneration (Refer Note No.15 of Schedule 'W')	3,280	3,067
Loss on sale of Fixed Assets (Net)	2,759	586
Loss on Obsolescence / Damage of Fixed assets	-	7,811
Loss on Disposal of Fixed Asset held for sale	-	401
Exchange Rate Difference (Net)	-	41,172
Provision for Doubtful Debts	275,305	1,777
Provision for Diminution in Investment	16,556	3,790
Bad Debts:	-	-
Bad Debts written off during the year	1,276	23,978
Less: Provision for Doubtful Debts reversed	-	10,239
	95,947	82,450
Miscellaneous Expenses	2,343,035	1,885,294

SCHEDULES

FORMING PART OF ACCOUNTS (Contd.)

	2011	(Rupees in '000) 2010
SCHEDULE 'U'		
INTEREST (NET)		
Fixed Loans	17,438	40,634
Banks	24,353	54,849
Others	139	175
	41,930	95,658
Less : Interest Income:		
Interest received on I.T. Refunds, loans & deposits	11,265	16,017
(Tax Deducted at source ₹ 3,978,713 previous year ₹ 160,660)		
	30,665	79,641
SCHEDULE 'V'		
EXTRAORDINARY ITEMS		
Voluntary Retirement Expenses	-	93,876
	-	93,876

NOTES

FORMING PART OF ACCOUNTS

SCHEDULE 'W'

NOTES TO THE ACCOUNTS

(Rupees in '000)

	2011	2010
1. Estimated amounts of Contracts remaining to be executed on Capital Account and not provided for (net of advances).	19,937	8,768
2. Contingent Liabilities not provided for in respect of :		
a. Disputed Income Tax liability	22,517	26,659
b. Disputed Sales Tax liability	154,818	132,807
c. Disputed Property Tax	-	100,756
d. Bills discounted with Bank	-	163,522
e. Bonds issued under EPCG scheme	42,305	55,465
f. Disputed Excise duty liability	1,105	1,105
g. Claims against the Company not acknowledged as Debts	338	326
h. Disputed Employees state insurance corporation dues.	786	786
3. During the year the Company has made a provision of ₹ 64,17,386 (previous year ₹ 97,05,445) 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. There is no effect of this on the profit for the year.		
4. Directors' Remuneration:		
Particulars of remuneration paid to Directors (Refer Note)		
Salary and allowances	14,884	13,078
Commission	11,075	3,650
Gratuity Paid (During the year)	8,500	-
Contribution to Provident and other funds *	783	1,064
Perquisites**	271	477
Total	35,513	18,269
* Exclusive of gratuity and leave encashment which are based on actuarial valuation done on overall Company basis.		
** Evaluated as per Income Tax Rules, 1962, where necessary.		
Non Executive Directors:-		
Commission	11,075	7,300
Sitting fees	640	325
	11,715	7,625
Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956 and calculation of the Directors Commission thereon for the year ended 31st March, 2011:		
Profit before Tax for the year as per Profit and Loss Account	765,786	610,490
Add : Directors' remuneration	35,513	18,269
Directors' Fees	640	325
Commission to Non Executive Director	11,075	7,300
Profit/ loss on sale of fixed assets	2,760	587
Loss on Obsolescence / Damage of fixed assets	-	7,812
(Profit)/Loss on sale of Investments	-	(264)
Loss on Sale of Asset held for disposal	-	401
Investment in Joint Venture written off (net of provision for diminution)	-	3,790
Provision for Investment in Subsidiary	16,556	-
Provision for doubtful Debts	275,305	(8,437)
Deferred VRS Expenses	-	93,876
Net Profit as per Section 349 of the Companies Act, 1956	1,107,635	734,149
Commission payable to Directors		
Whole Time	11,075	3,650
Non Whole Time	11,075	7,300

SCHEDULE 'W' (Contd)

5. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act, have not been given. The same has been relied upon by the Auditors.

6. Licensed and Installed Capacity :	Unit	Licensed capacity*	Installed capacity**	Production
Injection / Vacuum Moulded Plastic Goods (in '000)	Tonnes	34 (34)	15 (15)	3,853 (3,853)
Flexible Luggage (in '000)	Numbers	420 (420)	- -	- -
Moulds, Tools, Jigs & Fixtures	Numbers	520 (520)	520 (520)	101 (101)
Element Panels (in '000)	M.T	3 (3)	2 (2)	- -

Notes:

* Licensed Capacity includes capacities enhanced by the Industrial Entrepreneur's Memorandum (IEM) submitted under the New Industrial Policy.

** Installed Capacity has been certified by a Director and relied upon by the Auditors.

7. The Ministry of Company Affairs, Government of India vide its Order No. 46/29/2011-CL-III dated 18th January, 2011 issued under Section 211(4) of the Companies Act, 1956, has exempted the Company from disclosure of details required to be provided under Paragraph 3(i)(a), 3(ii)(a), 3(ii)(b) of the part II of Schedule VI to the Companies Act, 1956.

8. Raw Materials and Components Consumed

(Rupees in '000)

		2011		2010
	%	Value	%	Value
Raw Materials				
Imported*	24	150,689	30	185,395
Indigenous	76	486,962	70	432,310
Subtotal	100	637,651	100	617,705
Components & other Raw Materials				
Imported*	2	17,583	2	16,581
Indigenous	98	893,602	98	726,464
Subtotal	100	911,185	100	743,045
TOTAL		1,548,836		1,360,750

* Excludes imported items purchased locally

9. Stores and Spares Consumed:

Whereof:

Imported *	3	852	10	2,024
Indigenous	97	25,288	90	18,542
	100	26,140	100	20,566

* Excludes imported items purchased locally.

NOTES

FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd)

	2011	(Rupees in '000) 2010
10. Value of imports on C.I.F. basis:		
Raw Materials & Components	156,437	169,601
Capital Goods	44,787	9,733
Stores & Spares	813	8,302
11. Expenditure in foreign currency:		
Travelling	13,782	9,533
Interest	8,143	8,879
Advertisement	166	446
Brand Marketing	-	60,526
Marketing Expenses	38,193	26,651
Commission	18,287	8,869
Royalty	10,550	16,959
Capital assets	36,232	22,359
Professional Fees	1,404	4,041
Salary	48,234	34,045
Others	32,554	26,667
Note: Capital assets of ₹ 36,232,409 (previous year ₹ 22,358,683) have been capitalised during the year.		
12. Remittance on account of Dividend to Non-Resident shareholders:-		
a) Final Dividend :		
i. No. of non-resident shareholders	495 nos	494 nos
ii. No. of shares held by the shareholders	54900 nos	53850 nos
iii. Amount remitted	165	54
iv. Year to which pertains	2009-10	2008-09
b) Interim Dividend :		
i. No. of non-resident shareholders	466 nos	498 nos
ii. No. of shares held by the shareholders	52100 nos	54350 nos
iii. Amount remitted	156	109
iv. Year to which pertains	2010-11	2009-10
13. Earnings in Foreign Currency:		
Exports of Finished Goods, Components & Other Items (on F.O.B. basis)	730,669	470,193
Interest	6,243	12,856
Insurance	46	72
Freight	18,873	15,722
14. Research & Development Expenditure:		
Revenue expenditure charged to Profit & Loss Account	25,953	22,410

SCHEDULE 'W' (Contd)

		(Rupees in '000)
	2011	2010
15. Auditors' Remuneration :		
Audit Fees (including Limited Review)	1,200	1,200
Tax Audit Fees	175	175
Certification & Other services	1,248	1,200
Income Tax representation	300	300
Towards Service Tax (Refer Note below)	398	269
	3,321	3,144

Note: Out of above, service tax credit of ₹ 40,871 (previous year ₹ 77,042), has been taken and the same has not been debited to Profit & Loss Account.

