VIP INDUSTRIES LIMITED

43rd ANNUAL REPORT 2009 - 2010

CONTENTS

BOARD OF DIRECTORS

Mr. Dilip G. Piramal (Chairman)

Mr. Sudhir Jatia (Managing Director) upto 30th April, 2010

Ms. Radhika Piramal (Managing Director) from 1st May, 2010

Mr. D. K. Poddar

Mr. G. L. Mirchandani

Mr. Vijay Kalantri

Mr. Vivek Nair

Mr. Nirmal Gangwal

CHIEF FINANCIAL OFFICER
Mr. Manoj Tulsian

COMPANY SECRETARY & HEAD – LEGAL
Mr. Shreyas Trivedi

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

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

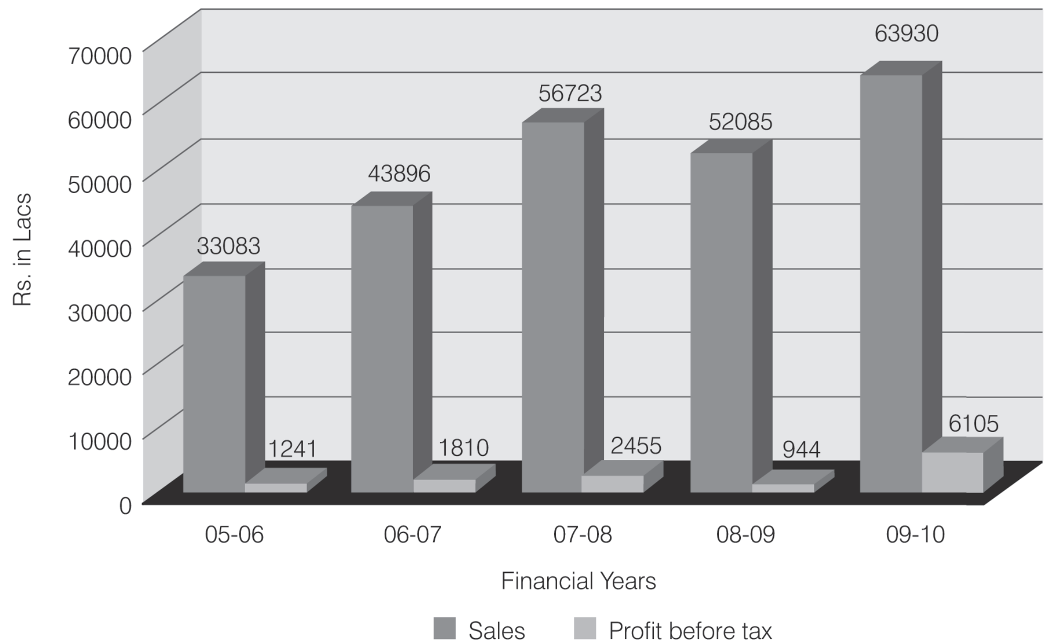
FACTORIES

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.

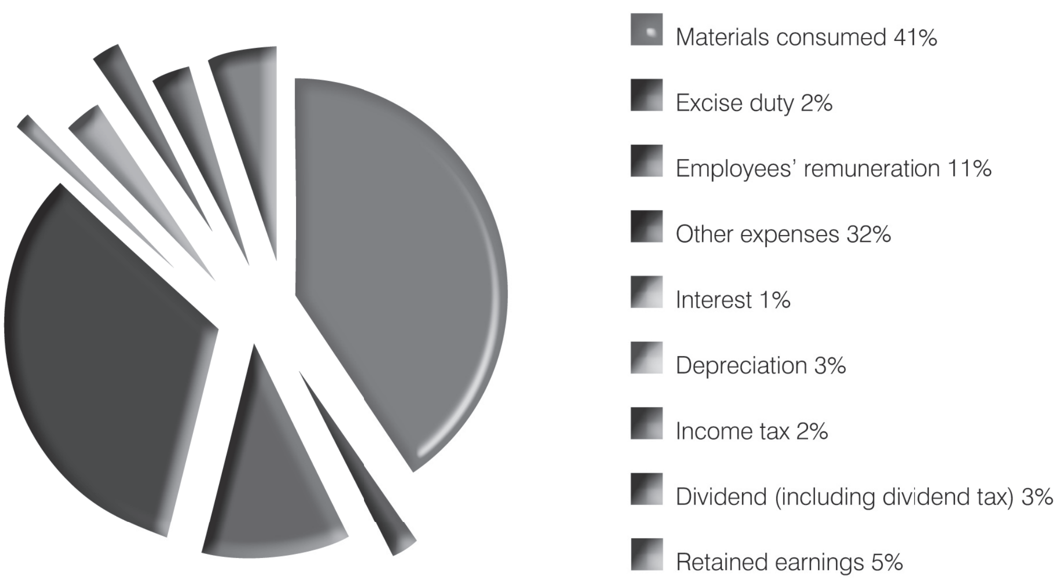
INVESTORS' SERVICES DEPARTMENT
DGP House, 5th Floor, 88-C, Old Prabhadevi Road, Mumbai – 400 025, Maharashtra.
Tel.: +91-022-6653 9000 Fax: +91 – 022-6660 8393 Email: investor-help@vipbags.com

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 lacs)



Distribution of Earnings 2009-10



NOTICE

NOTICE is hereby given that the Forty Third 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 15th July, 2010 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, 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 2009-10.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. D. K. Poddar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vijay Kalantri, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint 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 other applicable provisions, if any, of the Companies Act, 1956, M/s. M. L. Bhuwania & Co., Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the 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. Nirmal Gangwal, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 29th April, 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 this Annual General Meeting, be and is hereby appointed as a Director of the Company."
8. To consider & if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendments, 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 Ms. Radhika Piramal as the Managing Director of the Company for a period from 1st May, 2010 to 12th July, 2012 (both days inclusive) on the terms and conditions, including remuneration and perquisites as mentioned herein below and set out more particularly in the Agreement to be entered into between the Company and Ms. Radhika Piramal, draft of which is placed before this Meeting;

   SALARY

   Rs. 4,00,000/- per month in the scale of Rs. 4,00,000/- - Rs. 6,00,000/-.

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

   COMMISSION

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

   PERQUISITES

   Following perquisites in addition to salary are restricted to a maximum amount equivalent to annual salary. For the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per the Income-tax Rules, 1962, 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, not exceeding one month's salary per annum OR three month's salary over a period of three years.

Leave Travel Concession

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

Club fees

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

Personal Accident Insurance

As per the policy of the Company.

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

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

Car & Telephones

As per the policy of the Company.

Sitting Fees

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

General

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

Minimum Remuneration

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

RESOLVED FURTHER THAT wherein in any financial year, the Company has no profits or its profits are inadequate, Ms. Radhika Piramal shall be entitled to receive the same remuneration, perquisites and benefits as mentioned in the Agreement, subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government;

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

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

   "RESOLVED THAT pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory amendments, modification(s) or re-enactment(s) thereof for the time being in force) (the Act) read with Schedule XIII to the Act, remuneration by way of commission at such rates as may be permissible under the Act, presently not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 and other applicable provisions, if any, of the Act, be paid to the Non-Executive Directors of the Company in such manner as may determined by the Board of Directors for each financial year for a period of 5 (five) years commencing from the financial year ended 31st March, 2010 upto and including the financial year ending 31st March, 2014."

By Order of the Board of Directors

SHREYAS TRIVEDI

Dy. General Manager – Legal
& Company Secretary

Place : Mumbai
Dated : 29th April, 2010

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

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 29th April, 2010, appointed Mr. Nirmal Gangwal 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. Gangwal holds office upto the date of this Meeting. The Company has received a notice in writing under Section 257 of the Act from one of the shareholders intimating her intention to propose Mr. Nirmal Gangwal as a candidate for the office of Director.

Mr. Nirmal Gangwal, 54 is a qualified Chartered Accountant, Company Secretary and a Law Graduate. He is the founder, promoter and Managing Director of Brescon Corporate Advisors Limited and has over 29 years of experience in the field of finance and management. He is a specialist in financial turnaround solutions.

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

None of the Directors other than Mr. Nirmal Gangwal is in any way concerned or interested or deemed to be concerned or interested in passing of the above resolution.

ITEM NO. 8

The Board of Directors (the Board) at its meeting held on 30th June, 2009 had appointed Ms. Radhika Piramal, as the Executive Director of the Company with effect from 13th July, 2009 in terms of Section 198, 269 and 309 of the Companies Act, 1956 (the Act).

The Board at its meeting held on 29th April, 2010 appointed Ms. Radhika Piramal as the Managing Director of the Company for a period from 1st May, 2010 upto 12th July, 2012 (both days inclusive) pursuant to Sections 198, 269, 309 and 310 of the Act read with Schedule XIII to the Act, upon the terms and conditions including the remuneration as detailed in the Agreement to be entered into between the Company and the Managing Director.

The details of remuneration to be paid to Ms. Radhika Piramal as the Managing Director of the Company, subject to the approval of Members by way of Ordinary Resolution are as set out in Resolution at Item No. 8 of the accompanying Notice.

Inspection by Members:

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

Resolution as set out in Item No. 8 along with the explanatory statement should be treated as an Abstract under Section 302 of the Companies Act, 1956 in respect of appointment of Ms. Radhika Piramal as the Managing Director of the Company with effect from 1st May, 2010.

The Board of Directors recommends passing of the Resolution as set out in Item No.8 of the accompanying Notice.

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

ITEM NO. 9

In terms of Section 309 of the Companies Act, 1956, a Director who is neither in the whole-time employment of the Company nor a Managing Director of the Company may be paid remuneration by way of commission, if the Company in general meeting, by way of a special resolution authorises such payment.

The Board of Directors (the Board) is of the opinion that, in order to remunerate the Non-Executive Directors of the Company (other than the Managing director and/or Whole-time Directors), for the responsibilities entrusted upon them under the law, particularly the requirements of the Corporate Governance Policies, the Industry trends and to commensurate with the time devoted and the contribution made by them, the Board at its meeting held on 29th April, 2010 had approved, subject to Members' approval, payment of remuneration by way of commission, to be paid to the Non-Executive Directors of the Company.

The Board has approved payment of commission to Non-Executive Directors of the Company, within the maximum limit of 1% of the net profits of the Company, to be determined by the Board for each Non-Executive Director for each financial year, over a period of five years commencing from the financial year ended 31st March, 2010 upto and including 31st March, 2014.

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

All Non-Executive and Independent Directors of the Company are concerned or interested in passing of the resolution to the extent of the remuneration that may be received by them.

By Order of the Board of Directors

SHREYAS TRIVEDI

Dy. General Manager – Legal
& Company Secretary

Place : Mumbai
Dated : 29th April, 2010

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 items 7 to 9 of the accompanying Notice and the details in respect of the Directors proposed to be appointed / re-appointed at the Annual General Meeting to be provided under Clause 49 of the Listing Agreement with Stock Exchange(s) where the shares of the Company are listed, are annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

(c) Proxies in order to be effective, should be deposited duly completed, stamped and signed at the Registered Office of the Company, not less than 48 hours before the Meeting.

(d) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, the 6th July, 2010 to Thursday, the 15th July, 2010 (both days inclusive).

(e) 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.

(f) 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 (W), 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.

(g) 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 (W), 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).

(h) 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 2002-2003 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 2002-2003 is due for transfer to the Fund on 12th November 2010.

(i) 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.

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

(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	**Mr. D. K. Poddar**	**Mr. Vijay Kalantri**
Date of Birth	9.11.1943	5.1.1949
Date of Appointment	23.9.1987	22.5.2000
Qualification	B.Sc.Hon, SB&SM (MIT), USA	G.C.D. & Textile Diploma
Experience in special functional area	Has experience of more than three decades in finance, automobiles, garments export, precision engineering & other areas.	Industrialist with rich business experience
Chairman / Director of other companies	1. Bajaj Auto Finance Ltd. 2. Suvijay Exports Ltd. 3. Bachraj Factories Ltd. 4. Bajaj Allianz General Insurance Co. Ltd. 5. Citron Finlease Pvt. Ltd 6. GTL Ltd. 7. Makara Real Estate Ltd. 7. Poddar Developers Ltd. 9. Brite Merchants Ltd. 10. Poddar Infrastructure Pvt. Ltd. 11. Poddar Habitat Pvt. Ltd. 12. Poddar Leisure Infrastructure Pvt. Ltd.	1. Balaji Infra Projects Ltd. 2. Goenka Diamonds & Jewels Ltd. 3. Shree Ram Urban Infrastructure Ltd. 4. Dighi Port Ltd. 5. Dighi Rail Infrastructure Ltd. 6. Hindustan Housing Finance & Development Corporation Ltd. 7. Sovereign Diamonds Ltd. 8. Balaji Shipping & Logisitcs Ltd. 9. Man Industries (India) Ltd. 10. Vindyachal Hydro Power Ltd. 11. Gannon Dunkerley & Co. Ltd. 12. Laqshya Media Pvt. Ltd. 13. Dighi Project Development Co. Ltd. 14. Simpark Infrastructure Pvt. Ltd. 15. Zicom Electronic Security Systems Ltd. 16. SAB Industries Ltd. 17. S. Kumars Nationwide Ltd. 18. Courier Publications Pvt. Ltd.
Chairman/ Member of Committees of other Companies	GTL Ltd. - Audit Committee - Investors' Grievance Committee Poddar Developers Ltd. - Audit Committee - Investors' Grievance Committee	Man Industries (India) Ltd. - Audit Committee Zicom Electronic Security System Ltd. - Audit Committee S. Kumars Nationwide Ltd. - Audit Committee
No. of shares held in the Company	Nil	Nil

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT
(In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Ms. Radhika Piramal	Mr. Nirmal Gangwal
Date of Birth	27.5.1978	9.11.1943
Date of Appointment	13.7.2009	29.4.2010
Qualification	Graduate from Oxford University, with an MBA from the Harvard Business School	FCA, FCS, LLB
Experience in special functional area	Corporate Management	Rich experience of almost 3 decades in the field of finance and management. Specialist in financial turnaround solutions
Chairman / Director of other companies	1. Carlton Travel Goods Limited - UK 2. BP Ergo Ltd.	1. Brescon Corporate Advisors Ltd. 2. ITenable India Ltd. 3. Welspun Gujarat Stahl Rohren Ltd. 4. Cognizant Finance Pvt. Ltd. 5. MSK Projects (India) Ltd. 6. Remi Metal Gujarat Ltd. 7. Trinity Credit Management Services Pvt. Ltd.
Chairman / Member of Committees of other Companies	Nil	Brescon Corporate Advisors Ltd. - Investors' Grievance Committee - Share Transfer Committee Remi Metal Gujarat Ltd. - Audit Committee - Share Transfer and Investors' Grievance Committee
No. of shares held in the Company	28900	Nil

DIRECTORS' REPORT

Your Directors are pleased to present the 43rd Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
Sales, Income from Operations & Other Income	**636,78**	532,25
Gross Profit	**95,68**	46,77
Interest	**7,96**	12,82
Depreciation	**17,28**	14,07
Profit Before Tax & Extra-ordinary Items	**70,44**	19,88
Extra-ordinary Items	**9,39**	10,44
Tax Provision (Net of Deferred Tax) including Fringe Benefit Tax and Income Tax for prior years	**11,00**	53
Profit After Tax	**50,05**	8,91
Profit brought forward from Previous Year	**32,51**	27,90
Profit available for Appropriation	**82,56**	36,81
Appropriations:		
Interim and Proposed Dividend	**14,13**	2,82
Corporate Tax on Dividend	**2,40**	48
General Reserve	**29,92**	1,00
Balance carried to Balance Sheet	**36,11**	32,51
	82,56	36,81

OVERALL PERFORMANCE AND OUTLOOK

Income from Operations & Other Income during the financial year ended 31st March 2010 was at Rs. 636,78 Lacs as against Rs.532,25 Lacs representing an increase of approximately 20% over the corresponding period of previous year. Profit after Tax for the year under review amounted to Rs. 50,05 Lacs after considering the Extra-ordinary Items of Rs. 9,39 Lacs (previous year Rs.10,44 Lacs) as against Rs. 8,91 Lacs in the previous year representing an increase of more than 461% over the previous year. The increase in profits during the year under review was on account of increased sales, better margins, reduction in input costs, interest costs and overall efficiency in operations at all levels. With the surge in demand coupled with better marriage season, softening of key raw material prices and the stimulus package offered by the Government helped your Company in improving the margins significantly during the year under review.

As on 31st March 2010, the Reserves and Surplus of your Company was at Rs.143,90 Lacs.

The outlook for the current year is encouraging.

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

DIVIDEND

Your Directors are pleased to recommend for your consideration, a final dividend of Rs.3/- (Rupees Three Only) per equity share (previous year Re.1/- per equity share) for the financial year 2009-10. Your Company had paid in February 2010, an interim dividend of Rs. 2/- (Rupees Two Only) per equity share (previous year Nil) for the financial year 2009-10.

Accordingly, the total dividend declared by your Company for the financial year 2009-10, is Rs.5/- (Rupees Five Only) per equity share (previous year Re.1/- per equity share).

