



V.I.P. Industries Ltd. continues strong sales and profit growth in third quarter

Mumbai, January 27th, 2011: The consolidated sales of V.I.P. Industries Ltd. for Q3 ended Dec 31st 2010, increased to Rs 200.4 Cr up from Rs. 167.3 Cr, a growth of 20% over Q3 of the previous year. Consolidated Q3 PAT was Rs. 30 Cr compared to Rs. 14.8 Cr in Q3 of the previous year, a growth of 103 %. The consolidated PAT for nine months ended Dec 31st 2010 was Rs. 72.6 Cr., up from Rs. 39.1 Cr., a growth of 86% over the previous year.

Standalone sales of V.I.P. Industries for Q3 was Rs 194.4 Cr up from Rs. 159.6 Cr for Q3 of previous year, a growth of 22%. The standalone Operating Profit for Q3 was Rs. 33.6 Cr as against Rs 27.9 Cr of Q3 in the previous year, a jump of 20%. The standalone operating margin for Q3 (before one-time write off of Rs 0.9 Cr- Refer Note 6 to the results) was 17.8 % as compared to 17.5% in the previous year. V.I.P. Industries' Standalone Profit Before Tax (PBT) before exceptional items was Rs. 29.1 Cr. There was an exceptional write-off of Rs. 28.5 Cr. (details of which are given below), and a tax credit of Rs. 2.5 Cr which resulted in a PAT of Rs. 3.1 Cr as against a standalone PAT of Rs. 14.5 Cr for the same quarter last year. This has no adverse impact on the consolidated results as there is a corresponding write back in the UK Subsidiary's Books.

The Company has declared an interim dividend of Rs.3/- (previous year Rs.2/-) per equity share of Rs.10/- each for the financial year 2010-11.

The write-off of Rs. 28.5 Cr is related to the wholly owned subsidiary M/s Carlton Travel Goods Ltd. – UK, which incurred losses of Rs. 23.2 Cr in FY 08-09, due to the European recession and highly volatile foreign exchange rates in 2009. Due to this and continuing losses, the Company undertook a business re-organization of its European operations to stem further losses. This was achieved by minimizing cross currency exposure through direct billing in USD from the holding company VIP Industries to the UK Subsidiary's customers, and reducing UK overheads.

The Board of Directors of V.I.P. Industries Limited (the holding company), after due discussion and deliberation and in the face of continued adverse conditions in the European markets has concluded that there is no possibility of recovering the amounts due from its UK subsidiary and hence has approved the write off, subject to approval from the Reserve Bank of India, of the Trade Debtors from, and Provision for diminution in value of investments in, the UK Subsidiary.

Chairman of V.I.P. Industries, Mr. Dilip G. Piramal commented, "The European market for branded luggage has been facing tremendous challenges since 2009. We have re-organized our European business to prevent further losses. The write-off of Rs. 28.5 Cr will not have any impact on our operating profits and cash flows in the current financial year. Our domestic operations remain strong as evidenced by the positive growth across all sales channels and positive reaction to all our new product launches".

V.I.P. Industries Ltd. successfully re-launched its value brand Alfa this Diwali, led by the blockbuster product launch of Boxer Strolly, a hard-sided upright strolly which offers the strength of hard luggage combined with the wheeling convenience of soft luggage, all at an affordable price. V.I.P. Industries also launched its premium business case collection, *Shuttle*, specially designed for frequent fliers. In other brand launches, V.I.P. Industries is re launching its popular Soft Luggage brand Skybags and launching its premium British brand Carlton with its latest luggage collection in India.

Background Info for Editors: V.I.P. Industries is Asia's #1 Luggage Maker and the world's 2nd largest, headed by Mr Dilip G Piramal. More Info? Contact radhika.piramal@vipbags.com or call Mumbai +91 22 6653 9060 or call our local branch offices across India, contact details on our web-site www.vipbags.com