16. Related Parties Disclosure :

1. Name of Related Parties & description of relationship

VIP Nitol Industries Ltd	Joint Venture
Carlton Travel Goods Ltd. (A)	Wholly owned Subsidiary Company
Blow Plast Retail Ltd. (B)	Wholly owned Subsidiary Company
Ramgopal Polytex Ltd.	Enterprise in which Key Management Personnel had significant influence

Key Management Personnel:

Mr Dilip G. Piramal	Chairman
Mr. Sudhir Jatia	Managing Director (resigned 30/04/2010)
Ms. Radhika Piramal	Managing Director (w.e.f 01/05/2010)
Mr. Premanand Thangavelu	Director Works (w.e.f 27/07/2010)

2. The following transactions were carried out with related parties

	(Rupees in '000)				
	Joint Venture	Wholly owned Subsidiary Company (A).Carlton	Wholly owned Subsidiary Company (B).B P Retail	Enterprise in which Key Mgt. Personnel had significant influence	Key Mgt. Personnel
<u>Balances at the year end:</u>					
Loans Receivable as on 31st March, 2011	-	-	-	-	-
	-	(157,115)	-	-	-
Equity Contribution as on 31st March 2011 (Net of provision for diminution)	-	-	500	-	-
	-	(16,556)	(500)	-	-
Creditors as on 31st March, 2011	-	-	-	-	-
	-	(3,165)	-	-	-
Debtors as on 31st March, 2011	-	9,909	-	-	-
	-	(223,415)	-	-	-
Interest Receivable as on 31st March, 2011	-	-	-	-	-
	-	(12,898)	-	-	-
Receivables as on 31st March, 2011	-	-	1	-	-
	-	-	-	-	-

NOTES

FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd)

(Rupees in '000)

	Joint Venture	Wholly owned Subsidiary Company (A).Carlton	Wholly owned Subsidiary Company (B).B P Retail	Enterprise in which Key Mgt. Personnel had significant influence	Key Mgt. Personnel
Transactions during the year:					
Sale of FG, Components, Accessories & Spares	-	56,717	-	-	-
	-	(88,699)	-	-	-
Remuneration paid to:					
Mr. Sudhir Jatia	-	-	-	-	11,521
	-	-	-	-	(9,808)
Ms. Radhika Piramal	-	-	-	-	9,329
	-	-	-	-	(4,811)
Mr. Premanand Thangavelu	-	-	-	-	3,588
	-	-	-	-	-
Expenses Reimbursed / Incurred	-	2,196	-	-	-
	-	(60,526)	-	-	-
Purchase of Finished Goods	-	6,911	-	-	-
	-	-	-	-	-
Purchase of Fixed Assets	-	3,778	-	-	-
	-	-	-	-	-
Receivables written off	-	-	-	-	-
	(5,451)	-	-	-	-
Provision for Doubtful Debts	-	270,537	-	-	-
	-	-	-	-	-
Investment written off (net of provision for diminution)	-	-	-	-	-
	(3,790)	-	-	-	-
Interest Paid	-	-	-	-	-
	-	-	-	(1,250)	-
Interest Received	-	6,243	-	-	-
	-	(12,856)	-	-	-
Commission Paid to:					
Mr. Dilip Piramal	-	-	-	-	11,075
	-	-	-	-	(7,300)
Mr. Sudhir Jatia	-	-	-	-	-
	-	-	-	-	(3,650)
Ms. Radhika Piramal	-	-	-	-	11,075
	-	-	-	-	-
Loan Given	-	-	-	-	-
	-	(48,280)	-	-	-
Loan Repayment received	-	157,115	-	-	-
	-	(40,381)	-	-	-
Advance Given to subsidiary	-	-	1	-	-
	-	(17,749)	-	-	-
Advance Adjusted by subsidiary	-	-	-	-	-
	-	(17,749)	-	-	-
Short term Deposit received	-	-	-	-	-
	-	-	-	(30,000)	-
Short term Deposit paid back	-	-	-	-	-
	-	-	-	(40,000)	-

Notes: 1. Related party relationship is as identified by the company and relied upon by Auditors.

2. Previous year figures are given in brackets.

SCHEDULE 'W' (Contd)

17. Earning Per Share (EPS)-The numerators and denominators used to calculate Basic and Diluted Earning Per Share.
(Rupees in '000)

	2011	2010
Basic Earnings per share		
Numerator for Basic and Diluted earnings per share:		
Profit/(Loss) before tax and extraordinary items	765,786	704,366
Less: Provision for Tax		
- Current year (Net of tax on extraordinary items)	227,100	154,787
- Deferred Tax (Net of extraordinary items)	(76,587)	(12,366)
- Income Tax for earlier years	(4,898)	(582)
	145,615	141,839
Profit after tax excluding extra ordinary items (a)	620,171	562,527
Profit after tax and extraordinary items (b)	620,171	500,535
Denominator for Basic and Diluted earnings per share:		
Weighted average number of shares (c)	28,263,463	28,263,463
Basic and Diluted earnings per share excluding extraordinary items (₹) (a)/(c)	21.94	19.90
Basic and Diluted earnings per share including extraordinary items (₹) (b)/(c)	21.94	17.71
Face value of Equity Share (₹)	10	10

18 Segment Information for the year ended 31st March 2011

The Company has two primary business segments, viz i. Luggage & Accessories ii. Furniture. Since the segment revenue, segment result and segment assets of the segment 'Furniture' is less than 10% of the respective totals, the same is considered insignificant and accordingly no Primary segment is considered reportable. Since the assets outside India in Previous year is more than 10% of the total assets, geographical segment is reported as the secondary segment.

Information about Secondary Segment (Rupees in '000)

	2011			2010		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	6,684,841	749,417	7,434,258	5,629,054	486,151	6,115,205
Segment Assets	3,608,902	539,890	4,148,792	2,837,635	525,678	3,363,313
Capital Expenditure	112,525	36,028	148,553	100,675	12,596	113,271

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.

19 Details of Loans and advances (as required by clause 32 of the listing agreement with the stock exchanges):
(Rupees in '000)

Name of party	Relationship	Amount outstanding as at 31.03.2011	Maximum amount outstanding during the year
Carlton Travel Goods Ltd.	Wholly owned Subsidiary Company	- (157,115)	157,115 (218,159)

NOTES

FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd)

Notes

- The interest rate applicable to the above loans / advances outstanding as on year ended is as follows:
Carlton Travel Goods Ltd. @ 7 % per anum (terms of repayment are Moratorium for 1.5 years and thereafter entire loan to be repaid within 18 months.)
- There are no investments by the loanee in the shares of the Company.
- Figures for the previous year are given in brackets.

20 Derivatives:

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

- Amount receivable in foreign currency on account of the following :

Particulars	As on 31.03.2011		As on 31.03.2010		Foreign Currency
	(Rupees in '000)	Amount in Foreign Currency	(Rupees in '000)	Amount in Foreign Currency	
Receivables against Exports	10,714	168,940	7,336	121,192	EUR
	119,774	2,686,128	277,687	6,185,939	USD
Loan Receivables	-	-	157,115	3,500,000	USD
Other Receivables	-	-	12,898	287,335	USD
Bank Balances :	198	4,434	245	5,454	USD
	2,447	38,585	303	5,013	EURO
	1,402	244,660	524	90,709	HKD
	2,188	30,528	-	-	GBP

- Amount payable in foreign currency on account of the following :

Particulars	As on 31.03.2011		As on 31.03.2010		Foreign Currency
	(Rupees in '000)	Amount in Foreign Currency	(Rupees in '000)	Amount in Foreign Currency	
Creditors	493	7,777	471	7,777	EUR
	-	-	3,165	46,504	GBP
	2,178	179,336	1,444	118,265	AED
	35,188	788,969	36,113	804,290	USD
Loans	131,274	2,943,366	107,585	2,396,101	USD
Interest Payable	721	16,169	268	5,972	USD
Other Payables	2,674	220,167	827	67,756	AED
	716	125,000	836	144,665	HKD
	16,904	379,015	14,600	325,166	USD
	5,598	88,272	6,409	105,882	EUR
	197	5,564	178	5,564	SGD
	830	11,574	-	-	GBP

21 Employee Benefits:

The disclosures as required under the revised AS 15 are as under:

a) Defined Benefit Plan

The Company has schemes for long-term benefits such as provident fund, gratuity and leave encashment. In case of funded scheme, the funds are recognised by the Income tax authorities and administered through

NOTES

FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd)

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

b) Contribution to Provident Fund ₹ 29,820,047 (Previous year ₹ 26,104,827)

c) **Disclosures for Gratuity benefit plans based on actuarial reports as on 31/03/2011**

(Rupees in '000)