EXPORTS AND INTERNATIONAL OPERATIONS

Exports for the year ended 31st March 2010 was at Rs.47,02 Lacs as against Rs.64,54 Lacs in the previous year, a drop of approximately 27% over the previous year. The global economy has still not shown a sign of robust recovery and your Company has also felt the pressure in certain countries including European markets. Despite this, exports to Middle East countries were steady. Your Company is expecting that with the introduction of its new range, it will be able to gain 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 UK and European markets has not done well and incurred losses, both operationally as well as on currency translated losses in the year 2008-09. Your Company has intensified its focus on the same and has carried out major restructuring and continues to maintain a clear focus on the said business to turnaround the same. In the year 2008-09, CTGL opened mono brand retail stores in high-end Malls to give the brand its much needed premium visibility. However, due to the global recession setting in, at the same time, these stores started incurring losses. Considering the slow recovery in global economic scenario, your Company decided and was able to close down all these stores during the year under review. Also, looking at the recessionary trend continuing in most parts of Europe, your Company has withdrawn the expansion plans in some small European countries which will significantly cut down the costs. These initiatives will arrest the operational losses for the future. In terms of the currency translation, Great Britain Pound (GBP) had shown signs of recovery against the US dollar during the year under review but then slipped in the last two months to reach almost the year beginning levels. However, CTGL could still recover approximately 4,50,000 GBP on account of realized /unrealized gains during the year under review. The acceptability of the brand "Carlton" is improving both in UK and European markets because of its premium product category and your Company is confident of the brand performing well in future. Your Company also feels that the GBP will show some signs of recovery against the US dollar which will bring down the currency translation losses. However, CTGL is also working out alternative plans to mitigate currency risks going forward.

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, 2010, 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, 2010 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 form 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, the Profit and Loss Account, the Report of the Board of Directors and the Auditors of Carlton Travel Goods Limited and Blow Plast Retail Limited, have not been attached with the Balance Sheet of your Company.

However, the Consolidated Financial Statements of your Company, which include the financial results of Carlton Travel Goods Limited 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 are also enclosed. Copies of the relevant audited 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.

DEPOSITORIES

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 54 depositors for repayment of deposits amounting to Rs.8,36,000/- (Rupees Eight Lacs Thirty Six Thousand Only) as at 31st March, 2010. Since then, no deposits have been repaid.

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. 46/13/2010-CL-III dated 8th February, 2010 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. 47/20/2010-CL-III dated 25th March, 2010, 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) to 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 open for inspection by any shareholder at the Registered Office of your Company and at the respective Head Offices of the subsidiary Companies.

DIRECTORS

Ms. Radhika Piramal was appointed as an Executive Director of your Company with effect from 13th July, 2009. She has been appointed as the Managing Director of your Company for a period from 1st May, 2010 to 12th July 2012 (both days inclusive). The necessary approval of the Shareholders is being sought in the ensuing Annual General Meeting to the appointment and payment of remuneration to Ms. Radhika Piramal as the Managing Director of your Company.

Mr. Nirmal Gangwal was appointed as an Additional Director of your Company with effect from 29th April, 2010 and holds office till the conclusion of the ensuing Annual General Meeting. The approval of Shareholders is being sought to the appointment of Mr. Nirmal Gangwal as a Director of your Company.

Mr. Sudhir Jatia has resigned as the Managing Director of your Company with effect from 30th April, 2010. Mr. Jatia will continue to act as a Non-Executive Director of your Company.

Mr. D. K. Poddar and Mr. Vijay Kalantri, Directors retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, details of Directors retiring by rotation is provided as a part of the Notice of the ensuing Annual General Meeting.

AUDITORS

M/s. M. L. Bhuwania & Co., Chartered Accountants, 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 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 of the ensuing Annual General Meeting.

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, in respect of 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 Employees Stock Option Scheme of your Company. Hence, no disclosure under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 has 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 : 29th April, 2010

ANNEXURE (A)

DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

(A) CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

- Reduction in power consumption in Haridwar plant on SP 400 ton machine by replacing traditional contactor control heating system by SSR type PID controlled heating system.
- In Frame Bending department in Haridwar plant, reconditioning of one of the ovens in order to balance heating load in different zones.
- In Vacuum Forming area in Haridwar plant, separate air reservoir provided to reduce frequent loading / unloading of compressor.
- A detailed case study of high power consumption machines was carried out to increase power efficiency of each machine thereby reducing power consumption.
- Vane pump of Nessei 600T machine interfaced with AC drive resulting in reduction of power consumption.
- On SP 400 Injection Moulding Machine in Haridwar, PLC controller installed in place of old traditional contactor electrical panel.
- Introduced new sealing mechanism and temperature control to reduce wastage of oil.
- In one of the Injection Moulding Machine in Haridwar, imported hydraulic gear pump system replaced by indigenized vane pumps resulting into significant cost reduction.

b) Additional Proposals:

- PID controller for heating system on imported machines.
- Installation of Automatic Power Factor Correction (APFC) panel in Unit II at Haridwar.
- Next level of energy audits to further reduce consumption of energy.
- Incorporation of Time Switches at Sinnar.

- To increase efficiency of Barell-II of extrusion machines to reduce power consumption.
- Replacement of continuous running motor with energy efficient motors.
- Replace wonderpack vacuum forming machines with Illig machines to reduce power consumption.
- Additionally 1 (One) submersible pump to be installed in place of existing old centrifugal pump at IMD Pump House for cold well location at Sinnar.
- Deployment of Robot in double injection machines to reduce cycle time thereby reducing power consumption.
- New generation air compressor at Nashik and Sinnar.
- Energy Saving in Lighting Circuit of Soft Luggage Warehouse at Sinnar.

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.

Expected energy saving with above proposals would be approximately Rs. 50 Lacs per annum.

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

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

(B) TECHNOLOGY ABSORPTION:

a) Research and Development (R&D):

i) Specific areas in which R&D carried out by your Company:
- Development of double texture designs for foamed luggage.
- Development of high end textures on Shell moulds.
- Single piece flow in Assembly process and Injection moulding in addition to Frame bending.
- High quality mould making in-house with the latest computer software
- Process developed for international class trolly manufacturing set up.
- Aesthetic improvements
- Critical dimensions in press components, moulded components, shell and aluminum frame controlled and monitored by using Statistical Process Control tools.
- Twin layer extrusion implemented for polycarbonate and ABS sheets, with the induction of the state of the art vacuum forming machine for polycarbonate, ABS and other polymers.
- Development of negative forming technology for vacuum formed shells.
- Research on “no break polymer blends” by using latest generation polymers.

ii) Benefits derived as a result of above R&D:
- Overall product development cycles have reduced significantly.
- World class finishes and designs in hard and soft luggage products.
- Aesthetically better looking products are developed with innovative designs & textures.
- Development of innovative luggage manufacturing techniques like shuttle conveyors, Special Process Machines, etc.
- Increased customer value proposition with reference to function, aesthetics and design and product performance.
- Reduction in raw material cost.
- Ultra light vertical upright developed which is a key customer requirement.

iii) Future plan of action:
- Strengthening of testing and research laboratory on polymeric materials, blends and finishes
- Innovation in adhesive & textile technology for smarter world class interiors
- Further development of new materials and processes.
- To develop new processes – in mould decoration, double moulding and soft touch.
- Developing new luggage with innovation in extrusion technology.

iv) Expenditure on R&D:

	Amount (Rs. in Lacs)
Capital	—
Recurring	2,24
Total	2,24
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:

- Internet
- Technical Journals
- Rigorous computer aided stress analysis and flow predictions continued as a system.
- Training of personnel on powerful CAD/CAM tools.
- National and International exhibitions / seminars.
- Joint projects with major raw material suppliers to develop innovative technology.
- Concurrent engineering using state of the art hardware & software use continued.
- Application of standardization techniques.
- Prominent institutes, research centers.
- Large mould manufacturing faster due to innovative technologies and capacity enhancement.
- Training on safety & poka yoke in tools and process to avoid accidents.

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

- Development center for the French luggage manufacturing company – Delsey.
- Indigenization of PC & ABS products at low cost.
- International quality large moulds specific to customer requirements.
- Effective utilization of polymers.
- Excellent hinge quality.
- Thickness reduction in ABS and PP luggages - Value for money
- Reduction in variety of components resulting in cost saving.
- Cactus - Lightest weight luggage in its class developed.

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
- Twin extruder additional set up for polycarbonate and ABS sheets
- Technical collaboration with Delsey S.A., France for manufacturing a few of their premium range suitcases and briefcases
- Your Company has acquired the plant & machinery of the erstwhile Carlton International, UK and has absorbed the technology towards manufacturing of quality products at its facilities in India.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during the year:

	Amount (Rs. in Lacs)
Used	140,37
Earned	49,88

On behalf of the Board of Directors

DILIP G. PIRAMAL
Chairman

Place : Mumbai
Date : 29th April, 2010

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 the 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 seven Directors as on 31st March 2010 out of which five are Non-executive Directors, four of which are Independent Directors in terms of Clause 49(I)(A) of the Listing Agreement.

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

During the financial year 2009-10, five Board Meetings were held on the following dates:

1. 21.5.2009
2. 30.6.2009
3. 28.7.2009
4. 29.10.2009
5. 22.1.2010

The details of the Directors on the Board of your Company as on 31st March, 2010 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)	504	5	No	5	-	-
Mr. Sudhir Jatia $	Managing Director	17,00,152	5	Yes	1	-	-
Ms. Radhika Piramal #	Executive Director	28,900	3	No	1	-	-
Mr. Vivek Nair	Independent, Non-Executive Director	-	-	No	7	-	2
Mr. Vijay Kalantri	Independent, Non-Executive Director	-	4	No	12	-	3
Mr. D. K. Poddar	Independent, Non-Executive Director	-	3	Yes	8	-	4
Mr. G. L. Mirchandani	Independent, Non-Executive Director	-	5	No	8	1	1

NOTE: Mr. Nirmal Gangwal was appointed as an Additional Director of your Company with effect from 29th April 2010.

$ Mr. Sudhir Jatia has resigned as the Managing Director of your Company with effect from 30th April, 2010. Mr. Jatia will continue to act as a Non-Executive Director of your Company.

Ms. Radhika Piramal was appointed as the Managing Director of your Company with effect from 1st May, 2010.

(*) 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's / 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.

As of 31st March, 2010, none of the Directors were related to each other except Ms. Radhika Piramal, Executive Director is related to Mr. Dilip G. Piramal, Chairman, being his daughter.

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

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

AUDIT COMMITTEE

Terms of reference:

The Audit Committee of the Board of Directors of your Company, interalia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

Apart from all the matters provided in clause 49 of the Listing Agreement and section 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 Executive 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 head of Internal Audit function reports to the Audit Committee with regards to the audit programme, observations and recommendations in respect of different areas of operations of your Company.

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

The Audit Committee met five times during the financial year 2009-10 on 21.5.2009, 30.6.2009, 28.7.2009, 29.10.2009 and 22.1.2010

Name of the Member	Position	No. of Meetings held	No. of meetings Attended
Mr. D. K. Poddar	Chairman	5	3
Mr. Dilip G. Piramal	Member	5	5
Mr. Vijay Kalantri	Member	5	4
Mr. G. L. Mirchandani	Member	5	5

Mr. D. K. Poddar, Chairman of the Committee was present at the 42nd Annual General Meeting of your Company held on 25th September, 2009 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 about the significant discussions at the Audit Committee meetings.

REMUNERATION AND COMPENSATION COMMITTEE

Terms of reference:

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

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

Composition and Attendance at Meetings:

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

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

The Remuneration and Compensation Committee met twice during the year on 21st May, 2009 and 30th June, 2009.

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	2	-
Mr. Dilip G. Piramal	Member	2	2
Mr. Vijay Kalantri	Member	2	2
Mr. G. L. Mirchandani	Member	2	2

Remuneration Policy:

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

i) Non-Executive Directors' Remuneration:

The Non-Executive Directors are paid remuneration by way of sitting fees and commission. The remuneration payable by way of commission as mentioned herein below and as approved by the Board of Directors is within the limits prescribed under the Companies Act, 1956, presently not exceeding 1% of the net profits of your Company calculated in accordance with the provisions of Sections 198, 349 & 350 of the Companies Act, 1956 and the same is subject to the approval of Members at the ensuing Annual General Meeting. Your Company paid sitting fees of Rs. 5,000/- per meeting for attending each meeting of the Audit Committee & Remuneration Committee and Rs.10,000/- per meeting for attending Board Meeting. Your Company has increased the sitting fees payable to its Directors for attending each Board meeting from Rs.10,000/- to Rs. 20,000/- w.e.f 22nd January, 2010. 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 Rupees)

Name	Sitting Fees	Commission	Total
Mr. Dilip G. Piramal	95,000	73,00,000	73,95,000
Mr. Vivek Nair	-	-	-
Mr. Vijay Kalantri	80,000	-	80,000
Mr. D. K. Poddar	55,000	-	55,000
Mr. G. L. Mirchandani	95,000	-	95,000

ii) Executive Directors' Remuneration:

a) Managing Director:

Mr. Sudhir Jatia was appointed as the Managing Director of your Company for a period of five years with effect from 1st February, 2007 to 31st January, 2012. Mr. Sudhir Jatia has resigned as the Managing Director of your Company with effect from 30th April, 2010. Mr. Jatia will continue to act as a Non-Executive Director of your Company. The contract may be terminated by either party by giving the other party, 3 months' notice or your Company paying notice pay equal to the amount due to the Managing Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

Your Company paid 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 the Managing Director for the year ended on 31st March, 2010 are as follows:

(in Rupees)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Mr. Sudhir Jatia	-	98,07,933	36,50,000	-	1,34,57,933

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

b) Executive Director:

Ms. Radhika Piramal was appointed as the Executive Director of your Company for a period of three years with effect from 13th July, 2009 to 12th July, 2012. Subject to the approval of the Shareholders at the ensuing Annual General Meeting, Ms. Radhika Piramal has been appointed as the Managing Director of your Company for a period from 1st May, 2010 to 12th July, 2012 (both days inclusive). The contract may be terminated by either party by giving the other party, 3 months' notice or your Company paying notice pay equal to the amount due to the Managing Director on account of salary and perquisites for such notice period. There is no separate provision for payment of severance fees.

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

Details of remuneration paid to the Executive Director during the year ended on 31st March 2010 are as follows:

(in Rupees)

Name	Sitting Fees	*Gross Remuneration	Commission	Stock Option (Number of Shares)	Total
Ms. Radhika Piramal	-	48,11,052	-	-	48,11,052

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

INVESTORS' GRIEVANCES & SHARE TRANSFER COMMITTEE:

Terms of reference:

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

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

Composition:

The Investors' Grievances and Share Transfer Committee comprises of three members viz. Mr. Dilip G. Piramal, Mr. Sudhir Jatia and Mr. Vijay Kalantri. Mr. Shreyas Trivedi, Dy. General Manager - Legal & Company Secretary is the Compliance Officer of your Company.

Your Company has approximately 27,874 investors comprising of shareholders and fixed deposit holders. During the year, your Company processed 167 share transfers comprising of 19,523 equity shares in the physical form. Your

Company received 126 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
40th AGM (2006-07)	29th September, 2007	"NIWEC", Satpur, Nashik – 422 007	11.30 a.m.	Nil
Court Convened Meeting of Equity Shareholders for Amalgamation of Aristocrat Luggage Ltd. and Quality Plastics Ltd. with your Company	29th September, 2007	"NIWEC", Satpur, Nashik – 422 007	12.30 p.m	N.A
41st AGM (2007-08)	29th August, 2008	"NIWEC", Satpur, Nashik – 422 007	12.30 p.m	Nil
42nd AGM (2008-09)	25th September, 2009	"NIWEC", Satpur, Nashik – 422 007	11.30 a.m	1

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

Court Convened Meeting held on 29th September, 2007

To approve the scheme of amalgamation of Aristocrat Luggage Limited and Quality Plastics Limited with your Company pursuant to the provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Hon'ble High Court of Judicature at Bombay.

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.

Postal Ballot

During the year ended 31st March, 2010, 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 2009-2010. The details of transaction between your Company and the related parties are given for information under Note 16 to the Notes to Accounts to the Balance Sheet as at 31st March, 2010.

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 2009-10.

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 appointment and re-appointment are provided as part of the Notice convening the ensuing Annual General Meeting.

Means of Communication

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

Your Company's results and official news releases are displayed on your Company's website www.vipbags.com. There were no presentations made to the institutional investors or analysts during the year under review.

