

REPORT ON CORPORATE GOVERNANCE

for the year ended March 31, 2012



GODFREY PHILLIPS
—INDIA LIMITED—

The Directors present the Company's Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance procedures in operations naturally imply commitment to values, ethical business conduct, objectivity, self-regulation and accountability. These serve as a foundation to build, inspire and strengthen stakeholders' values in any organization.

The Corporate Governance initiatives of GPI are devised for achieving basic objective of wealth creation for the benefit of all its stakeholders i.e. shareholders, employees, business associates and the society at large. The Company believes in giving its executives ample freedom to operate and secure the Company's target by putting in their best efforts.

The Board of Directors is primarily responsible for protecting and enhancing shareholders' value besides fulfilling the Company's obligations towards other stakeholders. The role of the Board of Directors is to provide strategic superintendence over the Company's management. The day to day management of the Company is vested in the managerial personnel and sufficient authority is delegated at different operating levels. Delegation of authority in the operating people helps generation of creativity and innovation. This also helps in harnessing potential of employees to the best advantage of the Company.

The company is in compliance with the requirements stipulated under clause 49 of the Listing Agreements entered with the Stock Exchanges with regard to Corporate Governance.

2. BOARD OF DIRECTORS

i) Composition of the Board

The Board of Directors of the Company consists of executive and non-executive directors and more than half of the Board comprises of non-executive directors.

Currently, the total strength of the Board is 9 (nine) comprising of 3 (Three) executive directors and 6 (six) non-executive directors. The Chairman of the Board is a non-executive director and the minimum requirement of one-third of the Board consisting of independent directors is duly complied with.

The Board brings in expertise in the fields of business/law/finance. It provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

The non-executive directors of the Company, who are also independent, have already submitted their declarations affirming their status as independent directors as on March 31, 2012.



ii) Attendance at the Board Meetings and the last Annual General Meeting, directorships and memberships/chairmanships of Board Committees of other Companies

| S. No. | Director | Category | No. of Board Meetings attended | Attendance at last AGM | Directorship/ Chairmanship of Board of other Companies* as at March 31, 2012 | Membership/ Chairmanship of other Board Committees** as at March 31, 2012 |
|--------|---|---------------------------------|--------------------------------|------------------------|--|---|
| 1. | Mr. R.A. Shah DIN 00009851 | Non-Executive & Independent | 5 | Yes | 13 (includes 3 as Chairman and 1 as Vice- Chairman) | 9 (includes 4 as Chairman) |
| 2. | Mr. K.K. Modi DIN 00029407 | Executive | 5 | Yes | 11 | 2 (includes 1 as Chairman) |
| 3. | Mr. R. Ramamurthy DIN 00030463 | Executive | 4 | Yes | 8 | 2 |
| 4. | Mr. Lalit Bhasin DIN 00001607 | Non-Executive & Independent | 5 | Yes | 9 | 6 (includes 1 as Chairman) |
| 5. | Mr. Anup N. Kothari DIN 00294737 | Non-Executive & Independent | 5 | Yes | 2 | None |
| 6. | Mr. Lalit Kumar Modi [®] DIN 00029520 | Non-Executive & Non-Independent | None | No | 7 | 1 (as Chairman) |
| 7. | Mr. C.M. Maniar DIN 00034121 | Non-Executive & Independent | 4 | Yes | 13 | 10 (includes 1 as Chairman) |
| 8. | Mr. O.P. Vaish DIN 00001360 | Non-Executive & Independent | 5 | Yes | 6 | 3 |
| 9. | Mr. Samir Kumar Modi [®] DIN 00029554 | Executive | 4 | Yes | 8 | 1 |

* Excludes directorships in private limited companies, foreign companies, alternate directorships and also memberships of Managing Committees of various chambers/bodies.

** Represents memberships/chairmanships of only Audit and Shareholders/Investors Grievances Committees (excluding private companies and other Non-Corporate Entities).

[®] Sons of Mr. K. K. Modi.

iii) Board Meetings held during the year

During the year 2011-12, 5 (Five) Board Meetings were held viz. on May 29, 2011, July 30, 2011, September 20, 2011, November 4, 2011 and February 1, 2012. The necessary quorum was present for all the meetings.