		2011		2010	
		Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(i)	Assumptions				
	Discount Rate	8%	8%	8%	8%
	Rate of increase in Compensation levels	5%	5%	5%	5%
	Rate of Return on Plan Assets:				
(ii)	Change in Benefit Obligation				
	Projected Benefit Obligations at the beginning of the year	163,887	19,532	131,902	24,637
	Interest Cost	11,974	1,246	9,731	1,882
	Service Cost	13,756	5,637	14,861	4,476
	Benefits paid	(28,441)	(7,905)	(20,519)	(2,215)
	Actuarial (gain) / loss on obligations	13,825	(678)	27,912	(9,248)
	Projected Benefit Obligations at the end of the year	175,001	17,832	163,887	19,532
(iii)	Fair value of Plan Assets				
	Fair value of Plan Assets at the beginning of the year	143,368	-	116,569	-
	Expected Return on Plan Assets	12,965	-	12,002	-
	Contributions / Transfers	20,519	7,905	45,487	2,215
	Benefits paid	(28,441)	(7,905)	(20,519)	(2,215)
	Gain / (loss) on Plan Assets	(2,095)	-	(10,171)	-
	Fair value of Plan Assets at the end of the year	146,316	-	143,368	-
(iv)	Change in Plan Assets				
	Fair value of Plan Assets at the beginning of the year	143,368	-	116,569	-
	Actual return on Plan Assets	10,870	-	1,831	-
	Contributions / Transfers	20,519	7,905	45,487	2,215
	Benefits paid	(28,441)	(7,905)	(20,519)	(2,215)
	Fair value of Plan Assets at the end of the year	146,316	-	143,368	-
	Excess of actual over expected return on Plan Assets	(2,095)	-	(10,171)	-

NOTES

FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd)

(Rupees in '000)

		2011		2010	
		Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(v)	Funded Status	(28,685,142)	(17,831,693)	(20,519,494)	(19,531,574)
(vi)	Actuarial gain/loss is being recognised :				
	Actuarial gain/(loss) for the year - Obligation	(13,825)	678	(27,912)	9,248
	Actuarial gain/(loss) for the year - Plan Assets	(2,095)	-	(10,171)	-
	Actuarial gain/(loss) recognised	(15,920)	678	(38,083)	9,248
(vii)	The amounts to be recognised in Balance Sheet and Income Statement and the related analysis				
	Present value of obligation	175,001	17,832	163,887	19,532
	Fair value of Plan Assets	146,316	-	143,368	-
	Difference	(28,685)	(17,832)	(20,519)	(19,532)
	Unrecognised Actuarial gains / (losses)	-	-	-	-
	(Liability)/Asset recognised in Balance Sheet	(28,685)	(17,832)	(20,519)	(19,532)
(viii)	Net Periodic Cost				
	Current Service Cost	13,756	5,637	14,861	4,476
	Interest Cost	11,974	1,246	9,731	1,882
	Expected return on Plan Assets	(12,965)	-	(12,002)	-
	Net Actuarial (gain) / loss recognised in the year	15,920	(678)	38,083	(9,248)
	Expenses recognised in the Income Statement	28,685	6,205	50,673	(2,890)
(ix)	Movements in the liability recognised in the Balance Sheet				
	Opening Net liability	20,519	19,532	15,333	24,637
	Expense as above	28,685	6,205	50,673	(2,890)
	Contributions / Transfers	(20,519)	(7,905)	(45,487)	(2,215)
	Closing Net liability	28,685	17,832	20,519	19,532
(x)	Experience Analysis				
	Actuarial (Gain)/Loss due to change in bases	-	-	-	-
	Experience (Gain) / Loss due to Change in Experience	13,825	(678)	27,912	(9,248)
	Total	13,825	(678)	27,912	(9,248)

22 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 ₹ 190,480,794 (previous year ₹ 194,708,978) as Rent are grouped under schedule of "Administrative, selling and other Expenses". These leasing arrangements which are cancellable, range between 11 months and 5 years generally, or longer and are usually renewable by mutually agreed terms and conditions.

SCHEDULE 'W' (Contd)

Rental Income of ₹ 1,257,792 (previous year ₹ 3,076,338) from Operating leases are recognised in the Profit & Loss Account & grouped under the schedule of 'Other Income'.

The details of Asset given on lease are as under:

	(Rupees in '000)	
	2011	2010
Gross Block	12,061	2665
Accumulated Depreciation	2,713	389
Written down value	9,348	2276
Depreciation for the year	197	74

There are no Contingent rent recognised in the profit & loss account. The lease is cancellable in nature.

23 Disclosure relating to Provisions

Provision related to Warranty

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.

The movement in the above Provision is summarised as under:

	(Rupees in '000)	
	2011	2010
Opening Balance	2,554	2,040
Additions	4,474	852
Utilisation / reversals	705	338
Closing Balance	6,323	2,554

- 24** The Company had entered into an agreement to sale its stake in the Joint Venture, VIP NITOL Industries Limited. The sale has not been effected pending clearances from the authorities in Bangladesh. During the previous year the company has erroneously shown the said investment as written off instead of provision, however the same has been rectified in the Current year. Consequently the disclosure under AS 27 is not applicable.
- 25** During the year the Board has approved the write off (subject to the approval from the Reserve Bank of India) of the trade debtors due from its wholly owned subsidiary M/s Carlton Travel Goods Ltd to the extent of ₹ 27 Crores and a provision for Diminution in value of Investment in the said subsidiary to the extent of ₹ 1.7 Crores. The Company has applied to the RBI seeking approval for the write off of the trade debtors. Pending the approval, the Company has made a provision for the same. Accordingly an amount of ₹ 28.7 Crores is shown as Exceptional item in the Standalone results.
- 26** During the previous year, the Company had received ₹ 3,000,000 from SIDCUL, Uttaranchal towards capital Incentive for its Hardwar Plant. Accordingly an amount of ₹ 500,000 has been transferred to the Profit and Loss account on SLM basis.
- 27** Previous Year figures have been regrouped and/or rearranged wherever necessary.
- 28** Balances of Sundry Creditors, Sundry Debtors, Loans and Advances are subject to confirmation and consequential adjustment if any.
- 29** Figures in brackets are in respect of previous year.

BALANCE SHEET ABSTRACT

31 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

CIN	L25200MH1968PLC013914	State Code	11
Balance Sheet Date	31 03 11		
	DD MM YY		

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amounts in ₹ Thousands):

Total Liability	4,148,792	Total Assets	4,148,792
Sources of Funds:			
Paid-up Capital	282,635	Reserves & Surplus	1,729,512
Secured Loans	843,581	Unsecured Loans	221,856
Deferred Tax Liabilities (Net)	(70,466)		
Application of Funds:			
Net Fixed Assets	851,670	Investments	3,569
Net Current Assets	2,151,879	Misc. Expenditure	-
Accumulated Losses	-		

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	7,434,258	Total Expenditure	6,668,473
Profit/Loss before tax	765,786	Profit/Loss after tax	620,171
Earning per share in ₹	21.94	Dividend rate %	100

V. Generic Names of Three Principal Products/ Services of Company:

Item Code No. (ITC Code)	420212 04/05
Product Description	Plastic Moulded Luggage
Item Code No. (ITC Code)	4202129990
Product Description	Soft Luggage
Item Code No. (ITC Code)	940370 00
Product Description	Plastic Moulded Furniture

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

Chairman
 Managing Director
 Director
 Company Secretary

Place : Mumbai
 Dated : 10th August, 2011

SCHEDULE 'X'

ACCOUNTING POLICIES

BASIS OF ACCOUNTING:

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

REVENUE RECOGNITION :

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

FIXED ASSETS AND DEPRECIATION:

- (a) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on straight line method in accordance with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except on items of Furniture & Fixtures capitalised at the company run retail stores which are depreciated at the rate of 50% on Straight line basis and computer hardware @ 25% on Straight line basis. Leasehold land is not amortised over the period of the lease.
- (b) (b) Intangible assets are identified when the assets are expected to provide future enduring economic benefits. The assets are identified in the year in which the relevant asset is put to use in the production or supply of goods or services. The assets are amortised over a period of estimated useful life as determined by the management.
 - Expenditure on trademarks is amortised over a period of ten years on straight line method.
 - Expenditure on patents is amortised over a period of ten years on straight line method or over the period of control, whichever is earlier.
 - Expenditure on Computer Software is amortised over a period of three years on straight line method.

INVESTMENTS:

Long term investments are stated at cost. Provision for diminution in value of long term investment is made only if such decline is other than temporary in the opinion of the management. Dividends are accounted for as and when received.

EMPLOYEE BENEFITS:

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

INVENTORY:

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

FOREIGN CURRENCY TRANSACTIONS :

- (a) In respect of foreign exchange transaction, the transaction in foreign currency is recorded in rupees by applying the exchange rate prevailing at the time of the transaction. Amount short or excess realised/incurred is transferred to Profit and Loss account.
- (b) All foreign currency liabilities / assets not covered by forward contracts, are restated at the rates prevailing at the year end and any exchange differences are debited / credited to the Profit & Loss Account.

SCHEDULE 'X' (Contd.)

- (c) In respect of transaction covered by forward contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit & Loss Account over the period of the contract.

EXPORT BENEFITS:

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

BORROWING COST :

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

TAXATION :

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

LEASE :

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

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 profit and loss account. 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.

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.