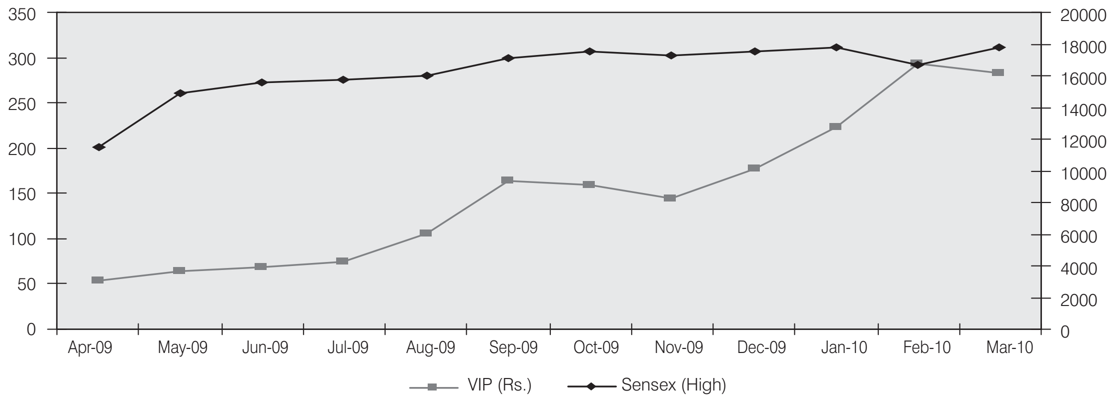
Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:		
- Date and Time	:	Thursday, 15th July 2010 at 12.30 p.m.
- 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 of 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, 6th July 2010 to Thursday, 15th July 2010 (both days inclusive)
4. Dividend Payment Date (2009-10)	:	On or after 20th July 2010.
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 2010-11 have 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 2009- 10)	High (Rs.)	Low (Rs.)	Sensex (High)	High (Rs.)	Low (Rs.)	Nifty (High)
April 2009	53.90	34.05	11492.10	54.00	33.80	3517.25
May 2009	64.20	40.25	14930.54	63.90	40.05	4509.40
June 2009	68.00	46.00	15600.30	67.40	45.80	4693.20
July 2009	73.80	41.30	15732.81	73.70	38.75	4669.75
August 2009	105.90	63.20	16002.46	104.60	64.00	4743.75
September 2009	164.00	107.55	17142.52	163.80	108.00	5087.60
October 2009	159.00	120.00	17493.17	159.10	118.60	5181.95
November 2009	144.80	116.00	17290.48	144.50	112.25	5138.00
December 2009	176.95	135.55	17530.94	177.00	130.00	5221.85
January 2010	222.70	169.25	17790.33	223.50	152.40	5310.85
February 2010	293.70	178.90	16669.25	294.40	166.40	4992.00
March 2010	283.60	230.50	17793.01	284.00	211.10	5329.55



Stock performance – V.I.P. v/s BSE

9. Distribution Schedule and Shareholding Pattern as on 31st March, 2010.

DISTRIBUTION SCHEDULE		
Category No. of Shares	No. of Shareholders	No. of Shares
Upto 500	25,971	31,97,312
501- 1000	1,080	8,03,746
1001 – 2000	421	6,17,336
2001 – 3000	104	2,62,799
3001 – 4000	45	1,60,037
4001 – 5000	52	2,45,008
5001 – 10000	65	4,73,959
10001 and Above	82	2,25,03,266
TOTAL	27,820	2,82,63,463

SHAREHOLDING PATTERN		
Category of Shareholders	No. of Shares	%
Promoters	1,23,20,945	43.59
Mutual Funds and UTI	16,70,084	5.91
Banks, Financial Institutions, Insurance Companies	1,85,704	0.66
Foreign Institutional Investors	3,11,732	1.10
Bodies Corporate	37,08,420	13.12
Indian Public	74,62,720	26.40
Non Resident Individuals/ Overseas Corporate Bodies	4,88,315	1.73
Others – Directors and their Relatives	21,15,543	7.49
TOTAL	2,82,63,463	100.00

10. Registrar and Share Transfer Agents	:	Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078, Tel. No.: 022-25963838/25946970, Fax No.: 022-25962691 Email : helpline@linkintime.co.in
11. Dematerialization of shares and liquidity	:	90.49% of the paid-up capital of your Company has been dematerialized as on 31st March, 2010. 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.
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 (W), Mumbai – 400 078. Tel. No. 022-25963838/25946970 Fax No.: 022-25962691 ii) The Company Secretary V.I.P. Industries Ltd. 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

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 open manner on information that may be required by them for orientation with the 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, Sudhir Jatia, Managing Director and Manoj Tulsian, Chief Financial Officer of V.I.P. Industries Ltd., to the best of our knowledge and belief, certify that:

We have reviewed the financial statements, read with the cash flow statement of V.I.P. Industries Limited for the year ended March 31, 2010 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

(ii) 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**

SUDHIR JATIA
Managing Director

MANOJ TULSIAN
Chief Financial Officer

Place : Mumbai
Date : 29th April, 2010

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, Sudhir Jatia, Managing Director of V.I.P. Industries Limited hereby confirm that the Board Members and the Senior Management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2010.

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

SUDHIR JATIA
Managing Director

Place: Mumbai
Dated : 29th April 2010

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, 2010, 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 : 29th April, 2010

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

LUGGAGE

Domestic Markets

The year under review saw a strong recovery in the demand across all segments after a recessionary previous year which had led to major setbacks in the global economy. The GDP growth rate is estimated at around 6.5% for the year with the last quarter showing a significant jump. The Economists project that India as a country is back on the growth track and in the next few years, the GDP growth will be somewere between 8.5%-10%. This will significantly support the Companies in attaining much stronger all round growth. The stock markets also recovered significantly during the year. However, the Global recovery is still far from being satisfactory. Interest rates in India are again showing signs of hardening to curb the inflationary pressure. Travel Industry is also showing signs of recovery.

The total Luggage industry is estimated at Rs. 3100 Crores and is estimated to be growing at a healthy rate of around 15% per annum with unbranded luggage growing faster than branded luggage. With overall economy doing better and with increased travel, the category has shown good turnaround as compared to the last year.

Due to continued inflationary pressures, value price segments continue to do better as compared to other price segments. Further, with rural economy relatively less impacted due to overall recession, the demand mainly for value offerings continued to be buoyant. These factors have helped the unorganised market estimated at Rs. 2150 Crores grow at a healthy rate. The number of Chinese imported labels has remained more or less the same.

The total market size for the organized sector has remained around Rs. 950 Crores. The number of major players remained more or less the same with your Company maintaining its leadership position. In the organized segment, while both the price segments – value segments (below Rs. 3000) and premium segment (over Rs. 3000) have grown, the value segment has grown faster at 23%. Premium segment has grown by 14 % over last year.

The modern organized retail segment has shown signs of recovery. The pace of expansion has improved with opening of new departmental stores and hypermarkets. The store level profitability has been the focus of the players in this segment. From a consumer point of view, hypermarkets and departmental stores are becoming more and more important for luggage purchase. There is an increased focus from hypermarkets and departmental stores towards Private labels and in-store brands.

While soft luggage segment continues to grow faster than hard luggage, there are signs of revival in hard luggage category. This is mainly due to multiple successful launches in premium, light weight and stylish ranges in polycarbonate etc. Within soft luggage segment, business satchels and backpacks are the fastest growing segments, driven by the increasing penetration of laptop usage in professional office use.

International Markets

During the year under review, the market growth was negative. The International market has registered a decline for the second consecutive year. This is excluding the US markets where your Company has a limited presence. Under these challenging environment, your Company still registered growth in the UK market. However, your Company's sales in Europe suffered during the year. The Middle East market and the Asia Pacific market still remained good for your Company.

The impact of the recession was most felt on the mono brand retail stores as the same became highly unprofitable. Your Company's aggressive foray into retail market took a beating and as a result, the retail expansion plan in the International market had to be revisited during the year. In fact your Company closed down all the retail shops of its wholly owned subsidiary, Carlton Travel Goods Limited (CTGL) in UK and Europe as the recovery of these stores looked difficult in the next two-three years. The 'Carlton' brand however continues to establish and grow in several markets.

CTGL has introduced a complete new range of products during the latter part of 2009-10 which has been well received in the market. However, the sales growth due to these new products will take place only in 2010-11.

The UK market performed well registering a growth of about 3% in very difficult conditions. The entry into 15 stores of the premium department store chain, 'House of Fraser' helped improve the brand image and the overall turnover. Keeping up with the digital age, Carlton started selling its products to UK consumers through their website.

The closure of retail stores will help improve profitability of the subsidiary in the next year. The cost control measures started in the previous year continued and helped cut losses in these tough times. Due to the external factors, the performance during the year was not as per our expectations but the brand continues to have good future potential.

For future, focus is on cost control, building operational efficiencies and improving the profitability of the International business. To achieve this, several decisions are being taken viz. cut down international warehousing, defer expansion plan in small European countries and transition to direct sales to distributors from the factories. The focus on product development and marketing will remain in order to continue to build the Carlton brand.

MOULDED FURNITURE

The year under review witnessed the furniture market remaining stagnant. Like the luggage market, the furniture market also has a huge unorganized market which is growing very fast every year. Your Company has a very small presence in the organized market which is mainly because of its high prices but persistently managing the quality standards. Your Company's brand "Moderna" is considered as a premium brand in the Industry. Because of it being accepted in the premium category, your Company has seen an opportunity in this business and continues to focus towards its growth.

B. OPPORTUNITIES AND THREATS

LUGGAGE

We believe that economy will continue to do better leading to healthy growth in both domestic and international travel. Such environmental conditions will offer many exciting and interesting opportunities to the organization. The organization has identified several opportunities including launching more products in lightweight polycarbonate bags, lightweight soft luggage, office satchels and backpacks, across all brands and at all price points.

We expect aggressive competition from both organized and unorganized players to continue, as branded players increase their advertising spend and unorganized players continue to exert price pressure that limit the price increases branded players may charge in order to stay competitive. However, with a robust product portfolio for each of the brands in your Company's portfolio, your Company is well poised to meet all challenges coming from competition in the market.

Increasing pressure on input costs is likely to put pressure on the margins in both hard luggage and soft luggage, which may not be entirely recovered through any price increases. Raw material (plastic and aluminum) costs in hard luggage have increased significantly in the first few months of 2010, as have higher labour costs in China for soft luggage. The USD may show signs of weakness against the Indian Rupee, however your Company feels that this positive effect on import costs would be countered by the likely appreciation of the Chinese currency against the dollar which would increase costs of finished goods from China.

MOULDED FURNITURE

This business has a huge potential to grow. The refurbishment of the sports facility, mainly stadiums, in the country and the concentration towards Computer literacy in schools across the country, creates ample scope for growth in this business. There are no major threats to your Company as it enjoys a small market share of the furniture business.

C. SEGMENT / PRODUCT WISE PERFORMANCE

LUGGAGE

Due to the persistent efforts in the last financial year, your Company has been able to grow all brands in the portfolio. Your Company did much better than the industry by clocking a robust growth in top line sales and continues to maintain leadership position in the organized segment.

Your Company with the combined portfolio of Delsey, VIP, Aristocrat, Skybags and Alfa, promises to be a formidable offering with presence across all major price segments of the market.

Your Company has invested significantly towards brand building activity for 'VIP' and 'Aristocrat'.

'VIP' continued to use Shahid Kapoor in its TV commercials and other branding communications. For VIP, your Company also invested to highlight unique and relevant innovations like "Water and stain resistant bags" through various branding initiatives. Your Company also invested on branded media properties such as 'VIP City Tour' during cricket matches on TV, Jet security tags and conveyor belts at all prominent airports in the country.

For Aristocrat brand, your Company has signed well-known film actress, Bipasha Basu as the brand ambassador. Your Company believes that this will help modernize the brand. Further your Company has invested in improving the in-store branding across key multi-brand outlets across the country.

Your Company has been able to capitalize on faster growths in value segments and hypermarket segments. Consistent efforts in Alfa and Skybags brands have helped in doing so.

With new launches and through various promotion initiatives in Canteen Stores Department (CSD) during last year across all the brands, your Company has been able to further strengthen its position especially in the soft luggage segment.

Delsey and VIP have contributed and grown in the premium segment.

Your Company strengthened its distribution hold by significantly increasing its market presence through opening of new shops for all brands across the country. These counters will contribute significantly in the coming years.

MOULDED FURNITURE

With the renewed focus on this business, the business showed a growth of over 20% during the year. Over and above the same, your Company has changed the highly credit oriented business to a cash and carry model which has severely de-risked the business. Your Company continued to get good Institutional orders during the year. During the year, your Company also worked on the network expansion and is very buoyant with the response from the trade.

D. OUTLOOK

LUGGAGE

Having identified the threats, opportunities and its strengths, the task at hand for your Company is to gain market share from the competition, especially in the premium and mass popular segment.

Your Company has put in place a robust plan to offer strongly differentiated/innovative products at aggressive prices offered through well diversified and covered distribution channel to counter competition at all levels. At the premium end, 'Delsey' and 'VIP' brands would be the focus area and in the mass popular and economy segment, 'Aristocrat' and 'Alfa' brands would be in offering. Growth in the fast growing hypermarket channel is through the promotion of the 'Skybags' brand.

Your Company's strength and capability in hard luggage gives it a head start over competition in tapping the trend of consumers in the premium segment moving to hard luggage. Your Company now also has a full- fledged capacity to produce polycarbonate products and is already exploring possibilities of launching products with differentiated textures and styles at competitive price points.

In the soft luggage category, your Company has identified faster growing sub-categories within soft luggage and has planned launches accordingly during the year. Your Company believes that this will help to modernize the brands alongwith giving additional growth for the brands.

In Canteen Strores Department too, your Company plans to introduce new range of products and gain market share from compititors. Also steps are being undertaken to build visibility for the brands and highlight their key differentiators.

Your Company believes that its underlying core strength is in the quality of its products, strength of distribution and the trust of its brands with consumers across India. Accordingly, your Company is dedicated to investing higher spends on advertising and promotion, continued distribution expansion and stringent efforts in quality control to deliver superior customer satisfaction.

MOULDED FURNITURE

Your Company's renewed focus on this segment will certainly help to register good growth in this segment in next few years. Your Company is working on the initiatives like network expansion, introduction of new products, addition of new territories which will surely help the business to grow at a rapid pace. Since the market share is very miniscule, the opportunity to grow at a good two digit number is highly realistic.

E. RISKS AND CONCERNS

As the share of business is drifting towards soft luggage, your Company's dependence on China for producing soft luggage posses threat for the business. However, because of large scale efficiencies, most of the global luggage players are dependent on China for their soft luggage requirement. Any appreciation in Chinese currency may have adverse effect on the business.

For hard luggage, the prices of major raw materials like plastic and Aluminium plays a significant role in terms of the demand. The hard luggage prices are somehow price sensitive and beyond certain level, an increase in the selling prices does affect the demand.

F. INTERNAL CONTROL SYSTEMS

Your Company has an independent Internal Audit Department and have designed such disclosure controls and procedures that material information relating to your Company including its subsidiaries is known to the management immediately. Your Company has designed internal control systems over financial reporting to provide reasonable assurance regarding reliability of the statements and the preparation of the financial statement for external purpose is made in accordance with the generally accepted accounting principles. The effectiveness of your Company's disclosure, controls and procedures is evaluated from time to time. All significant changes in accounting policies during the year, have been disclosed in the notes to the financial statement.

G. FINANCIAL PERFORMANCE

SALES

The Sales and Other Income of your Company for the year ended 31st March, 2010 was at Rs. 636,78 Lacs (Previous Year Rs 532,25 Lacs). The consolidated Sales and Other Income for the year under review was Rs. 671,24 Lacs (Previous Year Rs 576,39 Lacs).

EXPENDITURE

Your Company continued its focus on cost management initiatives.

PROFIT

Profit After Tax for the year under review was Rs.50,05 Lacs (Previous year Rs.8,91 Lacs). The consolidated Profit after Tax for the year under review was Rs.48,38 Lacs as against previous year's net loss of Rs.1,44 Lacs.

H. HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

During the year under review, your Company focused on effective execution of plan through its qualified workforce and achieved its targets as planned. Through a structured recruitment & training process, your Company identified and trained both external and internal talent to improve its capability across the organization. These efforts have yielded results in all the sections of the business.

Various initiatives and other employee development programs implemented throughout the year along with external market conditions have helped your Company in lowering the employee attrition as compared to the last year. Your Company also continued its effort to build its middle management talent by hiring from various business management schools. An amicable settlement was signed with the Union at its Nashik and Sinnar plants on the 7th July, 2009 for a period of 3½ years. The relationship with the Union at the plant locations has been cordial, professional and productive while collectively agreeing to the deliverables of your Company's business goals. The employee strength as on 31st March, 2010 was 1645.

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of V.I.P. Industries Limited as at 31st March 2010, 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 2010 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2010 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 2010;

      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 Membership No. 101484W

Place: Mumbai
Date: 29th April, 2010

Annexure referred to in paragraph 3 of Auditors' report to the members of V.I.P. Industries Limited for the year ended 31st March 2010.

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 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 Rs. 5,75,775, and Income Tax of Rs. 1,49,333.