In addition to the regular business items, other information as mentioned in Annexure 1A to clause 49 of the Listing Agreement with the Stock Exchanges, was placed before the Board.



iv) **The details of pecuniary relationship or transactions of the non-executive directors vis-a-vis the Company are given below:**

| S. No. | Name of the director | Amount involved (Rs. in lacs) | Nature of transaction |
|--------|--|-------------------------------|--|
| 1 | Mr. R.A. Shah & Mr. C.M. Maniar (Senior Partners of Crawford Bayley & Co.) | 50.46 | Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates |
| 2 | Mr. Lalit Bhasin (Proprietor of Bhasin & Co.) | 7.68 | Payment for professional services to Bhasin & Co., Advocates |
| 3 | Mr. O.P. Vaish (Relatives of Mr. O.P. Vaish are partners in Vaish Associates) | 19.11 | Payment for professional services to Vaish Associates, Advocates |

v) **Brief resume, experience and other directorships/board committee memberships**

As per the Articles of Association of the Company, one-third of the total strength of the Board (i.e. three directors at present i.e. Mr. C. M. Maniar, Mr. Lalit Bhasin & Mr. Anup N. Kothari) shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible shall be re-appointed subject to shareholders' approval.

| | |
|--|---|
| 1) Name of the Director | Mr. C. M. Maniar |
| Qualifications | B.Com., M.A. (Eco.& Politics) & LL.B. (Solicitor) |
| Professional Experience | <ul style="list-style-type: none"> - Presently a Senior Partner in Crawford Bayley & Co., Solicitors & Advocates, Mumbai. - Member of the Maharashtra Bar Council. - Specialises in Corporate and Commercial Laws with special reference to Company Law, Foreign Financial & Technical Collaborations, Anti Trust and Competition Laws, Foreign Exchange Laws, Consumer Protection Laws, Drugs & Cosmetics and Insecticides Laws, Intellectual and Industrial Property Laws. - Participated in and read papers on different subjects relating to the above laws at conferences and seminars organized by various institutions, such as Institute of Company Secretaries of India, Institute of Chartered Accountants of India, Bombay Chartered Accountants Society, Bombay Chamber of Commerce, etc. |
| Names of other companies in which he holds directorship of the Board and membership/ chairmanship of committees of the Board* | <ol style="list-style-type: none"> 1) Foods & Inns Ltd. 2) Financial Technologies India Ltd. 3) Gujrat Ambuja Exports Ltd. 4) Hindalco Industries Ltd. (also member of Audit Committee & Shareholders Grievance Committee) 5) Indo- Euro Investment Company Ltd. 6) Indian Card Clothing Company Ltd. 7) Multi Commodity of India Exchange Ltd. (also member of Shareholders Grievance Committee) 8) MCX Stock Exchange Ltd. (also member of Shareholders Grievance Committee) 9) Pioneer Investcorp Ltd. (also member of Audit Committee & Shareholders Grievance Committee) 10) Sudal Industries Ltd. 11) TCPL Packaging Ltd. (also member of Audit Committee & Shareholders Grievance Committee) 12) Utkal Alumina International Ltd. 13) Varun Shipping Company Ltd. (also member of Audit Committee & chairman of Shareholders Grievance Committee) |