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA
Partner
Membership No. : 12839
Place : Mumbai
Dated : 10th August, 2011

Dilip G. Piramal	Chairman
Radhika Piramal	Managing Director
D.K. Poddar	Director
Shreyas Trivedi	Company Secretary

Place : Mumbai
Dated : 10th August, 2011

SECTION 212 STATEMENT

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

Name of the Subsidiary Company: Carlton Travel Goods Ltd.

Reporting Currency : GBP

Exchange Rate as on 31.03.2011: 1 GBP = ₹ 71.68

Sr No	Particulars	2011		2010	
		Exchange Rate	Amount (Rupees in '000)	Exchange Rate	Amount (Rupees in '000)
a	Capital	71.68	14,336	68.06	13,612
b	Reserves	71.68	25,892	68.06	36,717
c	Total Assets	71.68	60,861	68.06	509,687
d	Total Liabilities	71.68	60,861	68.06	509,687
e	Details of Investment (Other than investment in subsidiary)	71.68	-	68.06	-
f	Turnover (including other income)	70.93	234,822	75.8	467,015
g	Profit/(Loss) before Taxation	70.93	250,515	75.8	(16,676)
h	Provision for Taxation	70.93	-	75.8	-
i	Profit/(Loss) After Taxation	70.93	250,515	75.8	(16,676)
j	Proposed Dividend	70.93	-	75.8	-

Note:

As required under para (vi) of the Approval Letter dated 09.02.2011 issued by the Ministry of Corporate Affairs, Government of India, Shastri Bhavan, 5th Floor, 'A' Wing, Dr R.P.Road, New Delhi, Indian Rupees equivalents of the figures given in foreign currency appearing in the accounts of the subsidiary company, has been given along with the exchange rate as on 31.03.2011 and the average rate for the year as applicable.

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

Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

SECTION 212 STATEMENT (Contd.)

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

Name of the Subsidiary Company : Blow Plast Retail Ltd

Reporting Currency : INR

Sr. No	Particulars	2011 (Rupees in '000)	2010 (Rupees in '000)
a	Capital	500	500
b	Reserves	-	-
c	Total Assets	500	500
d	Total Liabilities	500	500
e	Details of Investment (Other than investment in subsidiary)	-	-
f	Turnover (including other income)	-	-
g	Profit before Taxation	-	-
h	Provision for Taxation	-	-
i	Profit After Taxation	-	-
j	Proposed Dividend	-	-

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

Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the attached Consolidated Balance Sheet of VIP Industries Limited and its Subsidiary Companies as at 31st March, 2011, the Consolidated Profit and Loss account and also the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the Financial Statement of Subsidiary Company **Blow Plast Retail Limited** whose financial statement reflect total assets of ₹ 4,49,903 as at 31st March, 2011 and total revenue of ₹ Nil for the year ended on that date. We did not audit the Financial Statement of the Subsidiary Company **Carlton Travel Goods Limited** whose financial statement reflect total assets of ₹ 2,14,48,735 as at 31st March, 2011 and total revenue of ₹ 23,48,21,974 for the year ended on that date. The financial statement of the Subsidiary Carlton Travel Goods Limited have been audited by other auditor, whose reports have been furnished to us, our opinion, in so far as it relates to the amounts included in respect of this entity, is based solely on the report of the auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21, 'Consolidated Financial Statement' issued by the Institute of Chartered Accountants of India on the basis of individual financial statements of VIP Industries Ltd. and its subsidiary companies included in the Consolidated Financial Statement.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statement gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - b. in the case of the Consolidated Profit and Loss account, of the profit for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
M. L. Bhuwania & Co.
Chartered Accountants

J. P. Bairagra
Partner
Membership No. 12839
Firm Registration No. 101484W

Place: Mumbai
Date: 10th August, 2011.

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2011

(Rupees in '000)
2010

SOURCES OF FUNDS

	Schedule	2011	2010
Shareholders' Funds:			
Share Capital	A	282,635	282,635
Reserves and Surplus	B	1,730,117	1,181,936
		2,012,752	1,464,571
Loan Funds:			
Secured Loans	C	843,581	723,143
Unsecured Loans	D	221,856	150,000
		1,065,437	873,143
Deferred Tax Liabilities (Net)	E	(70,466)	6,121
TOTAL		3,007,723	2,343,835

APPLICATION OF FUNDS

Fixed Assets:	F		
Gross Block		2,616,517	2,482,128
Less: Accumulated Depreciation/ Amortisation		1,814,749	1,668,961
Net Block		801,768	813,167
Capital Work-in progress		49,902	4,231
		851,670	817,398
Investments	G	3,069	3,069
Current Assets, Loans and Advances:			
Inventories	H	1,190,566	869,186
Sundry Debtors	I	1,398,246	797,963
Cash and Bank Balances	J	91,548	187,785
Other Current Assets	K	98,924	91,582
Loans and Advances	L	416,823	413,537
		3,196,107	2,360,053
Less: Current Liabilities and Provisions:			
Current Liabilities	M	775,553	700,232
Provisions	N	267,570	136,453
		1,043,123	836,685
Net Current Assets		2,152,984	1,523,368
TOTAL		3,007,723	2,343,835
Notes to Accounts	W		
Accounting Policies	X		

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA
Partner
Membership No. : 12839
Place : Mumbai
Dated : 10th August, 2011

Dilip G. Piramal
Radhika Piramal
D.K. Poddar
Shreyas Trivedi
Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2011	(Rupees in '000) 2010
INCOME:			
Income from Operations	P	7,576,900	6,437,778
Other Income	Q	33,517	21,999
		<u>7,610,417</u>	<u>6,459,777</u>
EXPENDITURE:			
Cost of Materials	R	3,526,098	2,840,821
Payments to and Provisions for Employees	S	756,244	690,976
Administrative, Selling and Other Expenses	T	2,108,268	1,972,099
Interest (Net)	U	36,908	92,497
Depreciation / Amortisation		<u>150,049</u>	<u>175,700</u>
		<u>6,577,567</u>	<u>5,772,093</u>
Profit before Tax and Extraordinary items		<u>1,032,850</u>	<u>687,684</u>
Extraordinary items	V	-	93,876
Profit before Tax		<u>1,032,850</u>	<u>593,808</u>
Less : Provision for Tax :			
Current Tax [including Wealth Tax ₹ 600,000 (previous year ₹ 500,000)]		227,100	132,500
Deferred Tax		(76,587)	(21,963)
Income Tax for earlier years		(4,899)	(582)
Profit after Tax		<u>887,236</u>	<u>483,853</u>
Add: Balance of profit brought forward		<u>82,832</u>	<u>63,513</u>
AMOUNT AVAILABLE FOR APPROPRIATION		<u>970,068</u>	<u>547,366</u>
APPROPRIATIONS:			
Interim Dividend		84,790	56,527
Proposed Dividend		197,844	84,790
Corporate Dividend Tax		46,505	24,017
General Reserve		291,032	299,200
Balance carried to Balance Sheet		<u>349,897</u>	<u>82,832</u>
		<u>970,068</u>	<u>547,366</u>
Earnings per share, Rupees:			
(Refer Note No. 9 of Schedule 'W')			
Basic/Diluted Earnings Per Share excluding Extraordinary items (net of tax expenses)		31.39	19.31
Basic/Diluted Earnings Per Share including Extraordinary items		31.39	17.12
Notes to Accounts	W		
Accounting Policies	X		

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA
Partner
Membership No. : 12839
Place : Mumbai
Dated : 10th August, 2011

Dilip G. Piramal
Radhika Piramal
D.K. Poddar
Shreyas Trivedi
Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

(Rupees in '000)

2011

2010

A. CASH FLOW FROM OPERATING ACTIVITIES

Net profit before tax & Extraordinary items	1,032,850		687,684
Adjusted for:			
Depreciation/ Amortisation	150,049		175,700
Dividend Received	(6)		(7)
Interest charged (Net)	36,908		92,497
Provision for warranty	3,769		514
Provision for leave encashment	(1,700)		(5,104)
Provision for Gratuity	(1,691)		14,019
Provision for Doubtful Debts	5,905		(9,380)
(Gain) /Loss on Exchange rate fluctuation	(8,863)		64,988
(Gain) /Loss on Transalation	(9,416)		29,823
(Profit) / Loss on sale of Investments	-		(264)
Adjustment for Capital Incentive	(500)		-
Investments Written Off	-		3,790
(Profit)/Loss on sale/ disposal of fixed assets/ obsolescence	2,759		25,247
	177,214		391,823
Operating profit before working capital changes	1,210,064		1,079,507
Changes in :			
Trade receivables	(604,883)		37,804
Inventories	(321,380)		(74,360)
Trade payables & Provisions	75,012		(180,703)
Loans and Advances	(72,676)		91,837
Other Current Assets	(6,716)	(930,643)	9,817
			(115,605)
Cash generated from operations	279,421		963,902
Direct taxes paid (Net of refund received)	(149,619)		(124,854)
NET CASH FROM OPERATING ACTIVITIES	129,802		839,048