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, Sales Tax and Property Tax are as under:

Name of the Statue	Nature of the Dues	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	2,44,611	1994-1995	Joint Commissioner of Tax
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	5,81,509	1990-1991 to 1993-1994	Sales Tax Tribunal
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	3,11,561	1992-1993 to 1994-1995	Assistant Commissioner of Sales Tax
Assam General Sales Tax Act	Sales Tax Dues	19,30,577	1994-1995 and 1997-1998	Joint Commissioner of Sales Tax
Bihar Sales Tax Act, 1959	Sales Tax Dues	6,22,799	2001-2002 and 2002-2003	Commercial Tax Officer
Bihar Sales Tax Act, 1959	Sales Tax Dues	2,62,873	2006-2007	Deputy Commissioner of Commercial Tax
Bihar Sales Tax Act, 1959	Sales Tax Dues	5,76,884	2000-2001 and 2003-2004	Assistant Commissioner of Sales tax
Chhattisgad Vat Tax Act 2005	Sales Tax Dues	41,806	2005-2006	Deputy Commissioner of Sales Tax
Delhi Sales Tax Act, 1975	Sales Tax Dues	1,00,000	1992-1993	Deputy Commissioner of Sales Tax
Bombay Sales Tax Act, 1959	Sales Tax Dues	46,90,643	1999-2000 to 2001-2002	Honourable High Court
Bombay Sales Tax Act, 1959	Sales Tax Dues	34,25,000	2000-2001	Commercial Tax Officer
Bombay Sales Tax Act, 1959	Sales Tax Dues	68,97,228	1988-1989, 1993-1994 and 2002-2003	Joint Commissioner (Appeals)
Bombay Sales Tax Act, 1959	Sales Tax Dues	57,06,696	2001-2002	Sr. Dy. Commissionerate (Assessment)
Bombay Sales Tax Act, 1959	Sales Tax Dues	27,17,149	1990-1991 and 2000-2001	Deputy Commissioner (Assessment)
Bombay Sales Tax Act, 1959	Sales Tax Dues	3,99,31,531	1999-2000 to 2002-2003	Joint Director of Industries, Jalgoan
Bombay Sales Tax Act, 1959	Sales Tax Dues	5,48,788	2001-2002	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax Dues	2,53,87,519	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

Name of the Statue	Nature of the Dues	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax Dues	9,893	1992-93	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956	Sales Tax Dues	34,89,327	2002-2003	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax Dues	1,25,364	2005-2006	Dy. Commissionerate of Appeals
Kerala General Sales Tax Act, 1963	Sales Tax Dues	33,855	2005-2006 and 2008-2009	Commercial Tax Officer
Orissa Entry Tax Act, 1999	Entry Tax	9,58,391	2001-2002 to 2004-2005	Assistant Commissioner of Sales Tax
Orissa Entry Tax Act, 1999	Entry Tax	1,12,198	2003-2004	Honourable High Court
Orissa Sales Tax Act, 1947	Sales Tax Dues	44,71,808	1999-2000 to 2004-2005	Honourable High Court
Orissa Entry Tax Act, 1999	Sales Tax Dues	6,87,877	2001-2002 to 2005-2006	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	Sales Tax Dues	51,75,952	1996-1997 to 2003-2004	Assistant Commissioner of Sales Tax
Punjab General Sales Tax Act, 1948	Sales Tax Dues	8,34,983	1989-1990	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax Dues	44,47,657	1997-1998	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax Dues	44,053	2006-2007	Sr. Joint Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax Dues	9,70,356	1998-1999 and 2005-2006	Dy. Commissionerate of Appeals
West Bengal Sales Tax Act, 1994	Sales Tax Dues	16,57,783	2005-2006	Joint Commissioner
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	76,000	2008-2009	Assistant Commissioner, Sales Tax
Uttar Pradesh Trade Tax Act, 1948	Sales Tax Dues	11,08,267	1986-1987	Trade Tax Tribunal
Madhya Pradesh Vat Adhiniyam, 2002	Sales Tax Dues	2,89,158	2005-2006 to 2006-2007	Deputy Commissioner
Municipal Corporation of Greater Mumbai Act, 1888	Municipal Tax	10,07,55,924	2000-2001 to 2009-2010	Honorable High Court
Assam (Finance) Sales Tax Act, 1956	Sales Tax Dues	7,63,067	2005-2006 to 2006-2007	Deputy Commissioner of Taxes
Income Tax Act, 1961	Income Tax Dues	6,52,254	2004-2005, 2005-2006 and 2006-2007	Income Tax Assessing Officer
Income Tax Act, 1961	Income Tax Dues	1,69,112	2007-2008	Commissioner of Income Tax (Appeals)

(x) The Company does not have accumulated losses at the end of the financial year March 31, 2010. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2010 and in the immediately preceding financial year ended March 31, 2009.

(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.

(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, 2010.

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

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

Place: Mumbai
Date: 29th April, 2010

BALANCE SHEET
AS AT MARCH 31, 2010

	Schedule		2010 Rs in Lacs.		2009 Rs in Lacs.
SOURCES OF FUNDS					
Shareholders' Funds:					
Share Capital	A	**28,26**		28,26	
Reserves and Surplus	B	**143,90**		110,08	
			172,16		138,34
Loan Funds:					
Secured Loans	C	**72,31**		84,63	
Unsecured Loans	D	**15,00**		51,38	
			87,31		136,01
Deferred Tax Liabilities (Net)	E		**62**		2,81
TOTAL			**260,09**		277,16
APPLICATION OF FUNDS					
Fixed Assets:	F				
Gross Block		**246,85**		242,50	
Less: Accumulated Depreciation/ Amortisation		**166,02**		154,25	
Net Block		**80,83**		88,25	
Capital Work-in progress		**43**		1,33	
			81,26		89,58
Investments	G		**2,01**		2,67
Current Assets, Loans and Advances:					
Inventories	H	**80,12**		67,67	
Sundry Debtors	I	**91,39**		106,41	
Cash and Bank Balances	J	**16,72**		9,67	
Other Current Assets	K	**9,15**		10,49	
Loans and Advances	L	**51,36**		61,13	
		248,74		255,37	
Less: **Current Liabilities and Provisions:**					
Current Liabilities	M	**58,27**		73,76	
Provisions	N	**13,65**		6,09	
		71,92		79,85	
Net Current Assets			**176,82**		175,52
Miscellaneous Expenditure	O		**–**		9,39
(to the extent not written off or adjusted)					
TOTAL			**260,09**		277,16
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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

Place : Mumbai
Dated : 29th April, 2010

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2010

	Schedule		2010 Rs in Lacs.		2009 Rs in Lacs.
INCOME:					
Income from Operations	P	634,58		514,57	
Other Income	Q	2,20		17,68	
			636,78		532,25
EXPENDITURE:					
Cost of Materials	R	264,07		238,94	
Payments to and Provisions for Employees	S	63,24		57,53	
Administrative, Selling and Other Expenses	T	213,79		189,01	
Interest (Net)	U	7,96		12,82	
Depreciation / Amortisation		17,28		14,07	
			566,34		512,37
Profit before Tax and Extraordinary items			70,44		19,88
Less: Extraordinary items	V		9,39		10,44
Profit before Tax			61,05		9,44
Less : Provision for Tax :					
Current Tax [including Wealth Tax **Rs.5 lacs** (previous year Rs. 4 lacs)]			13,25		1,01
Deferred Tax			(2,19)		(78)
Fringe Benefit Tax			–		88
MAT Credit Entiltlement			–		(97)
Income Tax for earlier years			(6)		39
Profit after Tax			50,05		8,91
Add : Balance of profit brought forward			32,51		27,90
AMOUNT AVAILABLE FOR APPROPRIATION			82,56		36,81
APPROPRIATIONS:					
Interim Dividend			5,65		–
Proposed Dividend			8,48		2,82
Corporate Dividend Tax			2,40		48
General Reserve			29,92		1,00
Balance carried to Balance Sheet			36,11		32,51
			82,56		36,81
Earnings per share, Rupees: (Refer Note No. 17 of schedule 'W')					
Basic/Diluted Earnings Per Share excluding Extraordinary items (net of tax expenses)			19.90		6.51
Basic/Diluted Earnings Per Share including Extraordinary items			17.71		3.15
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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

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Dilip G. Piramal Chairman
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D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

Place : Mumbai
Dated : 29th April, 2010

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2010

			2010 **Rs. In Lacs**		2009 Rs. In Lacs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax & Extraordinary items		**70,44**		19,88
	Adjusted for:				
	Depreciation/ Amortisation	**17,28**		14,07	
	Interest charged (Net)	**7,96**		12,83	
	Provision for warranty	**5**		2	
	Provision for leave encashment	**(51)**		3	
	Provision for gratuity	**1,40**		11	
	Provision for Doubtful Debts	**(84)**		49	
	(Gain) /Loss on Exchange rate fluctuation	**10,29**		(5,02)	
	(Profit) / Loss on sale of Investments	**(3)**		(16)	
	Investments Written Off	**38**		–	
	(Profit)/Loss on sale/ disposal of fixed assets/obsolescence	**88**		(5,38)	
			36,86		16,99
	Operating profit before working capital changes		**107,30**		36,87
	Changes in :				
	Trade receivables	**6,56**		12,43	
	Inventories	**(12,45)**		11,27	
	Trade payables & Provisions	**(15,66)**		(3,43)	
	Loans and Advances	**8,39**		48	
	Other Current Assets	**1,70**		(70)	
			(11,46)		20,05
	Cash generated from operations		**95,84**		56,92
	Direct taxes paid (Net of refund received)		**(12,49)**		(4,84)
	Cash flow before extraordinary items		**83,35**		52,08
	Extraordinary items		**–**		(6,84)
	NET CASH FROM OPERATING ACTIVITIES		**83,35**		45,24
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital Subsidy Received	**30**		–	
	Purchase of Fixed assets/ Payment towards CWIP	**(10,79)**		(14,89)	
	Loan to Subsidiary	**(52)**		(14,52)	
	Sale of Fixed assets	**36**		7,55	
	Sale of Investments	**31**		1,29	
	Interest received	**1,24**		1,13	
	NET CASH FROM INVESTING ACTIVITIES		**(9,10)**		(19,44)

		2010 Rs. In Lacs		2009 Rs. In Lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	**(9,62)**		(14,62)	
Proceeds / (Repayments) from / of borrowings (net)	**(47,79)**		1,15	
Dividend paid (inclusive of Dividend Tax)	**(9,79)**		(9,80)	
NET CASH FROM FINANCING ACTIVITIES		**(67,20)**		(23,27)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)		**7,05**		2,53
CASH AND CASH EQUIVALENTS - OPENING BALANCE		**9,67**		7,14
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**16,72**		9,67
		7,05		2,53

Notes:

(1) Closing Balance of Cash & Cash Equivalents included exchange rate difference (loss) of **Rs. 4 lacs** (previous year loss of Rs.3 lacs)

(2) Cash and Cash Equivalents include :

		2010 Rs. in Lacs		2009 Rs. in Lacs
Cash and Cheques on Hand		**9,65**		3,64
Balances with Scheduled Banks in :				
Current Accounts	**1,39**		1,33	
Margin Money Account	**2,52**		1,89	
Unclaimed Dividend Accounts	**79**	**4,70**	66	3,88
Balances in Current Account with Non Scheduled Banks		**5**		22
Remittance - in - Transit		**2,32**		1,93
Total		**16,72**		9,67

(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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

Place : Mumbai
Dated : 29th April, 2010

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'A'				
SHARE CAPITAL				
Authorised:				
4,93,00,000 Equity Shares (previous year 4,93,00,000) of Rs. 10/- each		**49,30**		49,30
1,000 9% Redeemable Cumulative Preference shares of Rs. 1,000/- each		**10**		10
		49,40		49,40
Issued,Subscribed and Paid-Up:				
2,82,63,463 (previous year 2,82,63,463) Equity Shares of Rs. 10/- each fully paid- up		**28,26**		28,26
		28,26		28,26

Notes:

Of the above Equity Shares:

a. **30,000** Equity Shares (previous year 30,000) of Rs. 10/- each were allotted as fully paid-up shares, pursuant to a contract for consideration other than cash,

b. **35,25,000** Equity Shares (previous year 35,25,000) of Rs. 10/- each were allotted as fully paid-up Bonus Shares by way of capitalisation of reserves,

c. **1,68,00,000** Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Blow Plast Ltd. with the Company and

d. **28,01,650** 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		**15**		15
Capital Incentive :				
As per last Balance Sheet	**94**		94	
Add: Additions during the year	**30**		–	
		1,24		94
Securities Premium Account :				
As per last Balance Sheet		**33,53**		33,53
Capital Redemption Reserve :				
As per last Balance Sheet		**15**		15
General Reserve :				
As per last Balance Sheet	**42,80**		41,86	
Add: Transferred from Profit and Loss Account	**29,92**		1,00	
Less: Adjustment on account of Scheme of Amalgamation/Others	**–**		6	
		72,72		42,80
Profit and Loss Account:				
Balance as per Account annexed		**36,11**		32,51
		143,90		110,08

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'C'				
SECURED LOANS				
A. Term Loans:				
1. ECB loan - Axis Bank Ltd	**2,81**		5,71	
- Refer Note No. 1				
2. Foreign Currency Corporate loan - State Bank of India	**3,71**		6,29	
- Refer Note No. 2				
3. Corporate Term loan from State Bank of India	**3,20**		5,96	
- Refer Note No. 2				
4. Term loan from Axis Bank Ltd.	**–**		1,66	
- Refer Note No. 3		**9,72**		19,62
B. Working Capital Facilities from Banks		**62,59**		65,01
- Refer Note No. 4				
		72,31		84,63

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 Foreign currency loan and Corporate Rupee Term 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. Term loan from Axis Bank is secured against exclusive charge on specific movable fixed asset at Nasik.
4. 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 Nasik, Nagpur, Jalgaon and Sinnar.

	2010 Rs in Lacs.	2009 Rs in Lacs.
SCHEDULE 'D'		
UNSECURED LOANS		
1. Short Term Deposits from Limited Companies	**–**	11,05
- Refer Note No. 1		
2. Short Term loan from banks	**15,00**	22,50
- Refer Note No. 2		
3. Working Capital Facilities from Bank	**–**	17,83
	15,00	51,38

Notes:

1. Amount payable within one year **Rs.Nil** (previous year Rs. 11,00 lacs)
2. Amount payable within one year **Rs.15,00 lacs** (previous year Rs. 22,50 lacs)

		2010 Rs in Lacs.	2009 Rs in Lacs.
SCHEDULE 'E'			
DEFERRED TAX LIABILITIES (Net)			
Deferred Tax Liabilities			
On account of :			
- Depreciation /Amortisation		**4,94**	6,75
	(a)	**4,94**	6,75
Deferred Tax Assets			
On account of :			
- Expenses allowable on payment basis		**95**	1,19
- Provision for Doubtful Debts		**6**	35
- Voluntary Retirement Scheme Expenses		**3,23**	2,27
- Merger Expenses		**8**	13
	(b)	**4,32**	3,94
	Net (a-b)	**62**	2,81

SCHEDULE 'F'

FIXED ASSETS

Rs in Lacs.

	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 31st March, 2009	Additions	Deductions/ Adjustments	As at 31st March, 2010	As at 31st March, 2009	For the year (Refer Note 4 below)	Deductions/ Adjustments	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Freehold Land	3	–	–	**3**	–	–	–	**–**	**3**	3
Leasehold Land	3,97	–	–	**3,97**	–	–	–	**–**	**3,97**	3,97
Buildings	36,12	–	–	**36,12**	11,29	1,15	–	**12,44**	**23,68**	24,83
Plant and Machinery	84,77	11	22	**84,66**	64,94	3,36	19	**68,11**	**16,55**	19,83
Data Processing Machines	12,91	65	89	**12,67**	10,46	1,77	86	**11,37**	**1,30**	2,45
Moulds and Dies	60,07	5,45	4	**65,48**	45,53	4,41	–	**49,94**	**15,54**	14,54
Furniture, Fixture and Equipments	24,18	3,08	1,29	**25,97**	10,30	3,81	91	**13,20**	**12,77**	13,88
Vehicles	3,77	1,75	53	**4,99**	1,15	39	18	**1,36**	**3,63**	2,62
Assets held for disposal	4,01	–	4,01	**–**	3,37	–	3,37	**–**	**–**	64
Intangible Assets:										
Patents and Trademarks	9,08	–	–	**9,08**	5,48	69	–	**6,17**	**2,91**	3,60
Computer Software	3,59	29	–	**3,88**	1,73	1,70	–	**3,43**	**45**	1,86
	242,50	11,33	6,98	**246,85**	154,25	17,28	5,51	**166,02**	**80,83**	88,25
Previous Year	243,09	16,04	16,63	242,50	154,58	14,07	14,40	154,25	88,25	

Notes:

(1) Buildings include Original cost of **Rs 70 lacs** (previous year Rs. 70 lacs) being the cost of ownership flats represented by **10** (previous year 10) shares of Rs.50 each of Co-operative societies.

(2) Assets held for disposal include Plant & Machinery items having original cost of **Rs.Nil** (previous year Rs. 4,01 lacs) given on lease having net realisable value of **Rs.Nil** (previous year Rs. 64 lacs), shown at lower of cost and net realisable value.

(3) Plant & Machinery to the extent of **Rs. 30 lacs** (Previous year Rs. Nil) is hypothicated to the State Government of Uttarakhand (SIDCUL Dehradun) as per agreement for the Capital Incentive Scheme.

(4) Refer Note No 26 of Schedule 'W'.

	Face Value Rupees	2010 Nos.		2010 Rs. In Lacs	2009 Nos.		2009 Rs. In Lacs
SCHEDULE 'G'							
INVESTMENTS (At Cost)							
Long term and Non-Trade							
Quoted:							
a) **Equity Shares :**							
1) Windsor Machines Limited.	10	22,80,730	16,36		22,80,730	16,36	
2) Kemp & Co Ltd. (Cost Rs 20,077)	10	1,909	-		1,909	-	
3) Jindal Southwest Holdings Ltd.	10	2,250	-		2,250	-	
				16,36			16,36
Total Value of Quoted Investments				16,36			16,36
Unquoted :							
a) **Equity Shares:**							
1) Dinnette Exclusive Club Pvt Ltd (Cost Rs 50,000)	100	500	1		500	1	
2) Taluka Audyogik Sahakari Vasahat Maryadit, Sinnar (Cost Rs 1,000)	100	10	-		10	-	
3) The Saraswat Co Op Bank Ltd. (Cost Rs 20,000)	10	2,000	-		2,000	-	
4) The Shamrao Vithal Co Op Bank Ltd. (Cost Rs 2,500)	25	100	-		100	-	
5) Investment in Wholly Owned Subsidiary Company:							
i) Carlton Travel Goods Ltd. (Face Value of GBP 1)	-	2,00,000	1,66		2,00,000	1,66	
ii) Blow Plast Retail Ltd.	10	50,000	5		50,000	5	
				1,72			1,72
b) **Joint Venture**							
Equity shares:							
VIP Nitol Industries Limited (Face Value BDT 1000) (Written off during the year)	-	-		-	25,003		2,12
c) **Mutual Fund Units:**							
UTI Fixed term Income Fund Series IV-Plan VIII (281,366 units redeemed during the year)	10	-		-	2,81,366		28
Total Value of Unquoted Investments				1,72			4,12
Total Value of Investments				18,08			20,48
Less: Provision for diminution in value of Investments				16,07			17,81
Net Value of Investments				2,01			2,67

Note : Aggregate market value of Quoted Investments **Rs.9,72 Lacs** (previous year Rs. 1,90 Lacs)

		2010 Rs in Lacs.		2009 Rs in Lacs.
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		**69**		70
Raw Materials & Components		**11,63**		10,30
Packing Materials		**58**		44
Work-In- Process (at estimated cost)		**4,71**		3,84
Scrap (at net realisable value)		**5**		5
Finished Goods		**62,46**		52,34
		80,12		67,67
SCHEDULE 'I'				
SUNDRY DEBTORS (unsecured)				
Over Six Months:				
Considered Good	**25,15**		33,36	
Considered Doubtful	**18**		1,02	
		25,33		34,38
Other debts:				
Considered Good		**66,24**		73,05
		91,57		107,43
Less: Provision for Doubtful Debts		**18**		1,02
		91,39		106,41

Amount due from subsidiary **Rs.22,34 lacs** (previous year Rs. 37,79 lacs)

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'J'				
CASH AND BANK BALANCES				
Cash and Cheques on Hand		**9,65**		3,64
Balances with Scheduled Banks in :				
Current Accounts	**1,39**		1,33	
Margin Money Account	**2,52**		1,89	
Unclaimed Dividend Accounts	**79**		66	
		4,70		3,88
Balances with Non Scheduled Banks in :				
Current Accounts *		**5**		22
Remittance - in - Transit		**2,32**		1,93
		16,72		9,67

* The Hong kong & Shanghai Banking Corporation Limited- Hongkong, maximum balance outstanding during the year **Rs.29 lacs** (Previous year Rs.16 lacs)

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'K'				
OTHER CURRENT ASSETS				
Interest Receivable*		**1,58**		1,22
Export Incentive Receivable		**1,42**		1,78
Others		**6,15**		7,49
		9,15		10,49

* Interest Receivable includes an amount due from subsidiary **Rs.1,29 lacs** (previous year Rs.99 lacs)

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'L'				
LOANS AND ADVANCES				
(Unsecured, considered good, unless otherwise stated)				
Deposit with Corporate Bodies & Others		**17**		17
Advance Recoverable in cash or in kind or for value to be received		**12,63**		18,55
Loan to Subsidiary		**15,71**		16,99
MAT Credit Entitlement	**97**		97	
Less : Reversed during the year	**97**	**–**	–	97
Loans and advances to staff		**37**		57
Deposits:				
Public Bodies	**1,45**		1,45	
Others	**12,14**		13,81	
		13,59		15,26
Advance Income Tax (net of provisions) *		**8,89**		8,62
		51,36		61,13

* Advance Income Tax for the current year is net of Provision for tax of **Rs.51,36 lacs** (previous year Rs. 40,97 lacs). (Net of MAT Credit of Rs. 97 lacs, Previous year Rs. Nil)

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'M'				
CURRENT LIABILITIES				
Sundry Creditors		**30,92**		49,97
Other Liabilities		**22,67**		19,04
Advances and deposits from customers		**3,35**		3,46
Investor Education & Protection Fund *				
Unclaimed Dividend	**79**		66	
Unclaimed Interest on Fixed Deposits	**9**		11	
Unclaimed Fixed Deposits	**8**		11	
		96		88
Interest accrued but not due on loans		**37**		41
		58,27		73,76

1. Sundry Creditors include amount due to Subsidiary **Rs. 32 lacs** (previous year Rs. 51 lacs)
2. *An amount of **Rs.0.2 lacs** (previous year Rs.0.5 lacs) is due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2010 (since paid on 13th April 2010).
3. Refer Note No. 5 of Schedule 'W' for Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'N'				
PROVISIONS				
Provision for Proposed Dividend		**8,48**		2,83
Provision for Tax on Dividend		**1,44**		48
Provision for Gratuity		**1,52**		12
Provision for Leave encashment		**1,95**		2,46
Provision for Warranty (Refer Note No. 23 of Schedule 'W')		**26**		20
		13,65		6,09
SCHEDULE 'O'				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Voluntary Retirement Scheme		**–**		9,39
		–		9,39
SCHEDULE 'P'				
INCOME FROM OPERATIONS				
Sales	**639,30**		520,85	
Less : Excise Duty	**12,67**		15,24	
Net Sales		**626,63**		505,61
Income from Job work		**6,86**		7,28
Export Incentives		**1,09**		1,68
		634,58		514,57

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'Q'				
OTHER INCOME				
Profit on sale of Long term (Non trade) Investments (Net)		3		16
Profit on sale of Fixed Assets (Net)		–		5,52
Sale of Scrap		68		92
Rent Received		31		37
Octroi Refund		–		2,50
Sales Tax Refund for earlier years		–		1,75
Exchange Rate Difference (Net)		–		4,67
Miscellaneous Income		1,18		1,79
		2,20		17,68
SCHEDULE 'R'				
COST OF MATERIALS				
Raw Materials & Components Consumed :				
Opening Stock	10,30		15,17	
Add: Purchases	138,44		119,41	
	148,74		134,58	
Less: Sales	1,03		1,74	
Closing Stock	11,63		10,30	
		136,08		122,54
Purchase of Finished Goods*		131,05		102,41
Decrease/(Increase) in stock:				
Opening Stock				
Finished goods	52,34		57,67	
Work-in-process	3,84		4,97	
Scrap	5		4	
	56,23		62,68	
Less: Closing stock				
Finished goods	62,46		52,34	
Work-in-process	4,71		3,84	
Scrap	5		5	
	67,22		56,23	
		(10,99)		6,45
Packing Materials Consumed		7,93		7,54
		264,07		238,94

* Refer Note No. 27 of Schedule 'W'

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'S'				
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries , Wages and Bonus		54,88		50,17
Contribution to Provident and Other Funds		5,01		4,42
Welfare Expenses		3,35		2,94
		63,24		57,53

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'T'				
ADMINISTRATIVE, SELLING AND OTHER EXPENSES				
Stores and Spares Consumed		2,06		2,13
Power and Fuel		11,41		9,99
Repairs and Maintenance to :				
Plant and Machinery	1,03		68	
Buildings	11		57	
Others	2,90	4,04	3,58	4,83
Freight, Handling and Octroi		32,42		31,17
Discounts & Rebates		74,76		61,84
Commission on Sales		15		40
Insurance		33		33
Rent including Lease rentals		19,47		17,27
Rates and Taxes		1,06		90
Advertisement and Brand Marketing		26,78		25,43
Travelling & Conveyance		8,32		9,14
Legal & Professional Fees		2,35		2,20
Royalty		2,01		1,00
Communication Cost		2,81		3,05
Bank Charges & Commission		1,93		1,98
Directors' Fees		3		2
Auditors' Remuneration (Refer Note No.15 of Schedule 'W')		31		24
Loss on sale of Fixed Assets (Net)		6		-
Loss on Obsolescence / Damage of Fixed assets		78		14
Loss on Disposal of Fixed Asset held for disposal		4		-
Exchange Rate Difference (Net)		4,12		-
Provision for Doubtful Debts		18		49
Investment in Joint Venture written off	2,12		-	
Less Provision for Diminution	1,74	38	-	-
Bad Debts:				
Bad Debts written off during the year	2,40		-	
Less: Provision for Doubtful Debts reversed	1,02	1,38	-	-
Miscellaneous Expenses		16,61		16,46
		213,79		189,01

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'U'				
INTEREST (NET)				
Fixed Loans	**4,06**		7,68	
Banks	**5,48**		6,41	
Others	**2**		48	
		9,56		14,57
Less : Interest Income:				
Interest received on Long-term (Non-Trade) Investments	**-**		2	
Interest received on I.T. Refunds, loans & deposits (Tax Deducted at source **Rs.2 lacs** previous year Rs. 2 lacs)	**1,60**		1,73	
		1,60		1,75
		7,96		12,82
SCHEDULE 'V'				
EXTRAORDINARY ITEMS				
Voluntary Retirement Expenses		9,39		10,44
		9,39		10,44

SCHEDULE 'W'

NOTES TO THE ACCOUNTS	**2010 Rs in Lacs**	2009 Rs in Lacs
1. Estimated amounts of Contracts remaining to be executed on Capital Account and not provided for (net of advances).	**88**	33
2. Contingent Liabilities not provided for in respect of :		
a. Disputed Income Tax liability	**2,67**	3,99
b. Disputed Sales Tax liability	**13,28**	12,89
c. Disputed Property Tax	**10,08**	8,43
d. Bills discounted with Bank	**16,35**	1,49
e. Bonds issued under EPCG scheme	**5,55**	5,47
f. Disputed Excise duty liability	**11**	11
g. Claims against the Company not acknowledged as Debts	**3**	30
h. Disputed Employees State Insurance Corporation dues.	**8**	8

3. During the year the Company has made a provision of **Rs. 97 lacs** (previous year Rs. 48 lacs) 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. Hence there is no effect of this on the profit for the year.

4. Directors' Remuneration:

Particulars of remuneration paid to Directors (Refer Note)

	2010	2009
Executive Directors:-		
Salary and allowances	**1,31**	90
Commission	**36**	10
Contribution to Provident and other funds *	**11**	7
Perquisites**	**5**	7
Total	**1,83**	1,14

* 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.

	2010	2009
Non Executive Directors:-		
Commission	**73**	-
Sitting fees	**3**	2
	76	2

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, 2010:

	2010	2009
Profit before Tax for the year as per Profit and Loss Account	**61,05**	9,44
Add : Directors' remuneration	**1,83**	1,14
Directors' sitting Fees	**3**	2
Commission to Non Executive Director	**73**	-
Profit/ loss on sale of fixed assets	**6**	(5,52)
Loss on Obsolescence / Damage of fixed assets	**78**	14
(Profit)/Loss on sale of Investments	**(3)**	(16)
Loss on Sale of Asset held for disposal	**4**	-
Investment in Joint Venture written off (net of provision for diminution)	**38**	-
Provsion for doubtful Debts	**(84)**	49
Deferred VRS Expenses	**9,39**	10,44
Net Profit as per Section 349 of the Companies Act, 1956	**73,42**	15,99
Commission payable to Directors		
Whole Time	**37**	10
Non Whole Time	**73**	-

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 / Vaccum Moulded Plastic Goods (in'000)	Tonnes	**34**	**15**	**38,52 Nos.**
		(34)	(15)	(32,09 Nos.)
Flexible Luggage (in'000)	Numbers	**4,20**	**-**	**-**
		(4,20)	-	-
Moulds, Tools, Jigs & Fixtures	Numbers	**520**	**520**	**101**
		(520)	(520)	(87)
Element Panels (in'000)	M.T	**3**	**2**	**-**
		(3)	(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. 46/13/2010-CL-III dated 08th February, 2010 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

	2010 %	**2010 Value (Rs in lacs.)**	2009 %	2009 Value (Rs in lacs.)
Raw Materials				
Imported*	**30**	**18,54**	20	10,98
Indigenous	**70**	**43,23**	80	44,32
Subtotal	**100**	**61,77**	100	55,30
Components				
Imported*	**2**	**1,66**	1	48
Indigenous	**98**	**72,64**	99	66,76
Subtotal	**100**	**74,30**	100	67,24
TOTAL		**136,07**		122,54

* Excludes imported items purchased locally

9. Stores and Spares Consumed:

Imported *	**10**	**20**	5	12
Indigenous	**90**	**1,86**	95	2,01
	100	**2,06**	100	2,13

* Excludes imported items purchased locally.

SCHEDULE 'W' (Contd)

	2010 Rs in Lacs	2009 Rs in Lacs
10. Value of imports on C.I.F. basis:		
Raw Materials & Components	**16,96**	10,61
Capital Goods	**97**	1,14
Stores & Spares	**83**	13
11. Expenditure in foreign currency:		
Travelling	**95**	94
Interest	**89**	2,17
Advertisement	**4**	27
Brand Marketing	**6,05**	-
Marketing Expenses	**2,67**	4,18
Commission	**89**	1,44
Royalty	**1,70**	1,00
Capital assets	**2,24**	28
Professional Fees	**40**	70
Salary	**3,40**	3,44
Others	**2,67**	5,37

Note: Capital assets of **Rs. 2,24 lacs** (previous year Rs. 28 lacs) have been capitalised during the year.

	2010	2009
12. Remittance on account of Dividend to Non-Resident shareholders:-		
a) **Final Dividend :**		
i. No. of non-resident shareholders	**494 nos**	516 nos
ii. No. of shares held by the shareholders	**53850 nos**	55750 nos
iii. Amount remitted	**1**	2
iv. Year to which pertains	**2008-09**	2007-08
b) **Interim Dividend :**		
i. No. of non-resident shareholders	**498 nos**	-
ii. No. of shares held by the shareholders	**54350 nos**	-
iii. Amount remitted	**1**	-
iv. Year to which pertains	**2009-10**	-
13. Earnings in Foreign Currency:		
Exports of Finished Goods, Components & Other Items (on F.O.B. basis)	**47,02**	64,54
Interest	**1,29**	96
Insurance	**1**	-
Freight	**1,57**	3,50
14. Research & Development Expenditure:		
Revenue expenditure charged to Profit & Loss Account	**2,24**	2,54

SCHEDULE 'W' (Contd)

		2010 Rs in Lacs		2009 Rs in Lacs
15. Auditors' Remuneration :				
Audit Fees (including Limited Review)	**12**		11	
Tax Audit Fees	**2**		1	
Certification & Other services	**12**		9	
Income Tax representation	**3**		3	
Towards Service Tax (Refer Note below)	**3**		1	
		32		25

Note: Out of above, service tax credit of **Rs.1 lacs** (previous year Rs.1 lacs), 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
Ms. Radhika Piramal	Executive Director (w.e.f 13/07/2009)

2. The following transactions were carried out with related parties

Rs in Lacs.

	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
Balances at the year end:					
Loans Receivable as on 31st March, 2010	- -	15,71 (16,99)	- -	- -	- -
Equity Contribution as on 31st March, 2010 (Net of provision for diminution)	- (38)	1,66 (1,66)	5 (5)	- -	- -
Creditors as on 31st March, 2010	- -	32 (52)	- -	- -	- -
Debtors as on 31st March, 2010	- -	22,34 (37,79)	- -	- -	- -
Interest Receivable as on 31st March, 2010	- -	1,29 (99)	- -	- -	- -
Short term Deposit received	- -	- -	- -	- (1,00)	- -
Receivables as on 31st March, 2010	- (55)	- -	- -	- -	- -

SCHEDULE 'W' (Contd)

	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
Interest accrued as on 31st March,2010	- -	- -	- -	- (3)	- -
<u>Transactions during the year:</u> Sale of FG, Components, Accessories & Spares	- -	8,87 (16,61)	- -	- -	- -
<u>Remuneration paid to:</u> Mr. Sudhir Jatia	- -	- -	- -	- -	99 (1,04)
Ms. Radhika Piramal	- -	- -	- -	- -	48 -
Expenses Reimbursed / Incurred	- -	6,05 (2,48)	- -	- -	- -
Purchase of Finished Goods	- -	- (46)	- -	- -	- -
Receivables written off	55 -	- -	- -	- -	- -
Investment written off (net of provision for diminution)	38 -	- -	- -	- -	- -
Advances Received Back	- -	- -	- -	- -	- -
Interest Paid	- -	- -	- -	13 (15)	- (12)
Interest Received	- -	1,29 (96)	- -	- -	- -
<u>Commission Paid to:</u> Mr. Dilip Piramal	- -	- -	- -	- -	73 -
Mr. Sudhir Jatia	- -	- -	- -	- -	36 (10)
Loan Given	- -	- (16,99)	- -	- -	- -
Loan Taken Mr. Dilip Piramal	- -	- -	- -	- -	- (5,00)
Loan Repaid Mr. Dilip Piramal	- -	4,04 -	- -	- -	- (5,00)
Advance Given to subsidiary	- -	1,77 -	- -	- -	- -
Advance Adjusted by subsidiary	- -	1,77 -	- -	- -	- -
Short term Deposit received	- -	- -	- -	3,00 (11,00)	- -
Short term Deposit paid back	- -	- -	- -	4,00 (10,00)	- -
<u>Guarantee Issued:</u> Guarantee given by the Company on behalf of Subsidiary	- -	- (10,41)	- -	- -	- -

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.