B. CASH FLOW FROM INVESTING ACTIVITIES

Capital Subsidy	-		3,000
Purchase of fixed assets / payments towards CWIP	(191,103)		(108,720)
Sale of fixed assets	4,023		3,074
Sale of Investments	-		3,078
Interest received	4,396		2,549
Dividend received	6		7
NET CASH FROM INVESTING ACTIVITIES	(182,678)		(97,012)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

FOR THE YEAR ENDED MARCH 31, 2011

(Rupees in '000)

2011 2010

C. CASH FLOW FROM FINANCING ACTIVITIES

Interest paid	(43,820)	(96,200)
Proceeds / (Repayments) from / of borrowings (net)	196,358	(478,691)
Dividend paid (inclusive of Dividend Tax)	(195,899)	(97,869)
NET CASH FROM FINANCING ACTIVITIES	(43,361)	(672,760)
NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)	(96,237)	69,276
CASH AND CASH EQUIVALENTS - OPENING BALANCE	187,785	118,509
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	91,548	187,785
	(96,237)	69,276

Notes:

- (1) Closing Balance of Cash & Cash Equivalents included exchange rate difference gain of ₹ 307,976 (previous year loss of ₹ 21,76,950)
- (2) Cash and Cash Equivalents include :

	2011	2010
Cash and Cheques on Hand	4,865	96,461
Balances with Scheduled Banks in :		
Current Accounts	22,966	34,466
Margin Money Account	25,407	25,224
Unclaimed Dividend Accounts	10,428	7,926
Balances with Non Scheduled Banks	-	524
Remittance - in - Transit	23,447	23,184
Total	91,548	187,785

- (3) Previous year's figures have been regrouped and/or rearranged wherever considered necessary.

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA

Partner
Membership No. : 12839
Place : Mumbai
Dated : 10th August, 2011

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

Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS

	2011	(Rupees in '000) 2010
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised:		
49,300,000 Equity Shares (previous year 49,300,000) of ₹ 10 each	493,000	493,000
1,000 9% Redeemable Cumulative Preference Shares of ₹ 1,000 each	1,000	1,000
	494,000	494,000
Issued, Subscribed and Paid-Up:		
28,263,463 (previous Year 28,263,463) Equity Shares of ₹ 10 each fully paid- up	282,635	282,635
	282,635	282,635
Notes:		
Of the above Equity Shares:		
a) 30,000 Equity Shares (previous year 30,000) of ₹ 10 each were allotted as fully paid-up shares, pursuant to a contract for consideration other than cash,		
b) 3,525,000 Equity Shares (previous year 3,525,000) of ₹ 10 each were allotted as fully paid-up Bonus Shares by way of capitalisation of reserves,		
c) 16,800,000 Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Blow Plast Ltd. with the Company and		
d) 2,801,650 Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Aristocrat Luggage Ltd. with the Company.		
SCHEDULE 'B'		
RESERVES AND SURPLUS		
Capital Reserve:		
As per last Balance Sheet	1,496	1,496
Capital Incentive :		
As per last Balance Sheet	12,432	9,432
Add: Additions during the year	-	3,000
Less: Transferred to Profit and Loss Account (Other Income) (Refer Note No. 17 of Schedule 'W')	500	-
	11,932	12,432
Securities Premium Account :		
As per last Balance Sheet	335,250	335,250
Capital Redemption Reserve :		
As per last Balance Sheet	1,502	1,502
General Reserve :		
As per last Balance Sheet	727,240	428,040
Add: Transferred from Profit and Loss Account	291,032	299,200
	1,018,272	727,240
Foreign Currency Translation Reserve	11,768	21,184
Profit and Loss Account:		
Balance as per Account annexed	349,897	82,832
	1,730,117	1,181,936

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

	2011	(Rupees in '000) 2010
SCHEDULE 'C'		
SECURED LOANS		
A. Term Loans:		
1) ECB loan - Axis Bank Ltd	5,575	28,062
- Refer Note No. 1		
2) Foreign Currency Corporate loan - State Bank of India	32,962	37,118
- Refer Note No. 2		
3) Corporate term loan from State Bank of India	-	32,000
- Refer Note No. 2		
	38,537	97,180
B. Working Capital Facilities from Banks		
- Refer Note No. 3	805,044	625,963
	843,581	723,143

Notes :

1. ECB from Axis Bank Ltd is secured by first charge on pari passu basis on all the movable and immovable fixed assets of the company located at Haridwar.
2. The Corporate Rupee Term loan and Foreign currency loan from State Bank of India is secured by first pari passu charge on fixed assets of the Company located at Plants in Nasik, Sinnar and Haridwar.
3. Working Capital facilities from banks are 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, Nagpur, Jalgaon and Sinnar.

SCHEDULE 'D'

UNSECURED LOANS

A Short Term loan from Banks	100,000	150,000
- Refer Note		
B Working Capital Facilities from Bank	121,856	-
	221,856	150,000

Notes :

Amount payable within one year ₹ 221,856,120 (previous year ₹ 150,000,000)

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

	2011	(Rupees in '000) 2010
SCHEDULE 'E'		
DEFERRED TAX LIABILITIES (Net)		
Deferred Tax Liabilities		
On account of :		
- Depreciation /Amortisation	38,970	49,351
(a)	38,970	49,351
Deferred Tax Assets		
On account of :		
- Expenses allowable on payment basis	6,206	9,474
- Provision for Doubtful Debts	89,913	604
- Voluntary Retirement Scheme Expenses	13,016	32,344
- Merger Expenses	301	808
(b)	109,436	43,230
Net (a-b)	(70,466)	6,121

SCHEDULE 'F'										
FIXED ASSETS										
	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at 31st March, 2010	Additions	Deductions/ Adjustments	As at 31st March, 2011	As at 31st March, 2010	For the year (Refer Note 5 below)	Deductions/ Adjustments	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Freehold Land	268	-	-	268	-	-	-	-	268	268
Leasehold Land	39,677	4,664	-	44,341	-	-	-	-	44,341	39,677
Buildings	361,228	12,126	-	373,354	124,373	11,564	-	135,937	237,417	236,855
Plant and Machinery	846,579	26,498	-	873,077	681,019	33,156	-	714,175	158,902	165,560
Data Processing Machines	137,480	5,600	628	142,452	120,061	8,880	104	128,837	13,615	17,419
Moulds and Dies	654,814	51,737	-	706,551	499,441	44,740	-	544,181	162,370	155,373
Furniture, Fixture and Equipments	262,556	23,695	604	285,647	134,418	37,148	959	170,607	115,040	128,138
Vehicles	49,889	17,090	9,811	57,168	13,539	4,889	3,198	15,230	41,938	36,350
Intangible Assets:										
Patents and Trademarks	90,803	-	-	90,803	61,797	6,967	-	68,764	22,039	29,006
Computer Software	38,834	4,022	-	42,856	34,313	2,705	-	37,018	5,838	4,521
	2,482,128	145,432	11,043	2,616,517	1,668,961	150,049	4,261	1,814,749	801,768	813,167
Previous Year	2,457,820	114,005	89,697	2,482,128	1,552,369	175,700	59,108	1,668,961	813,167	

Notes:

- (1) Buildings include Original cost of ₹ **7,007,275** (previous year ₹ 7,007,275) being the cost of ownership flats represented by 10 (previous year 10) shares of ₹ 50 each of Co-operative societies.
- (2) Plant & Machinery to the extent of ₹ **3,000,000** (previous year ₹ 3,000,000) is hypothicated to the State Government of Uttarakhand (SIDCUL Dehradun) as per agreement for the Capital Incentive Scheme.
- (3) Exchange rate difference of ₹ **238,771** (previous year ₹ 1,134,115) on account of translation of gross block & depreciation into Indian Rupees is shown under deductions / adjustments.