			2010 **Rs in Lacs.**		2009 Rs in Lacs.
<u>**Basic and Diluted Earnings per share**</u>					
Numerator for Basic and Diluted earnings per share:					
Profit/(Loss) before tax and extraordinary items			**70,44**		19,88
Less: Provision for Tax					
- Current year (Net of tax on extraordinary items)		**15,48**		2,19	
- Deferred Tax (Net of extraordinary items)		**(1,24)**		16	
- Fringe Benefit Tax (Net of extraordinary items)		**-**		88	
- MAT Credit Entiltlement		**-**		(2,15)	
- Income Tax for earlier years		**(6)**		39	
			14,18		1,47
Profit after tax excluding extra ordinary items	(a)		**56,26**		18,41
Profit after tax and extraordinary items	(b)		**50,05**		8,91
Denominator for Basic and Diluted earnings per share:					
Weighted average number of shares	(c)		**2,82,63,463**		2,82,63,463
Basic and Diluted earnings per share excluding extraordinary items (Rs.)	(a)/(c)		**19.90**		6.51
Basic and Diluted earnings per share including extraordinary items (Rs.)	(b)/(c)		**17.71**		3.15
Face value of Equity Share			**10**		10

18 Segment Information for the year ended 31st March 2010

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 Segments **Rs in Lacs.**

	2010			2009		
	Within India	**Outside India**	**Total**	Within India	Outside India	Total
Segment Revenue	**588,17**	**48,61**	**636,78**	465,21	67,04	532,25
Segment Assets	**283,76**	**52,57**	**336,33**	275,58	85,37	360,95
Capital Expenditure	**10,07**	**1,26**	**11,33**	15,76	28	16,04

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):

Rs in Lacs

Name of party	Relationship	**Amount outstanding as at 31.03.2010**	Maximum amount outstanding during the year
Carlton Travel Goods Ltd.	Wholly owned Subsidiary Company	**15,71** (16,99)	**21,82** (16,99)

SCHEDULE 'W' (Contd)

Notes

1. The interest rate applicable to the above loans / advances outstanding as on 31.03.2010 is as follows:
   Carlton Travel Goods Ltd. @ 7 % per annum (terms of repayment are Moratorium for 1 ½ years and thereafter entire loan to be repaid within 12 months.)
2. There are no investments by the loanee in the shares of the Company.
3. 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:

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

Particulars	**As on 31.03.2010**		As on 31.03.2009		Foreign Currency
	(Rs . In Lacs)	**Amount in Foreign Currency**	(Rs . In Lacs)	Amount in Foreign Currency	
Receivables against Exports	**73**	**121,192**	82	121,192	EUR
	27,77	**6,185,939**	42,29	8,339,681	USD
Loan Receivables	**15,71**	**3,500,000**	16,99	3,350,000	USD
Other Receivables	**1,29**	**287,335**	1,54	303,581	USD
Bank Balances :	**2**	**5,454**	3	5,454	USD
	3	**5,013**	3	5,013	EURO
	5	**90,709**	22	338,584	HKD

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

Particulars	**As on 31.03.2010**		As on 31.03.2009		Foreign Currency
	(Rs . In Lacs)	**Amount in Foreign Currency**	(Rs . In Lacs)	Amount in Foreign Currency	
Creditors	**5**	**7,777**	5	7,777	EUR
	32	**46,504**	-	-	GBP
	14	**118,265**	-	-	AED
	3,61	**804,290**	4,56	898,823	USD
Loans	**10,76**	**2,396,101**	34,77	6,856,043	USD
Interest Payable	**3**	**5,972**	6	11,176	USD
Other Payables	**8**	**67,756**	2	11,878	AED
	8	**144,665**	4	64,134	HKD
	1,46	**325,166**	1,24	244,094	USD
	64	**105,882**	82	121,648	EUR
	2	**5,564**	2	5,564	SGD

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 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

SCHEDULE 'W' (Contd)

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 **Rs.2,61 lacs** (Previous year Rs.2,49 lacs)

c) **Disclosures for Gratuity and Leave encashment benefit plans based on actuarial reports as on 31/03/2010**

		2010 Rs. in Lacs		2009 Rs. in Lacs	
		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%	5%
	Rate of Return on Plan Assets:	9.3%	-	9.5%	-
(ii)	Change in Benefit Obligation				
	Projected Benefit Obligations at the beginning of the year	13,19	2,46	13,68	2,43
	Interest Cost	97	19	95	17
	Service Cost	1,49	45	1,05	31
	Benefits paid	(2,05)	(22)	(3,66)	(75)
	Actuarial (gain) / loss on obligations	2,79	(93)	1,17	30
	Projected Benefit Obligations at the end of the year	16,39	1,95	13,19	2,46
(iii)	Fair value of Plan Assets				
	Fair value of Plan Assets at the beginning of the year	11,66	-	13,31	-
	Expected Return on Plan Assets	1,20	-	1,09	-
	Contributions / Transfers	4,55	22	-	75
	Benefits paid	(2,05)	(22)	(3,66)	(75)
	Gain / (loss) on Plan Assets	(1,02)	-	92	-
	Fair value of Plan Assets at the end of the year	14,34	-	11,66	-
(iv)	Change in Plan Assets				
	Fair value of Plan Assets at the beginning of the year	11,66	-	13,31	-
	Actual return on Plan Assets	18	-	2,01	-
	Contributions / Transfers	4,55	22	-	75
	Benefits paid	(2,05)	(22)	(3,66)	(75)
	Fair value of Plan Assets at the end of the year	14,34	-	11,66	-
	Excess of actual over expected return on Plan Assets	(1,02)	-	92	-

SCHEDULE 'W' (Contd)

		2010 Rs. in Lacs		2009 Rs. in Lacs	
		Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)
(v)	Funded Status	(2,05)	(1,95)	(1,53)	(2,46)
(vi)	Actuarial gain/loss is being recognised :				
	Actuarial gain/(loss) for the year - Obligation	(2,79)	93	(1,17)	(30)
	Actuarial gain/(loss) for the year - Plan Assets	(1,02)	-	92	-
	Actuarial gain/(loss) recognised	(3,81)	93	(25)	30
(vii)	The amounts to be recognised in Balance Sheet and Income Statement and the related analysis				
	Present value of obligation	16,39	1,95	13,19	2,46
	Fair value of Plan Assets	14,34	-	11,66	-
	Difference	(2,05)	(1,95)	(1,53)	(2,46)
	Unrecognised Actuarial gains / (losses)	-	-	-	-
	(Liability)/Asset recognised in Balance Sheet	(2,05)	(1,95)	(1,53)	(2,46)
(viii)	Net Periodic Cost				
	Current Service Cost	1,49	45	1,05	31
	Interest Cost	97	19	95	17
	Expected return on Plan Assets	(1,20)	-	(1,09)	-
	Net Actuarial (gain) / loss recognised in the year	3,81	(93)	25	30
	Expenses recognised in the Income Statement	5,07	(29)	1,16	78
(ix)	Movements in the liability recognised in the Balance Sheet				
	Opening Net liability	1,53	2,46	37	2,43
	Expense as above	5,07	(29)	1,16	78
	Contributions / Transfers	(4,55)	(22)	-	(75)
	Closing Net liability	2,05	1,95	1,53	2,46

22 Assets taken / given 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 **Rs. 19,47 lacs** (previous year Rs 17,27 lacs) 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.

Rental Income of **Rs.31 lacs** (previous year Rs.37 lacs) from Operating leases are recognised in the Profit & Loss Account & grouped under the schedule of 'Other Income'.

SCHEDULE 'W' (Contd)

The details of Asset given on lease are as under:

	Rs in Lacs.	Rs in Lacs.
	2010	2009
Gross Block	**27**	27
Accumulated Depreciation	**4**	3
Writen down value	**23**	24
Depreciation for the year	**1**	1

There are no Contingent rent recognised in the profit & loss account. The company has given premises on lease for a period of 2 years. 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 Products 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:

	Rs in Lacs.	Rs in Lacs.
	2010	2009
Opening Balance	**20**	18
Additions	**9**	5
Utilisation / reversals	**3**	3
Closing Balance	**26**	20

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 current year the company has written off the amount of investments (net of provision for diminution in value of investments) as in the opinion of the management , the chances of recovery of the amount as per the sale agreement are remote. Further there are no activities in the Joint Venture. Consequently the disclosure under AS 27 is not applicable.

25 The Net worth of M/s. Carlton Travel Goods Ltd. (a wholly owned subsidiary company) is negative and the subsidiary company continues to incur losses. Based on the latest financial results of the subsidiary company, the subsidiary company may face financial hardships in repayment of its liabilities, majority of which are payable to the parent company. However the management of the company is hopeful of the recovery and turnaround of the subsidiary company, and accordingly the Equity Investment made of Rs. 1,66 lacs, loans given of Rs.15,71 lacs and sales receivable of Rs. 22,34 lacs have been considered good by the management. Accordingly no provision has been made for the same in the books of accounts.

26 During the year the company has changed its accounting policy of charging depreciation on Computer Hardware @ 25% as against 16.21% charged hitherto and Computer Software @ 33.33% as against 20% charged hitherto. Accordingly the retrospective impact of the depreciation of Rs.2,11 lacs short charged up to the period ended 31/03/2009 has been charged to profit and loss account and has been included in depreciation for the year. Further due to such change the written down value of such assets is understated by Rs.2,51 lacs and profit for the year is understated by Rs. 2,51 lacs (including the impact of the current year of Rs.40 lacs) and consequently the reserves.

27 The Cost of Materials is net of insurance claim received of **Rs.Nil** (previous year Rs. 97 lacs)

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

29 Balances of Sundry Creditors, Sundry Debtors, Loans and Advances are subject to confirmation and consequential adjustment if any.

30 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 10 DD MM YY		

II. Capital raised during the year (Amount in Rs.lacs)

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

III. Positiion of Mobilisation and Deployment of Funds (Amounts in Rs.Lacs):

Total Liability	336,33	Total Assets	336,33
Sources of Funds:			
Paid-up Capital	28,26	Reserves & Surplus	143,90
Secured Loans	72,31	Unsecured Loans	15,00
Deferred Tax Liabilities (Net)	62		
Application of Funds:			
Net Fixed Assets	81,26	Investments	2,01
Net Current Assets	176,82	Misc. Expenditure	-
Accumulated Losses	-		

IV. Performance of Company (Amount in Rs.Lacs)

Turnover	636,78	Total Expenditure	566,34
Profit/Loss before tax	61,05	Profit/Loss after tax	50,05
Earning per share in Rs.	17.71	Dividend rate %	50%

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

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Place : Mumbai
Dated : 29th April, 2010

Dilip G Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

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 & 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 pro-rata 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.
- 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.

(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.

SCHEDULE 'X' (Contd.)

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 certainity that this would be realised in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

(c) Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit Tax' as defined under the Income Tax Act, 1961.

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 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 LIABILTIES:

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.

MISCELLANEOUS EXPENDITURE:

Expenditure on Voluntary Retirement Scheme is being charged over a period of 2 years.

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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Dilip G. Piramal	Chairman
Sudhir Jatia	Managing Director
Radhika Piramal	Executive Director
D.K. Poddar	Director
Vijay Kalantri	Director
G.L. Mirchandani	Director

Place : Mumbai
Dated : 29th April, 2010

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 31.03.2010: 1 GBP = Rs 68.06

Sr. No	Particulars	**2010**		2009	
		Exchange Rate	**Amount (Rs in Lacs)**	Exchange Rate	Amount (Rs in Lacs)
a	Capital	**68.06**	**1,36**	72.59	1,45
b	Reserves	**68.06**	**3,67**	72.59	1,92
c	Total Assets	**68.06**	**50,97**	72.59	68,68
d	Total Liabilities	**68.06**	**50,97**	72.59	68,68
e	Details of Investment (Other than investment in subsidiary)	**68.06**	**-**	72.59	-
f	Turnover (including other income)	**75.80**	**46,70**	77.67	65,98
g	Profit/(Loss) before Taxation	**75.80**	**(1,67)**	77.67	(23,21)
h	Provision for Taxation	**75.80**	**-**	77.67	-
i	Profit/(Loss) After Taxation	**75.80**	**(1,67)**	77.67	(23,21)
j	Proposed Dividend	**75.80**	**-**	77.67	-

Note:

As required under para (vi) of the Approval Letter dated 25.03.2010 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 apperaring in the accounts of the subsidiary company, has been given along with the exchange rate as on 31.03.2010 and the average rate for the year as applicable.

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Place : Mumbai
Dated : 29th April, 2010

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

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	**2010 (Rs in Lacs)**	2009 (Rs. in lacs)
a	Capital	**5**	5
b	Reserves	**–**	–
c	Total Assets	**5**	5
d	Total Liabilities	**5**	5
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	**–**	–

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Place : Mumbai
Dated : 29th April, 2010

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

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 V.I.P. Industries Limited and its Subsidiary Companies as at 31st March, 2010, 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 Rs. 4,49,958 as at 31st March, 2010 and total revenue of Rs. 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 Rs. 21,97,59,955 as at 31st March, 2010 and total revenue of Rs. 46,70,15,322 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 V.I.P. Industries Ltd. and its subsidiary companies included in the Consolidated Financial Statement.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India:
   a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
   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 Membership No. 101484W

Place: Mumbai
Date: 29th April, 2010

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2010

	Schedule	2010 Rs in Lacs.	2010 Rs in Lacs.	2009 Rs in Lacs.	2009 Rs in Lacs.
SOURCES OF FUNDS					
Shareholders' Funds:					
Share Capital	A	**28,26**		28,26	
Reserves and Surplus	B	**118,19**		83,06	
			146,45		111,32
Loan Funds:					
Secured Loans	C	**72,31**		84,70	
Unsecured Loans	D	**15,00**		51,38	
			87,31		136,08
Deferred Tax Liabilities (Net)	E		**62**		2,81
TOTAL			**234,38**		250,21
APPLICATION OF FUNDS					
Fixed Assets:	F				
Gross Block		**248,21**		245,78	
Less: Accumulated Depreciation/ Amortisation		**166,90**		155,24	
Net Block		**81,31**		90,54	
Capital Work-in progress		**43**		1,33	
			81,74		91,87
Investments	G		**30**		97
Current Assets, Loans and Advances:					
Inventories	H	**86,92**		79,48	
Sundry Debtors	I	**79,80**		90,21	
Cash and Bank Balances	J	**18,78**		11,85	
Other Current Assets	K	**9,15**		10,08	
Loans and Advances	L	**35,97**		45,25	
		230,62		236,87	
Less: Current Liabilities and Provisions:					
Current Liabilities	M	**64,63**		82,80	
Provisions	N	**13,65**		6,09	
		78,28		88,89	
Net Current Assets			**152,34**		147,98
Miscellaneous Expenditure	O		**-**		9,39
(to the extent not written off or adjusted)					
TOTAL			**234,38**		250,21
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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

Place : Mumbai
Dated : 29th April, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2010

	Schedule		2010 Rs in Lacs.		2009 Rs in Lacs.
INCOME:					
Income from Operations	P	**669,04**		563,38	
Other Income	Q	**2,20**		13,01	
			671,24		576,39
EXPENDITURE:					
Cost of Materials	R	**284,08**		268,36	
Payments to and Provisions for Employees	S	**69,10**		65,15	
Administrative, Selling and Other Expenses	T	**222,47**		217,89	
Interest (Net)	U	**9,25**		13,72	
Depreciation / Amortisation		**17,57**		14,61	
			602,47		579,73
Profit before Tax and Extraordinary items			**68,77**		(3,34)
Extraordinary items	V		**9,39**		10,44
Profit before Tax			**59,38**		(13,78)
Less : Provision for Tax :					
Current Tax [including Wealth Tax **Rs 5 lacs** (previous year Rs.4 lacs)]			**13,25**		1,01
Deferred Tax			**(2,19)**		(78)
Fringe Benefit Tax			**–**		87
MAT Credit Entitlement			**–**		(97)
Income Tax for earlier years			**(6)**		39
Profit after Tax			**48,38**		(14,30)
Add: Balance of profit brought forward			**6,35**		24,96
AMOUNT AVAILABLE FOR APPROPRIATION			**54,73**		10,66
APPROPRIATIONS:					
Interim Dividend			**5,65**		–
Proposed Dividend			**8,48**		2,83
Corporate Dividend Tax			**2,40**		48
General Reserve			**29,92**		1,00
Balance carried to Balance Sheet			**8,28**		6,35
			54,73		10,66
Earnings per share, Rupees: (Refer Note No. 9 of Schedule 'W')					
Basic/Diluted Earnings Per Share excluding Extraordinary items (net of tax expenses)			**19.31**		(1.70)
Basic/Diluted Earnings Per Share including Extraordinary items			**17.12**		(5.06)
Notes to Accounts	W				
Accounting Policies	X				

As per our Report of even date attached			
for **M. L. BHUWANIA & CO.**		**Dilip G. Piramal**	Chairman
Chartered Accountants	**Manoj Tulsian**	**Sudhir Jatia**	Managing Director
	Chief Financial Officer	**Radhika Piramal**	Executive Director
J. P. BAIRAGRA		**D.K. Poddar**	Director
Partner	**Shreyas Trivedi**	**Vijay Kalantri**	Director
Membership No. : 12839	Company Secretary	**G.L. Mirchandani**	Director
Place : Mumbai		Place : Mumbai	
Dated : 29th April, 2010		Dated : 29th April, 2010	