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in '000)

	Face Value Rupees	Nos.	2011	Nos.	2010
SCHEDULE 'G'					
INVESTMENTS (At Cost)					
Long term and Non-Trade					
Quoted:					
a) Equity Shares :					
1) Windsor Machines Limited	10	2,280,730	163,635	2,280,730	163,635
2) Kemp & Co Ltd.	10	1,909	20	1,909	20
3) Jindal Southwest Holdings Ltd.	10	2,250	-	2,250	-
			163,655		163,655
Total Value of Quoted Investments			163,655		163,655
Unquoted :					
a) Equity Shares:					
1) Dinnette Exclusive Club Pvt Ltd.	100	500	50	500	50
2) Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar	100	10	1	10	1
3) The Saraswat Co Op Bank Ltd.	10	2,000	20	2,000	20
4) The Shamrao Vithal Co Op Bank Ltd.	25	100	3	100	3
			74		74
b) Joint Venture					
Equity shares:					
VIP Nitel Industries Limited (Face Value BDT 1000) (Refer Note No. 11 of Schedule 'W')	-	25,003	21,190	-	-
Total Value of Unquoted Investments			21,264		74
Total Value of Investments			184,919		163,729
Less: Provision for diminution in value of Investments			181,850		160,660
Net Value of Investments			3,069		3,069

Note : Aggregate market value of Quoted Investments ₹172,542,920 (previous year ₹ 97,154,971)

SCHEDULE 'H'

INVENTORIES

(As certified by a Director)

(Valued at lower of cost and net realisable value unless otherwise stated)

Stores and Spares & Loose Tools	7,417	6,875
Raw Materials & Components	148,544	116,310
Packing Materials	7,584	5,842
Work-In- Process (at estimated cost)	61,978	47,059
Scrap (at net realisable value)	798	524
Finished Goods	964,245	692,576
	1,190,566	869,186

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

	2011	(Rupees in '000) 2010
SCHEDULE 'I'		
SUNDRY DEBTORS (unsecured)		
Over Six Months:		
Considered Good	88,477	75,066
Considered Doubtful	7,682	1,777
	96,159	76,843
Other debts:		
Considered Good	1,309,769	722,897
Considered Doubtful	-	-
	1,409,928	799,740
Less: Provision for Doubtful Debts	7,682	1,777
	1,398,246	797,963

SCHEDULE 'J'

CASH AND BANK BALANCES

Cash and Cheques on Hand	4,865	96,461
Balances with Scheduled Banks in :		
Current Accounts	22,966	34,466
Margin Money Account	25,407	25,224
Unclaimed Dividend Accounts	10,428	7,926
	58,801	67,616
Balances with Non Scheduled Banks in :		
Current Accounts *	3,683	524
Margin Money Account	752	-
Remittance - in - Transit	23,447	23,184
	91,548	187,785

* Hong kong Shanghai Banking Corporation Limited: a) Hongkong, maximum balance outstanding during the year ₹3,525,588 (Previous year ₹ 2,983,461), b) London- maximum balance outstanding during the year ₹ 25,250,963 (Previous year ₹ Nil)

SCHEDULE 'K'

OTHER CURRENT ASSETS

Interest Receivable	3,456	2,830
Export Incentive Receivable	14,125	14,193
Others	81,343	74,559
	98,924	91,582

SCHEDULE 'L'

LOANS AND ADVANCES

(Unsecured, considered good, unless otherwise stated)

Deposit with Corporate Bodies & Others	1,703	1,703
Advance Recoverable in cash or in kind or for value to be received	248,904	183,406
Loans and advances to staff	5,465	3,731
Deposits:		
Public Bodies	14,452	14,470
Others	130,026	121,371
	144,478	135,841
Advance Income Tax (net of provisions) *	16,273	88,856
	416,823	413,537

* Advance Income Tax for the current year is net of Provision for tax of ₹ 520,387,923 (previous year ₹ 513,650,310).

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in '000)

2011 2010

SCHEDULE 'M'

CURRENT LIABILITIES

Sundry Creditors	438,967	390,068
Other Liabilities	287,297	263,294
Advances and deposits from customers	35,573	33,475
Investor Education & Protection Fund *		
Unclaimed Dividend	10,428	7,926
Unclaimed Interest on Fixed Deposits	787	904
Unclaimed Fixed Deposits	546	836
	<u>11,761</u>	<u>9,666</u>
Interest accrued but not due on loans	1,955	3,729
	<u>775,553</u>	<u>700,232</u>

* An amount of ₹ 61,035 (previous year ₹ 22,685) is due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2011 (since paid on 19th April 2011).

SCHEDULE 'N'

PROVISIONS

Provision for Proposed Dividend	197,844	84,790
Provision for Tax on Dividend	32,094	14,410
Provision for Gratuity	13,477	15,167
Provision for Leave encashment	17,832	19,532
Provision for Warranty (Refer Note No. 15 of Schedule 'W')	6,323	2,554
	<u>267,570</u>	<u>136,453</u>

SCHEDULE 'P'

INCOME FROM OPERATIONS

Sales	7,610,145	6,484,979
Less : Excise Duty	<u>130,042</u>	<u>126,731</u>
Net Sales	7,480,103	6,358,248
Income from Job work	76,229	68,614
Export Incentives	20,568	10,916
	<u>7,576,900</u>	<u>6,437,778</u>

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'Q'

OTHER INCOME

Dividend from Long term (Non trade) Investments	6	7
Profit on sale of Long term (Non trade) Investments	-	264
Sale of Scrap	7,375	6,807
Rent received	1,258	3,076
Exchange Rate Difference (Net)	11,874	-
Miscellaneous Income	13,004	11,845
	33,517	21,999

SCHEDULE 'R'

COST OF MATERIALS

Raw Materials & Components Consumed :

Opening Stock	116,310	103,013
Add : Purchases	1,593,859	1,384,400
	1,710,169	1,487,413
Less : Sales	12,789	10,353
Closing Stock	148,544	116,310

1,548,836 1,360,750

Purchase of Finished Goods **2,168,920** 1,462,430

Decrease / (Increase) in stock:

Opening Stock		
Finished goods	695,447	647,350
Work-in-process	47,059	38,393
Scrap	524	500
	743,030	686,243

Less : Closing stock		
Finished goods	964,237	700,314
Work-in-process	61,978	47,059
Scrap	797	524
	1,027,012	747,897

(283,982) (61,654)

Packing Materials Consumed	92,324	79,295
	3,526,098	2,840,821

SCHEDULE 'S'

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Bonus	648,573	600,311
Contribution to Provident and Other Funds	70,494	56,948
Welfare Expenses	37,177	33,717
	756,244	690,976

SCHEDULES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in '000)

2011

2010

SCHEDULE 'T'

ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Stores and Spares Consumed	26,140	20,566
Power and Fuel	111,438	114,612
Repairs and Maintenance to :		
Plant and Machinery	8,532	10,306
Buildings	1,187	1,116
Others	30,607	28,965
Freight, Handling and Octroi	392,149	354,011
Discounts & Rebates	544,003	506,602
Commission on Sales	12,301	1,507
Insurance	3,330	5,004
Rent including Lease rentals	199,974	198,097
Rates and Taxes	14,040	11,820
Advertisement and Brand Marketing	372,059	287,118
Travelling & Conveyance	106,876	92,524
Legal & Professional Fees	22,353	28,834
Royalty	12,470	20,139
Communication Cost	29,421	28,149
Bank Charges & Commission	19,159	19,270
Human Resource Procurement	82,284	58,430
Directors' Fees	640	325
Auditors' Remuneration (Refer Note No. 7 of Schedule 'W')	4,747	4,588
Loss on sale of Fixed Assets (Net)	2,759	586
Loss on Obsolescence / Damage of Fixed assets	-	24,260
Loss on Disposal of Fixed Asset held for sale	-	401
Exchange Rate Difference (Net)	-	22,149
Provision for Doubtful Debts	5,893	1,777
Provision for Diminution in Investment	-	3,790
Bad Debts:		
Bad Debts written off during the year	4,053	23,978
Less: Provision for Doubtful Debts reversed	-	10,239
Miscellaneous Expenses	101,853	113,414
	<u>2,108,268</u>	<u>1,972,099</u>

SCHEDULE 'U'

INTEREST (NET)

Fixed Loans	17,438	40,634
Banks	24,353	54,849
Others	139	175
	<u>41,930</u>	<u>95,658</u>
Less: Interest Income:		
Interest received on Long-term Investments		
Interest received on I.T. Refunds, loans & deposits	5,022	3,161
(Tax Deducted at source ₹ 160,660 previous year ₹157,288)		3,161
	<u>36,908</u>	<u>92,497</u>

SCHEDULE 'V'

EXTRAORDINARY ITEMS

Voluntary Retirement Expenses	-	93,876
	<u>-</u>	<u>93,876</u>

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS

SCHEDULE 'W'

NOTES TO THE ACCOUNTS

1 The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS 21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India (ICAI).

2 Subsidiary to Consolidate

(a) Name of Subsidiary: Carlton Travel Goods Ltd.

Country of Incorporation: United Kingdom

Extent of holding : 100%

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

Country of Incorporation: India

Extent of holding : 100%

	2011	(Rupees in '000) 2010
3 Estimated amounts of Contracts remaining to be executed on Capital Account and not provided for (net of advances).	19,937	8,768
4 Contingent Liabilities not provided for in respect of :		
a) Disputed Income Tax liability	22,517	26,659
b) Disputed Sales Tax liability	154,818	132,807
c) Disputed Property Tax	-	100,756
d) Bills discounted with Bank	-	163,522
e) Bonds issued under EPCG scheme	42,305	55,465
f) Disputed Excise duty liability	1,105	1,105
g) Claims against the Company not acknowledged as Debts	338	326
h) Disputed Employees state insurance corporation dues.	786	786
5 During the year the Company has made a provision of ₹ 64,17,386 (previous year ₹ 97,05,445) 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. There is no effect of this on the profit for the year.		
6 Research & Development Expenditure:		
Revenue expenditure charged to Profit & Loss Account	25,953	22,410
7 Auditors' Remuneration :		
Audit Fees (including Limited Review)	1,951	1,963
Tax Audit Fees	175	175
Certification & Other services	1,958	1,957
Income Tax representation	300	300
Towards Service Tax (Refer note below)	398	270
	4,782	4,665

Note: Out of above, service tax credit of ₹ 40,871 (previous year ₹ 77,042), has been taken and the same has not been debited to Profit & Loss Account.

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd.)

8 Related Parties Disclosure:

- Name of Related Parties & description of relationship

VIP Nitel Industries Ltd Joint Venture

Ramgopal Polytex Ltd. Enterprise in which Key Management Personnel had significant influence

Key Management Personnel:

Mr Dilip G. Piramal Chairman

Mr. Sudhir Jatia Managing Director (resigned 30/04/2010)

Ms. Radhika Piramal Managing Director (w.e.f 01/05/2010)

Mr. Premanand Thangavelu Director Works (w.e.f 27/07/2010)

- The following transactions were carried out with related parties

(Rupees in '000)

	Joint Venture	Enterprise in which Key Mgt. Personnel had significant influence	Key Mgt. Personnel
Transactions during the year:			
Remuneration paid to:			
Mr. Sudhir Jatia	-	-	11,521 (9,808)
Ms. Radhika Piramal	-	-	9,329 (4,811)
Mr. Premanand Thangavelu	-	-	3,588 -
Commission Paid to:			
Mr. Dilip Piramal	-	-	11,075 (7,300)
Mr. Sudhir Jatia	-	-	- (3,650)
Ms. Radhika Piramal	-	-	11,075 -
Receivables written off	- (5,451)	-	- -
Investment written off (net of provision for diminution)	- (3,790)	-	- -
Interest Paid	-	- (1,250)	- -
Short term Deposit received	-	- (30,000)	- -
Short term Deposit paid back	-	- (40,000)	- -

Notes: 1. Related party relationship is as identified by the company and relied upon by Auditors.

2. Previous year figures are given in brackets.

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd.)

9 Earning Per Share (EPS)-The numerators and denominators used to calculate Basic and Diluted Earning Per Share.

		(Rupees in '000)	
		2011	2010
Basic and Diluted Earnings per share			
Numerator for Basic and Diluted earnings per share:			
Profit/(Loss) before taxation and extraordinary items		1,032,850	687,684
Less: Provision for taxation			
- Current year (Net of tax on extraordinary items)	227,100	154,787	
- Deferred Tax (Net of extraordinary items)	(76,587)	(12,366)	
- Income Tax for earlier years	(4,899)	(582)	
		145,614	141,839
Profit after tax excluding extra ordinary items	(a)	887,236	545,845
Profit after tax and extraordinary items	(b)	887,236	483,853
Denominator for Basic and Diluted earnings per share:			
Number of shares (previous year weighted average number of shares)	(c)	28,263,463	28,263,463
Basic and Diluted earnings per share excluding extraordinary items (₹)	(a)/(c)	31.39	19.31
Basic and Diluted earnings per share including extraordinary items (₹)	(b)/(c)	31.39	17.12
Face value of Equity Share (₹)		10	10

10. Segment Information for the year ended 31st March 2011

The Company has two primary business segments, viz i. Luggage & Accessories ii. Furniture. Since the segment revenue, segment result and segment assets of the segment 'Furniture' is less than 10% of the respective totals, the same is considered insignificant and accordingly no Primary segment is considered reportable. Since the 'sales outside India' is more than 10% of the total sales, geographical segment is reported as the secondary segment.

Information about Secondary Segment

(Rupees in '000)						
	2011			2010		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	6,689,865	920,552	7,610,417	5,847,922	864,467	6,712,389
Segment Assets	3,608,852	551,429	4,160,281	2,745,237	332,289	3,077,525
Capital Expenditure	113,087	32,345	145,432	100,675	13,330	114,005

Notes:

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

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd.)

- 11 The Company had entered into an agreement to sale its stake in the Joint Venture, VIP NITOL Industries Limited. The sale has not been effected pending clearances from the authorities in Bangladesh. During the previous year the company has erroneously shown the said investment as written off instead of provision, however the same has been rectified in the Current year. Consequently the disclosure under AS 27 is not applicable.

12 Assets taken / given on Lease:

- a) 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 ₹ 192,768,337 (Previous year ₹ 197,916,682) are charged as Rent and shown under schedule of "Administrative, Selling and Other Expenses". These leasing arrangements, which are cancellable, range between 11 months and 5 years generally, or longer, and are usually renewable by mutual consent at mutually agreed terms and conditions.

Rental Income of ₹12,57,792 (previous year ₹ 3,708,876) from Operating leases are recognised in the Profit & Loss Account & grouped under the schedule of 'Other Income'.

The details of Asset given on lease are as under:

(Rupees in '000)

	2011	2010
Gross Block	12,061	2,665
Accumulated Depreciation	2,713	389
WDV	9,348	2,276
Depreciation for the year	197	74

There are no Contingent rent recognised in the profit & loss account. The lease is cancellable in nature.

- b) In respect of one office premise:

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

(Rupees in '000)

	2011	2010
i. not later than one year;	-	2,927
ii. later than one year and not later than five years;	-	3,289

13 Derivatives:

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

- a. Amount receivable in foreign currency on account of the following :

Particulars	As on 31.03.2011		As on 31.03.2010		Foreign Currency
	(Rupees In '000)	Amount in Foreign Currency	(Rupees in '000)	Amount in Foreign Currency	
Receivables against Exports	117,473	2,634,507	61,607	1,372,405	USD
	3,028	47,747	-	-	EURO
Bank Balances :	198	4,434	245	5,454	USD
	2,447	38,585	303	5,013	EURO
	1,402	244,660	524	90,709	HKD
	2,188	30,528	-	-	GBP

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd.)

- b. Amount payable in foreign currency on account of the following :

Particulars	As on 31.03.2011		As on 31.03.2010		Foreign Currency
	(Rupees In '000)	Amount in Foreign Currency	(Rupees in '000)	Amount in Foreign Currency	
Creditors	493	7,777	471	7,777	EUR
	2,178	179,336	1,444	118,265	AED
	35,188	788,969	36,113	804,290	USD
Loans	131,274	2,943,366	107,585	2,396,101	USD
Interest Payable	721	16,169	268	5,972	USD
Other Payables	2,674	220,167	827	67,756	AED
	716	125,000	836	144,665	HKD
	16,904	379,015	14,600	325,166	USD
	5,598	88,272	6,409	105,882	EUR
	197	5,564	178	5,564	SGD
	830	11,574	-	-	GBP

14 Employee Benefits:

The disclosures as required under the revised AS 15 are as under:

- a) Defined Benefit Plan

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

- b) Contribution to Provident Fund ₹ 29,820,047 (Previous year ₹ 26,104,827)

- c) **Disclosures for Gratuity benefit plans based on actuarial reports as on 31/03/2011**

(Rupees in '000)

		2011		2010	
		(Gratuity Funded plan)	(Leave Encashment Non-funded plan)	(Gratuity Funded plan)	(Leave Encashment Non-funded plan)
(i)	Assumptions				
	Discount Rate	8%	8%	8%	8%
	Rate of increase in Compensation levels	5%	5%	5%	5%
	Rate of Return on Plan Assets:				
(ii)	Change in Benefit Obligation				
	Projected Benefit Obligations at the beginning of the year	163,887	19,532	131,902	24,637
	Interest Cost	11,974	1,246	9,731	1,882
	Service Cost	13,756	5,637	14,861	4,476
	Benefits paid	(28,441)	(7,905)	(20,519)	(2,215)
	Actuarial (gain) / loss on obligations	13,825	(678)	27,912	(9,248)
	Projected Benefit Obligations at the end of the year	175,001	17,832	163,887	19,532

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd.)