CONSOLIDATD CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2010

		2010 Rs in Lacs.		2009 Rs in Lacs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & Extraordinary items		**68,77**		(3,34)
Adjusted for:				
Depreciation/ Amortisation	**17,57**		14,61	
Dividend Received	**-**		-	
Interest charged (Net)	**9,25**		13,72	
Provision for warranty	**5**		2	
Provision for leave encashment	**(51)**		3	
Provision for Gratuity	**1,40**		11	
Provision for Doubtful Debts	**(94)**		58	
(Gain) /Loss on Exchange rate fluctuation	**6,50**		10,32	
(Gain) /Loss on Transalation	**2,98**		1,97	
(Profit) / Loss on sale of Investments	**(3)**		(16)	
Investments Written Off	**38**		-	
(Profit)/Loss on sale/ disposal of fixed assets	**2,53**		(5,38)	
		39,18		35,82
Operating profit before working capital changes		**107,95**		32,48
Changes in :				
Trade receivables	**3,78**		(7,31)	
Inventories	**(7,43)**		21,79	
Trade payables & Provisions	**(18,07)**		(1,48)	
Loans and Advances	**9,18**		(8)	
Other Current Assets	**98**		(56)	
		(11,56)		12,36
Cash generated from operations		**96,39**		44,84
Direct taxes paid (Net of refund received)		**(12,49)**		(4,84)
Cash flow before extra-ordinary items		**83,90**		40,00
Extra-ordinary Items		**-**		(6,84)
NET CASH FROM OPERATING ACTIVITIES		**83,90**		33,16
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital Subsidy	**30**		–	
Purchase of fixed assets / payments towards CWIP	**(10,87)**		(16,29)	
Sale of fixed assets	**31**		7,65	
Sale of Investments	**31**		1,29	
Interest received	**25**		91	
Dividend received	**–**		–	
NET CASH FROM INVESTING ACTIVITIES		**(9,70)**		(6,44)

			2010 Rs in Lacs.		2009 Rs in Lacs.
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Interest paid	**(9,62)**		(14,61)	
	Proceeds / (Repayments) from / of borrowings (net)	**(47,87)**		1,09	
	Dividend paid (inclusive of Dividend Tax)	**(9,78)**		(9,80)	
	NET CASH FROM FINANCING ACTIVITIES		**(67,27)**		(23,32)
	NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)		**6,93**		3,40
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		**11,85**		8,45
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**18,78**		11,85
			6,93		3,40

Notes:

(1) Closing Balance of Cash & Cash Equivalents included exchange rate difference (loss) of **Rs. 21,76 lacs** (previous year gain of Rs. 3,05 lacs)

(2) Cash and Cash Equivalents include :

		2010 Rs. in Lacs		2009 Rs. in Lacs
Cash and Cheques on Hand		**9,65**		3,64
Balances with Scheduled Banks in :				
Current Accounts	**3,45**		3,51	
Margin Money Account	**2,52**		1,89	
Unclaimed Dividend Accounts	**79**	**6,76**	66	6,06
Balances with Non Scheduled Banks		**5**		22
Remittance - in - Transit		**2,32**		1,93
Total		**18,78**		11,85

(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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

Place : Mumbai
Dated : 29th April, 2010

			2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'A'					
SHARE CAPITAL					
Authorised:					
4,93,00,000	Equity Shares (previous year 4,93,00,000) of Rs. 10/- each		**49,30**		49,30
1,000	9% Redeemable Cumulative Preference shares of Rs. 1,000/- each		**10**		10
			49,40		49,40
Issued,Subscribed and Paid-Up:					
2,82,63,463	(previous Year 2,82,63,463) Equity Shares of Rs. 10/- each fully paid- up		**28,26**		28,26
			28,26		28,26

Notes:

Of the above Equity Shares:

a) **30,000** Equity Shares (previous year 30,000) of Rs. 10/- each were allotted as fully paid-up shares, pursuant to a contract for consideration other than cash,

b) **35,25,000** Equity Shares (previous year 35,25,000) of Rs. 10/- each were allotted as fully paid-up Bonus Shares by way of capitalisation of reserves,

c) **1,68,00,000** Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Blow Plast Ltd. with the Company and

d) **28,01,650** Equity Shares were allotted as fully paid-up pursuant to Scheme of Amalgamation of Aristocrat Luggage Ltd. with the Company.

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'B'				
RESERVES AND SURPLUS				
Capital Reserve:				
As per last Balance Sheet		**15**		15
Capital Incentive :				
As per last Balance Sheet	**94**		94	
Add: Additions during the year	**30**		-	
		1,24		94
Securities Premium Account :				
As per last Balance Sheet		**33,53**		33,53
Capital Redemption Reserve :				
As per last Balance Sheet		**15**		15
General Reserve :				
As per last Balance Sheet	**42,80**		41,86	
Add: Transferred from Profit and Loss Account	**29,92**		1,00	
Less: Adjustment on account of Scheme of Amalgamation / Others	**-**		6	
		72,72		42,80
Foreign Currency Translation Reserve		**2,12**		(86)
Profit and Loss Account:				
Balance as per Account annexed		**8,28**		6,35
		118,19		83,06

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'C'				
SECURED LOANS				
A. Term Loans:				
1) ECB loan - Axis Bank Ltd	**2,81**		5,71	
- Refer Note No. 1				
2) Foreign Currency Corporate loan - State Bank of India	**3,71**		6,29	
- Refer Note No. 2				
3) Corporate term loan from State Bank of India	**3,20**		5,96	
- Refer Note No. 2				
4) Term loan from Axis Bank Ltd.	**–**		1,66	
- Refer Note No. 3		**9,72**		19,62
B. Working Capital Facilities from Banks		**62,59**		65,08
- Refer Note No. 4				
		72,31		84,70

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 Foreign currency loan and Corporate Rupee Term 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 Term loan from Axis Bank is secured against exclusive charge on specific movable fixed asset at Nasik.

4 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 Nasik, Nagpur, Jalgaon and Sinnar.

	2010	2009
SCHEDULE 'D'		
UNSECURED LOANS		
1 Short Term Deposits from Limited Companies	**-**	11,05
- Refer Note No. 1		
2 Short Term loan from Banks	**15,00**	22,50
- Refer Note No. 2		
3 Working Capital Facilities from Bank	**-**	17,83
	15,00	51,38

Notes :

1. Amount payable within one year **Rs.Nil** (previous year Rs. 11,00 Lacs)
2. Amount payable within one year **Rs.15,00 Lacs** (previous year Rs. 22,50 Lacs)

		2010 Rs in Lacs.	2009 Rs in Lacs.
SCHEDULE 'E'			
DEFERRED TAX LIABILITIES (Net)			
Deferred Tax Liabilities			
On account of :			
- Depreciation /Amortisation		**4,94**	6,75
	(a)	**4,94**	6,75
Deferred Tax Assets			
On account of :			
- Expenses allowable on payment basis		**95**	1,19
- Provision for Doubtful Debts		**6**	35
- Voluntary Retirement Scheme Expenses		**3,23**	2,27
- Merger Expenses		**8**	13
	(b)	**4,32**	3,94
	Net (a-b)	**62**	2,81

SCHEDULE 'F'

FIXED ASSETS

Amount Rs in Lacs

	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 31st March, 2009	Additions	Deductions/ Adjustments	**As at 31st March, 2010**	As at 31st March, 2009	For the year (Refer Note 5 below)	Deductions/ Adjustments	**As at 31st March, 2010**	**As at 31st March, 2010**	As at 31st March, 2009
Freehold Land	3	–	–	**3**	–	–	–	**–**	**3**	3
Leasehold Land	3,97	–	–	**3,97**	–	–	–	**–**	**3,97**	3,97
Buildings	37,64	–	1,52	**36,12**	11,43	1,21	20	**12,44**	**23,68**	26,22
Plant and Machinery	84,77	11	22	**84,66**	64,94	3,35	19	**68,10**	**16,56**	19,83
Data Processing Machines	14,01	69	96	**13,74**	11,03	1,88	91	**12,00**	**1,74**	2,98
Moulds and Dies	60,07	5,45	4	**65,48**	45,53	4,41	–	**49,94**	**15,54**	14,54
Furniture, Fixture and Equipments	24,83	3,11	1,68	**26,26**	10,58	3,92	1,06	**13,44**	**12,82**	14,24
Vehicles	3,77	1,75	54	**4,98**	1,15	39	18	**1,36**	**3,62**	2,62
Assets held for disposal	4,01	–	4,01	**–**	3,37	–	3,37	**–**	**–**	64
Intangible Assets:										
Patents and Trademarks	9,08	–	–	**9,08**	5,48	70	–	**6,18**	**2,90**	3,60
Computer Software	3,60	29	–	**3,89**	1,73	1,71	–	**3,44**	**45**	1,87
	245,78	**11,40**	**8,97**	**248,21**	**155,24**	**17,57**	**5,91**	**166,90**	**81,31**	**90,54**
Previous Year	245,14	17,45	16,80	245,78	155,11	14,61	14,48	155,24	90,54	

Notes:

(1) Buildings include Original cost of **Rs 70 Lacs** (previous year Rs. 70 Lacs) being the cost of ownership flats represented by 10 (previous year 10) shares of Rs.50 each of Co-operative societies.

(2) Assets held for disposal include Plant & Machinery items having original cost of **Rs.Nil** (previous year Rs. 4,01 Lacs) given on lease having net realisable value of **Rs.Nil** (previous year Rs. 64 Lacs), shown at lower of cost and net realisable value.

(3) Plant & Machinery to the extent of **Rs. 30 lacs** (Previous year Rs. Nil) is hypothicated to the State Government of Uttarakhand (SIDCUL Dehradun) as per agreement for the Capital Incentive Scheme.

(4) Exchange rate difference of **Rs.11 lacs** (previous year Rs.10 lacs) on account of translation of gross block & depreciation into Indian Rupees is shown under deductions / adjustments.

(5) Refer Note No 18 of Schedule 'W'.

	Face Value			2010			2009
	Rupees	**Nos.**		**Rs. In Lacs**	Nos.		Rs. In Lacs
SCHEDULE 'G'							
INVESTMENTS (At Cost)							
Long term and Non-Trade							
Quoted:							
a) Equity Shares :							
1) Windsor Machines Limited	**10**	**22,80,730**	**16,36**		22,80,730	16,36	
2) Kemp & Co Ltd. (Cost Rs 20,077)	**10**	**1,909**	**-**		1,909	-	
3) Jindal Southwest Holdings Ltd.	**10**	**2,250**	**-**		2,250	-	
				16,36			16,36
Total Value of Quoted Investments				**16,36**			16,36
Unquoted :							
a) Equity Shares:							
1) Dinnette Exclusive Club Pvt Ltd (Cost Rs 50,000)	**100**	**500**	**1**		500	1	
2) Taluka Audyogik Sahakari Vasahat. Maryadit, Sinnar (Cost Rs 1,000)	**100**	**10**	**-**		10	-	
3) The Saraswat Co Op Bank Ltd. (Cost Rs 20,000)	**10**	**2,000**	**-**		2,000	-	
4) The Shamrao Vithal Co Op Bank Ltd. (Cost Rs 2,500)	**25**	**100**	**-**	**1**	100	-	1
b) Joint Venture							
Equity shares:							
VIP Nitol Industries Limited (Face Value BDT 1000) (Written off during the year)	**-**	**-**		**-**	25,003		2,12
c) Mutual Fund Units:							
UTI Fixed term Income Fund Series IV-Plan VIII (281,366 units redeemed during the year)	**10**	**-**		**-**	281,366		28
Total Value of Unquoted Investmetnts				**1**			2,41
Total Value of Investments				**16,37**			18,77
Less: Provision for diminution in value of Investments				**16,07**			17,80
Net Value of Investments				**30**			97

Note : Aggregate market value of Quoted Investments **Rs.9,72 Lacs** (previous year Rs. 1,90 Lacs)

SCHEDULE 'H'
INVENTORIES
(As certified by the Management)
(Valued at lower of cost and net realisable value unless otherwise stated)

	2010	2009
Stores and Spares & Loose Tools	**69**	70
Raw Materials & Components	**11,63**	10,30
Packing Materials	**58**	44
Work-In- Process (at estimated cost)	**4,71**	3,84
Scrap (at net realisable value)	**5**	5
Finished Goods	**69,26**	64,15
	86,92	79,48

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'I'				
SUNDRY DEBTORS (unsecured)				
Over Six Months:				
Considered Good	7,51		7,76	
Considered Doubtful	18		1,11	
		7,69		8,87
Other debts:				
Considered Good		72,29		82,46
		79,98		91,33
Less: Provision for Doubtful Debts		18		1,12
		79,80		90,21
SCHEDULE 'J'				
CASH AND BANK BALANCES				
Cash and Cheques on Hand		9,65		3,64
Balances with Scheduled Banks in :				
Current Accounts	3,45		3,51	
Margin Money Account	2,52		1,89	
Unclaimed Dividend Accounts	79		66	
		6,76		6,06
Balances with Non Scheduled Banks in :				
Current Accounts *		5		22
Remittance - in - Transit		2,32		1,93
		18,78		11,85

* The Hong kong & Shanghai Banking Corporation Limited, Hongkong, maximum balance outstanding during the year **Rs 30 Lacs** (Previous year Rs.16 Lacs)

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'K'				
OTHER CURRENT ASSETS				
Interest Receivable		28		22
Export Incentive Receivable		1,42		1,78
Others		7,45		8,08
		9,15		10,08
SCHEDULE 'L'				
LOANS AND ADVANCES				
(Unsecured, considered good, unless otherwise stated)				
Deposit with Corporate Bodies & Others		17		17
Advance Recoverable in cash or in kind or for value to be received		12,95		19,66
MAT Credit Entitlement	97		97	
Less : Reversed during the year	97	–	–	97
Loans and advances to staff		37		57
Deposits:				
Public Bodies	1,45		1,45	
Others	12,14		13,81	
		13,59		15,26
Advance Income Tax (net of provisions) *		8,89		8,62
		35,97		45,25

* Advance Income Tax for the current year is net of Provision for tax of **Rs.51,36 Lacs** (previous year Rs. 40,97 Lacs). (Net of MAT Credit of Rs. 97 Lacs, Previous year Rs. Nil)

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'M'				
CURRENT LIABILITIES				
Sundry Creditors		**33,61**		54,05
Other Liabilities		**26,33**		24,00
Advances and deposits from customers		**3,35**		3,46
Investor Education & Protection Fund *				
Unclaimed Dividend	**79**		66	
Unclaimed Interest on Fixed Deposits	**9**		11	
Unclaimed Fixed Deposits	**9**		11	
		97		88
Interest accrued but not due on loans		**37**		41
		64,63		82,80

* An amount of **Rs.0.2 Lacs** (previous year Rs.0.5 Lacs) is due and outstanding to be credited to Investor Education and Protection Fund as on 31st March,2010 (since paid on 13th April 2010).

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'N'				
PROVISIONS				
Provision for Proposed Dividend		**8,48**		2,83
Provision for Tax on Dividend		**1,44**		48
Provision for Gratuity		**1,52**		12
Provision for Leave encashment		**1,95**		2,46
Provision for Warranty (Refer Note No. 15 of Schedule 'W')		**26**		20
		13,65		6,09
SCHEDULE 'O'				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Voluntary Retirement Scheme		**–**		9,39
		–		9,39
SCHEDULE 'P'				
INCOME FROM OPERATIONS				
Sales	**673,76**		569,66	
Less : Excise Duty	**12,67**		15,24	
Net Sales		**661,09**		554,42
Income from Job work		**6,86**		7,28
Export Incentives		**1,09**		1,68
		669,04		563,38

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'Q'				
OTHER INCOME				
Profit on sale of Long term (Non trade) Investments		3		16
Profit on sale of Fixed Assets (Net)		–		5,52
Sale of Scrap		68		92
Rent received		31		37
Octroi Refund		–		2,50
Sales Tax Refund for earlier years		–		1,75
Miscellaneous Income		1,18		1,79
		2,20		13,01
SCHEDULE 'R'				
COST OF MATERIALS				
Raw Materials & Components Consumed :				
Opening Stock	10,30		15,17	
Add : Purchases	138,44		117,57	
	148,74		132,74	
Less : Sales	1,03		1,74	
Closing Stock	11,63		10,30	
		136,08		120,70
Purchase of Finished Goods*		146,24		124,63
Decrease / (Increase) in stock:				
Opening Stock				
Finished goods	64,73		79,44	
Work-in-process	3,84		4,97	
Scrap	5		4	
	68,62		84,45	
Less : Closing stock				
Finished goods	70,03		65,07	
Work-in-process	4,71		3,84	
Scrap	5		5	
	74,79		68,96	
		(6,17)		15,49
Packing Materials Consumed		7,93		7,54
		284,08		268,36

* Refer Note No. 17 of Schedule 'W'

	2010 Rs in Lacs.	2009 Rs in Lacs.
SCHEDULE 'S'		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	60,03	56,91
Contribution to Provident and Other Funds	5,70	5,30
Welfare Expenses	3,37	2,94
	69,10	65,15

		2010 Rs in Lacs.		2009 Rs in Lacs.
SCHEDULE 'T'				
ADMINISTRATIVE, SELLING AND OTHER EXPENSES				
Stores and Spares Consumed		2,06		2,13
Power and Fuel		11,46		10,03
Repairs and Maintenance to :				
Plant and Machinery	1,03		68	
Buildings	11		57	
Others	2,90	4,04	3,58	4,83
Freight, Handling and Octroi		35,40		34,58
Discounts & Rebates		75,92		64,10
Commission on Sales		15		40
Insurance		50		52
Rent including Lease rentals		19,81		17,60
Rates and Taxes		1,18		1,04
Advertisement and Brand Marketing		26,19		26,43
Travelling & Conveyance		9,25		10,19
Legal & Professional Fees		2,88		2,78
Royalty		2,01		1,00
Communication Cost		2,81		3,05
Bank Charges & Commission		1,93		1,98
Directors' Fees		3		2
Auditors' Remuneration (Refer Note No. 7 of Schedule 'W')		46		40
Loss on sale of Fixed Assets (Net)		6		–
Loss on Obsolescence / Damage of Fixed assets		2,43		14
Loss on Disposal of Fixed Asset held for disposal		4		–
Exchange Rate Difference (Net)		2,21		8,67
Provision for Doubtful Debts		18		59
Investment in Joint Venture written off	2,12		–	
Less Provision for Diminution	1,74	38	–	–
Bad Debts:				
Bad Debts written off during the year	2,40		–	
Less: Provision for Doubtful Debts reversed	1,02	1,38	–	–
Miscellaneous Expenses		19,71		27,41
		222,47		217,89
SCHEDULE 'U'				
INTEREST (NET)				
Fixed Loans	4,06		7,68	
Banks	5,49		6,41	
Others	2		48	
		9,57		14,57
Less: Interest Income:				
Interest received on Long-term Investments	–		2	
Interest received on I.T. Refunds, loans & deposits	32		83	
(Tax Deducted at source **Rs 2 lacs** previous year Rs. 2 lacs)				
		32		85
		9,25		13,72
SCHEDULE 'V'				
EXTRAORDINARY ITEMS				
Voluntary Retirement Expenses		9,39		10,44
		9,39		10,44

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%

		2010 Rs in Lacs.	2009 Rs in Lacs.
3	Estimated amounts of Contracts remaining to be executed on Capital Account and not provided for (net of advances).	**88**	33
4	Contingent Liabilities not provided for in respect of :		
	a) Disputed Income Tax liability	**2,67**	3,99
	b) Disputed Sales Tax liability	**13,28**	12,89
	c) Disputed Property Tax	**10,08**	8,43
	d) Bills discounted with Bank	**16,35**	1,49
	e) Bonds issued under EPCG scheme	**5,55**	5,47
	f) Disputed Excise duty liability	**11**	11
	g) Claims against the Company not acknowledged as Debts	**3**	30
	h) Disputed Employees state insurance corporation dues.	**8**	8

5 During the year the Company has made a provision of **Rs. 97 Lacs** (previous year Rs. 48 Lacs) 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. Hence there is no effect of this on the profit for the year.

		2010	2009
6	**Research & Development Expenditure:**		
	Revenue expenditure charged to Profit & Loss Account	**2,24**	2,54
7	**Auditors' Remuneration :**		
	Audit Fees (including Limited Review)	**20**	19
	Tax Audit Fees	**2**	1
	Certification & Other services	**19**	17
	Income Tax representation	**3**	3
	Towards Service Tax (Refer note below)	**3**	1
		47	41

Note: Out of above, service tax credit of Rs. 1 Lacs (previous year Rs. 1 Lacs), has been taken and the same has not been debited to Profit & Loss Account.

SCHEDULE 'W' (Contd.)

8 Related Parties Disclosure:

1. Name of Related Parties & description of relationship

VIP Nitol 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
Ms. Radhika Piramal	Executive Director (w.e.f 13/07/2009)

2. The following transactions were carried out with related parties — Rs in Lacs.

	Joint Venture	Enterprise in which Key Mgt. Personnel had significant influence	Key Mgt. Personnel
Balances at the year end:			
Equity Contribution as on 31st March, 2010 (Net of provision for diminution)	- (38)	- -	- -
Short term Deposit received	- -	- (1,00)	- -
Receivables as on 31st March, 2010	- (55)	- -	- -
Interest accrued as on 31st March, 2010	- -	- (3)	- -
Transactions during the year:			
Remuneration paid to:			
Mr. Sudhir Jatia	- -	- -	99 (1,04)
Ms. Radhika Piramal	- -	- -	48 -
Receivables written off	55 -	- -	- -
Investment written off (net of provision for diminution)	38 -	- -	- -
Interest Paid	- -	13 (15)	- (12)
Commission Paid to:			
Mr. Dilip Piramal	- -	- -	73 -
Mr. Sudhir Jatia	- -	- -	36 (10)
Loan Taken Mr. Dilip Piramal	- -	- -	- (5,00)
Loan Repaid Mr. Dilip Piramal	- -	- -	- (5,00)
Short term Deposit received	- -	3,00 (11,00)	- -
Short term Deposit paid back	- -	4,00 (10,00)	- -

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.)

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

			2010 Rs in Lacs.		2009 Rs in Lacs.
Basic and Diluted Earnings per share					
Numerator for Basic and Diluted earnings per share:					
Profit/(Loss) before taxation and extraordinary items			**68,77**		(3,34)
Less: Provision for taxation					
- Current year (Net of tax on extraordinary items)		**15,48**		2,19	
- Deferred Tax (Net of extraordinary items)		**(1,24)**		16	
- Fringe Benefit Tax (Net of extraordinary items)		**-**		87	
- MAT Credit Entiltlement		**-**		(2,15)	
- Income Tax for earlier years		**(6)**		39	
			14,18		1,46
Profit after tax excluding extra ordinary items	(a)		**54,59**		(4,80)
Profit after tax and extraordinary items	(b)		**48,39**		(14,31)
Denominator for Basic and Diluted earnings per share:					
Weighted average number of shares	(c)		**2,82,63,463**		2,82,63,463
Basic and Diluted earnings per share excluding extraordinary items (Rs.)	(a)/(c)		**19.31**		(1.70)
Basic and Diluted earnings per share including extraordinary items (Rs.)	(b)/(c)		**17.12**		(5.06)
Face value of Equity Share			**10**		10

10 **Segment Information for the year ended 31st March 2010**

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 Segments

Rs in Lacs

	2010			2009		
	Within India	**Outside India**	**Total**	Within India	Outside India	Total
Segment Revenue	**584,79**	**86,45**	**671,24**	458,80	117,60	576,40
Segment Assets	**283,75**	**33,23**	**316,98**	292,56	50,48	343,04
Capital Expenditure	**10,07**	**1,33**	**11,40**	15,76	1,69	17,45

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.

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 current year the company has written off the amount of investments (net of provision for diminution in value of investments) as in the opinion of the management , the chances of recovery of the amount as per the sale agreement are remote. Further there are no activities in the Joint Venture. 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 **Rs 19,79 lacs** (Previous year Rs. 17,58 lacs) 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 **Rs.37 Lacs** (previous year Rs.32 Lacs) 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:

	Rs in Lacs. 2010	Rs in Lacs. 2009
Gross Block	**27**	27
Accumulated Depreciation	**4**	3
WDV	**23**	24
Depreciation for the year	**1**	1

There are no Contingent rent recognised in the profit & loss account. The company has given premises on lease for a period of 2 years. The lease is cancellable in nature.

b) In respect of Retail stores & one office premise:

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

	Rs in Lacs. 2010	Rs in Lacs. 2009
i. not later than one year;	**29**	2,90
ii. later than one year and not later than five years;	**33**	7,51
iii. later than five years;	**–**	–

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 31.03.2010**		As on 31.03.2009		Foreign Currency
	(Rs . In Lacs)	**Amount in Foreign Currency**	(Rs . In Lacs)	Amount in Foreign Currency	
Receivables against Exports	**6,16**	**1,372,405**	5,35	1,055,209	USD
Other Receivables	**-**	**-**	55	107,500	USD
Bank Balances :	**2**	**5,454**	3	5,454	USD
	3	**5,013**	3	5,013	EURO
	5	**90,709**	22	338,584	HKD

SCHEDULE 'W' (Contd.)

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

Particulars	**As on 31.03.2010**		As on 31.03.2009		Foreign Currency
	(Rs . In Lacs)	**Amount in Foreign Currency**	(Rs . In Lacs)	Amount in Foreign Currency	
Creditors	**5**	**7,777**	5	7,777	EUR
	14	**118,265**	-	-	HKD
	3,61	**804,290**	4,04	797,151	USD
Loans	**10,76**	**2,396,101**	34,77	6,856,043	USD
Interest Payable	**3**	**5,972**	6	11,176	USD
Other Payables	**8**	**67,756**	2	11,878	AED
	8	**144,665**	4	64,134	HKD
	1,46	**325,166**	1,24	244,094	USD
	64	**105,882**	82	121,648	EUR
	2	**5,564**	2	5,564	SGD

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 **Rs.2,61 lacs** (Previous year Rs.2,49 lacs)

c) **Disclosures for Gratuity and Leave encashment benefit plans based on actuarial reports as on 31/03/2010**

		2010 (Rs. in Lacs)		2009 (Rs. in Lacs)	
		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%	5%
	Rate of Return on Plan Assets:	9.3%	–	9.5%	–
(ii)	Change in Benefit Obligation				
	Projected Benefit Obligations at the beginning of the year	13,19	2,46	13,68	2,43
	Interest Cost	97	19	95	17
	Service Cost	1,49	45	1,05	31
	Benefits paid	(2,05)	(22)	(3,66)	(75)
	Actuarial (gain) / loss on obligations	2,79	(93)	117	30
	Projected Benefit Obligations at the end of the year	16,39	1,95	13,19	2,46

SCHEDULE 'W' (Contd.)

		2010 (Rs. in Lacs)		2009 (Rs. in Lacs)	
		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	11,66	-	13,31	-
	Expected Return on Plan Assets	1,20	-	1,09	-
	Contributions / Transfers	4,55	22	-	75
	Benefits paid	(2,05)	(22)	(3,66)	(75)
	Gain / (loss) on Plan Assets	(1,02)	-	92	-
	Fair value of Plan Assets at the end of the year	14,34	-	11,66	-
(iv)	Change in Plan Assets				
	Fair value of Plan Assets at the beginning of the year	11,66	-	13,31	-
	Actual return on Plan Assets	18	-	2,01	-
	Contributions / Transfers	4,55	22	-	75
	Benefits paid	(2,05)	(22)	(3,66)	(75)
	Fair value of Plan Assets at the end of the year	14,34	-	11,66	-
	Excess of actual over expected return on Plan Assets	(1,02)	-	92	-
(v)	Funded Status	(2,05)	(1,95)	(1,53)	(2,46)
(vi)	Actuarial gain/loss is being recognised :				
	Actuarial gain/(loss) for the year - Obligation	(2,79)	93	(1,17)	(30)
	Actuarial gain/(loss) for the year - Plan Assets	(1,02)	-	92	-
	Actuarial gain/(loss) recognised	(3,81)	93	(25)	30
(vii)	The amounts to be recognised in Balance Sheet and Income Statement and the related analysis				
	Present value of obligation	16,39	1,95	13,19	2,46
	Fair value of Plan Assets	14,34	-	11,66	-
	Difference	(2,05)	(1,95)	(1,53)	(2,46)
	Unrecognised Actuarial gains / (losses)	-	-	-	-
	(Liability)/Asset recognised in Balance Sheet	(2,05)	(1,95)	(1,53)	(2,46)
(viii)	Net Periodic Cost				
	Current Service Cost	1,49	45	1,05	31
	Interest Cost	97	19	95	17
	Expected return on Plan Assets	(1,20)	-	(1,09)	-
	Net Actuarial (gain) / loss recognised in the year	3,81	(93)	25	30
	Expenses recognised in the Income Statement	5,07	(29)	1,16	78
(ix)	Movements in the liability recognised in the Balance Sheet				
	Opening Net liability	1,53	2,46	37	2,43
	Expense as above	5,07	(29)	1,16	78
	Contributions / Transfers	(4,55)	(22)	-	(75)
	Closing Net liability	2,05	1,95	1,53	2,46

SCHEDULE 'W' (Contd.)

15 Disclosure relating to Provisions

Provision related to Warranty

A Provision has been recognised for the expected Warranty Claims on Products 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:

	Rs in Lacs.	Rs in Lacs.
	2010	2009
Opening Balance	**20**	18
Additions	**9**	5
Utilisation	**3**	3
Closing Balance	**26**	20

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 **Rs 34 lacs** (previous year Gain of Rs 94 lacs) 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,Loss of **Rs 77 lacs** (previous year Loss Rs 92 lacs) has been debited to Foreign Currency Translation Reserve.

17 The Cost of Materials is net of insurance claim received of **Rs.Nil** (previous year Rs. 97 lacs)

18 During the year the company has changed its accounting policy of charging depreciation on Computer Hardware @ 25% as against 16.21% charged hitherto and Computer Software @ 33.33% as against 20% charged hitherto. Accordingly the retrospective impact of the depreciation of Rs.2,11 lacs short charged up to the period ended 31/03/2009 has been charged to profit and loss account and has been included in depreciation for the year. Further due to such change the written down value of such assets is understated by Rs.2,51 lacs and profit for the year is understated by Rs. 2,51 lacs (including the impact of the current year of Rs.40 lacs) and consequently the reserves.

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

20 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 pro-rata 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.
- 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 respet 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:

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 asset arising from timing differences are recognised to the extent there is a virtual certainity that this would be realised in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

(c) Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit Tax' as defined under the Income Tax Act, 1961.

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 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.

MISCELLANEOUS EXPENDITURE:

Expenditure on Voluntary Retirement Scheme is being charged over a period of 2 years.

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 : 29th April, 2010

Manoj Tulsian
Chief Financial Officer

Shreyas Trivedi
Company Secretary

Dilip G. Piramal Chairman
Sudhir Jatia Managing Director
Radhika Piramal Executive Director
D.K. Poddar Director
Vijay Kalantri Director
G.L. Mirchandani Director

Place : Mumbai
Dated : 29th April, 2010

FINANCIAL HIGHLIGHTS

(Rupees in 'lacs)

	YEARS ENDED				
	31st March 2006	31st March 2007	31st March 2008	31st March 2009	**31st March 2010**
A. SUMMARISED BALANCE SHEET					
Assets Employed:					
Fixed Assets (Net)	55,51	85,46	90,97	89,58	**81,26**
Investments	14,54	3,76	3,81	2,67	**2,01**
Net Current assets	87,85	123,95	158,25	175,52	**176,82**
	157,90	213,17	253,03	267,77	**260,09**
Financed by:					
Shareholders' Funds	58,60	99,32	119,81	128,95	**172,16**
Loan Funds	95,00	109,33	129,64	136,01	**87,31**
Deferred Tax Liabilities (Net)	4,30	4,52	3,58	2,81	**62**
	157,90	213,17	253,03	267,77	**260,09**
B. SUMMARISED OPERATIONS					
Gross Sales	330,83	438,96	567,23	520,85	**639,30**
Gross Profit after interest	23,40	31,74	39,33	23,51	**78,33**
Depreciation	10,99	13,63	14,78	14,07	**17,28**
Profit before tax	12,41	18,10	24,55	9,44	**61,05**
Taxation	4,28	3,78	4,45	53	**11,00**
Profit after tax	8,13	14,32	20,10	8,91	**50,05**
Dividend (Incl. Dividend Tax)	3,55	7,45	9,92	3,31	**16,53**
Retained Earnings	4,19	22,94	15,33	5,60	**33,52**
C. KEY RATIOS / PERCENTAGES					
Profit before Tax/Sales %	3.75	4.12	4.33	1.81	**9.55**
Profit after Tax/Shareholder's Funds %	13.86	14.43	16.78	6.91	**29.07**
Earnings per Equity share (Rs.)	5.29	5.76	7.60	3.15	**17.71**
Net worth per equity share %	376.72	390.06	423.89	456.24	**609.13**
Sales: Fixed assets (Net)	5.96:1	5.14:1	6.24:1	5.81:1	**7.86:1**
Current Ratio	2.74:1	2.49:1	2.75:1	2.91:1	**3.46:1**
Dividend %	20	25	30	10	**50**

V.I.P. INDUSTRIES LIMITED

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

ATTENDANCE SLIP

43rd Annual General Meeting on Thursday, the 15th July, 2010, at 12.30 p.m.

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

Joint Shareholders may obtain additional Attendance Slips on request

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

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

I hereby record my presence at the 43rd Annual General Meeting of the Company at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007 on Thursday, the 15th July, 2010, at 12.30 p.m.

SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING

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

— — — — — — — — — — — — — — — **TEAR HERE** — — — — — — — — — — — — — — —

V.I.P. INDUSTRIES LIMITED

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

PROXY FORM

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

I/We.. of .... in the district of..being a member/member(s) of V.I.P. INDUSTRIES LIMITED, hereby appoint...of .... in the district of .... or failing him/her...of .... in the district of .... as my/our proxy to attend and vote for me/us on my/our behalf at the 43rd Annual General Meeting of the Company to be held on Thursday, the 15th day of July, 2010 at 12.30 p.m. at "NIWEC", P-29, Street 14, MIDC, Satpur, Nashik - 422 007 and at any adjournment(s) thereof.

Signed this .... day of... 2010.

Affix a Re. 1 Revenue Stamp

(Signature of the Shareholder)

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

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