(Rupees in '000)

		2011		2010	
		(Gratuity Funded plan)	(Leave Encashment Non-funded plan)	(Gratuity Funded plan)	(Leave Encashment Non-funded plan)
(iii)	Fair value of Plan Assets				
	Fair value of Plan Assets at the beginning of the year	143,368	-	116,569	-
	Expected Return on Plan Assets	12,965	-	12,002	-
	Contributions / Transfers	20,519	7,905	45,487	2,215
	Benefits paid	(28,441)	(7,905)	(20,519)	(2,215)
	Gain / (loss) on Plan Assets	(2,095)	-	(10,171)	-
	Fair value of Plan Assets at the end of the year	146,316	-	143,368	-
(iv)	Change in Plan Assets				
	Fair value of Plan Assets at the beginning of the year	143,368	-	116,569	-
	Actual return on Plan Assets	10,870	-	1,831	-
	Contributions / Transfers	20,519	7,905	45,487	2,215
	Benefits paid	(28,441)	(7,905)	(20,519)	(2,215)
	Fair value of Plan Assets at the end of the year	146,316	-	143,368	-
	Excess of actual over expected return on Plan Assets	(2,095)	-	(10,171)	-
(v)	Funded Status	(28,685)	(17,832)	(20,519)	(19,532)
(vi)	Actuarial gain/loss is being recognised :				
	Actuarial gain/(loss) for the year - Obligation	(13,825)	678	(27,912)	9,248
	Actuarial gain/(loss) for the year - Plan Assets	(2,095)	-	(10,171)	-
	Actuarial gain/(loss) recognised	(15,920)	678	(38,083)	9,248
(vii)	The amounts to be recognised in Balance Sheet and Income Statement and the related analysis				
	Present value of obligation	175,001	17,832	163,887	19,532
	Fair value of Plan Assets	146,316	-	143,368	-
	Difference	(28,685)	(17,832)	(20,519)	(19,532)
	Unrecognised Actuarial gains / (losses)	-	-	-	-
	(Liability)/Asset recognised in Balance Sheet	(28,685)	(17,832)	(20,519)	(19,532)
(viii)	Net Periodic Cost				
	Current Service Cost	13,756	5,637	14,861	4,476
	Interest Cost	11,974	1,246	9,731	1,882
	Expected return on Plan Assets	(12,965)	-	(12,002)	-
	Net Actuarial (gain) / loss recognised in the year	15,920	(678)	38,083	(9,248)
	Expenses recognised in the Income Statement	28,685	6,205	50,673	(2,890)
(ix)	Movements in the liability recognised in the Balance Sheet				
	Opening Net liability	20,519	19,532	15,333	24,637
	Expense as above	28,685	6,205	50,673	(2,890)
	Contributions / Transfers	(20,519)	(7,905)	(45,487)	(2,215)
	Closing Net liability	28,685	17,832	20,519	19,532
(x)	Experience Analysis				
	Actuarial (Gain)/Loss due to change in bases	-	-	-	-
	Experience (Gain) / Loss due to Change in Experience	13,825	(678)	27,912	(9,248)
	Total	13,825	(678)	27,912	(9,248)

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'W' (Contd.)

15 Disclosure relating to Provisions

Provision related to Warranty

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.

The movement in the above Provision is summarised as under:

	(Rupees in '000)	
	2011	2010
Opening Balance	2,554	2,040
Additions	4,474	852
Utilisation	705	338
Closing Balance	6,323	2,554

16 Opening Stock of Finished Goods included in cost of sales has been translated at average rate of exchange prevailing during the year. Consequently, Gain of ₹ 4,867,945 (previous year Gain of ₹ 3,389,784) has been Credited to Profit & Loss Account. Further, Closing Stock of finished goods included in Profit & Loss Account and Balance Sheet has been translated at average rate of Exchange & closing rate of exchange respectively. Consequently, Gain of ₹ 9,104 (previous year Loss ₹ 7,739,211) has been credited to Foreign Currency Translation Reserve.

17 During the previous year, the Company had received ₹ 3,000,000 from SIDCUL, Uttaranchal towards capital Incentive for its Hardwar Plant. Accordingly an amount of ₹ 500,000 has been transferred to the Profit and Loss account on SLM basis.

18 Previous Year figures have been regrouped and/or rearranged wherever necessary.

19 Figures in brackets are in respect of previous year.

SCHEDULE 'X'

ACCOUNTING POLICIES

BASIS OF ACCOUNTING:

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

REVENUE RECOGNITION :

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

FIXED ASSETS AND DEPRECIATION:

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

(b) Intangible assets are identified when the assets are expected to provide future enduring economic benefits. The assets are identified in the year in which the relevant asset is put to use in the production or supply of goods or services. The assets are amortised over a period of estimated useful life as determined by the management.

- Expenditure on trademarks is amortised over a period of ten years on straight line method.
- Expenditure on patents is amortised over a period of ten years on straight line method or over the period of control, whichever is earlier.

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

- Expenditure on Computer Software is amortised over a period of three years on straight line method.

Foreign Subsidiary:

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

INVESTMENTS:

Long term investments are stated at cost. Provision for diminution in value of long term investment is made only if such decline is other than temporary in the opinion of the management. Dividends are accounted for as and when received.

EMPLOYEE BENEFITS:

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

INVENTORY:

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

Foreign Subsidiary:

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

FOREIGN CURRENCY TRANSACTIONS :

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

Foreign Subsidiary:

- (d) Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the average exchange rate for the year. All differences are taken to Profit and Loss Account.

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.

EXPORT BENEFITS:

NOTES

FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

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

BORROWING COST :

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

TAXATION :

- (a) Provision for income tax is made on the basis of the taxable income for the current accounting period in accordance with the provisions of Income Tax Act, 1961.
- (b) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets 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.

LEASE :

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

Foreign Subsidiary:

- (b) Lease rentals payable under operating leases are charged against income on a straight-line basis over the term of the lease.

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 a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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 Profit and Loss Account. 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.

As per our Report of even date attached
for **M. L. BHUWANIA & CO.**
Chartered Accountants

J. P. BAIRAGRA
Partner
Membership No. : 12839
Place : Mumbai
Dated : 10th August, 2011

Dilip G. Piramal
Radhika Piramal
D.K. Poddar
Shreyas Trivedi
Chairman
Managing Director
Director
Company Secretary

Place : Mumbai
Dated : 10th August, 2011

FINANCIAL HIGHLIGHTS

(Rupees in '000)

	31st March 2007	31st March 2008	31st March 2009	31st March 2010	31st March 2011
A. SUMMARISED BALANCE SHEET					
Assets Employed:					
Fixed Assets (Net)	854,644	909,738	895,786	812,543	851,670
Investments	37,584	388,084	26,728	20,125	3,569
Net Current assets	1,239,467	1,541,427	1,755,213	1,768,211	2,151,879
	2,131,695	2,839,249	2,677,727	2,600,879	3,007,118
Financed by:					
Shareholders' Funds	993,175	1,198,069	1,289,538	1,721,615	2,012,147
Loan Funds	1,093,306	1,255,329	1,360,105	873,143	1,065,437
Deferred Tax Liabilities (Net)	45,214	35,851	28,084	6,121	(70,466)
	2,131,695	2,489,249	2,677,727	2,600,879	3,007,118
B. SUMMARISED OPERATIONS					
Gross Sales	4,389,597	5,672,308	5,208,544	6,140,411	7,445,868
Gross Profit after interest	317,355	393,320	235,094	783,281	913,990
Depreciation	136,310	147,801	140,717	172,790	148,205
Profit before tax	181,045	245,519	94,377	610,491	765,786
Taxation	37,770	44,526	5,276	109,956	145,615
Profit after tax	143,275	200,993	89,101	500,535	620,171
Dividend (Incl. Dividend Tax)	74,472	99,200	33,065	165,334	329,139
Retained Earnings	229,388	153,288	56,036	335,201	291,032
C. KEY RATIOS / PERCENTAGES					
Profit before Tax/Sales %	4.12	4.33	1.81	9.94	10.28
Profit after Tax/Shareholder's Funds %	14.43	16.78	6.91	29.07	30.82
Earnings per Equity share (₹)	5.76	7.11	3.15	17.71	21.94
Net worth per equity share %	390.06	423.89	456.24	609.13	711.93
Sales: Fixed assets (Net)	5.14:1	6.24:1	5.81:1	7.55:1	8.74:1
Current Ratio	2.49:1	2.64:1	2.91:1	3.29:1	3.08:1
Dividend %	25	30	10	50	100