| | |
|---|---|
| 2) Name of the Director | Mr. Lalit Bhasin |
| Qualifications | B.A. (Hons.), LL.B., FCI Arb |
| Professional Experience | <ul style="list-style-type: none"> - Is a distinguished lawyer with four decades of law practice. - Heads the Law Firm Bhasin & Co. having its offices at Delhi & Mumbai. • Chairman, Film Certification Appellate Tribunal • President, Society of Indian Law Firms • President, Inter Pacific Bar Association • Chairman, Chartered Institute of Arbitrators, India Chapter • Chairman, Services Export Promotion Council • Vice President, The Bar Association of India • Executive President, India Law Foundation • President, Indian Society for Afro Asian Studies • Honorary Life Member, International Bar Association • Chairman, PHD Chamber of Commerce & Industry Committee on Corporate Affairs • Chairman, CII National Task Force on Dispute Resolution • Member, Management Committee, The Sagar School, Rajasthan <ul style="list-style-type: none"> - Has received several awards including the Indira Gandhi National Unity Award, Award for excellence in Professionalism by Institute of Marketing and Management, Indira Gandhi Priyadarshini Award, Award of distinction by International Bar Association, National Award for excellence by All India Lawyers Forum for Civil Liberties and Award of Honour from the Prime Minister of India for services to the Legal Profession and Commitment to the Rule of Law in December 2001, National Law Day Award 2007 given by the President of India in the presence of the Chief Justice of India at Vigyan Bhavan for "Outstanding contribution in the development of the Bar in India and for deep involvement and conscientious engagement in the maintenance of the highest standards at the Bar". - Has authored several books on diverse subjects. - Is a trustee of Jawaharlal Nehru Memorial Fund and India Foundation for the Arts. |
| Names of other companies in which he holds directorship of the Board and membership / chairmanship of committees of the Board* | <ol style="list-style-type: none"> 1) Ansal Properties Industries Ltd. (also a member of Shareholders Grievance Committee) 2) Appollo Zippers India Ltd. 3) Asian Hotels (North) Ltd. (also chairman of Audit committee & member of Shareholders Grievance Committee) 4) Asian Hotels (West) Ltd. (also member of Audit Committee & Shareholders Grievance Committee) 5) Bharat Hotels Ltd. (also member of Audit Committee) 6) LMJ International Ltd. 7) Modicare Ltd. 8) Omax Autos Ltd. 9) Urban Infrastructure Trustees Ltd. |
| 3) Name of the Director | Mr. Anup N. Kothari |
| Qualifications | B.Arch., F.I.I.A |
| Professional Experience | <ul style="list-style-type: none"> - Graduated in Architecture from Baroda University in 1965. - Worked in Sweden on various types of projects such as Administration and Bank Building, Group Housing Projects, etc. - On return to India, joined a leading firm of Architects and has since been closely associated with various projects, Multiplex Cinema Halls, Universities, Embassies, etc. - Is a member of Council of Architecture and Indian Institute of Architects. |
| Names of other companies in which he holds directorship of the Board and membership / chairmanship of committees of the Board* | <ol style="list-style-type: none"> 1) International Research Park Laboratories Ltd. 2) Samkap Chemicals Ltd. |

* Excludes directorships in private limited companies, foreign companies, alternate directorships and also memberships of Managing Committees of various chambers/bodies. Represents membership/ chairmanship of only Audit and Shareholders/Investors Grievances Committee.



vi) Legal Compliances

The Board periodically reviews compliance reports of applicable laws prepared by the company as well as steps taken by the company to rectify the instances of non-compliances.

vii) Code of Conduct

The Company has laid down a Code of Conduct applicable to the Board members and senior management team of the Company. The said Code has been communicated to the directors and senior management personnel and is also posted on the website of the Company, www.godfreyphillips.com.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2012. A declaration to this effect signed by Mr. K.K. Modi, Managing Director as the Chief Executive Officer of the Company is annexed to this report.

3. AUDIT COMMITTEE

i) Composition and Terms of Reference

The Audit Committee of the company has been constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee of the company comprises of three non-executive independent directors viz. Mr. O. P. Vaish, Mr. Anup N. Kothari and Mr. Lalit Bhasin.

The terms of reference of the Audit Committee cover all the areas specified in Section 292A of the Companies Act, 1956 as well as those specified in clause 49 of the Listing Agreement, as amended from time to time and inter-alia include overseeing financial reporting process, reviewing the financial statements before submission to the Board, reviewing internal control systems and internal audit functions, etc. The Audit Committee also reviews the information relating to management discussion and analysis of financial condition, significant related party transactions, letters of internal control weaknesses issued by the statutory auditors and internal audit reports.

All the members of the Audit Committee are financially literate and Mr. O.P. Vaish, Chairman of the Audit Committee, possesses relevant accounting and financial management expertise. Mr. Sanjay Gupta, Company Secretary, is the Secretary to the Committee.

The Chairman, Mr. O.P. Vaish, was present at the Annual General Meeting held on 20th September, 2011, to answer the shareholders' queries.

Audit Committee meetings are also attended by Managing Director in his capacity as director-in-charge of finance, Chief Financial Officer, Company Secretary, the Internal Auditors and the Statutory Auditors as the invitees.

ii) Details of meetings and attendance of each member of the Committee

During the financial year 2011-12, the Audit Committee met 4 (four) times viz. on May 29, 2011, July 30, 2011, November 4, 2011 and February 1, 2012.

| S. No. | Name | Category of directors | No. of Meetings attended (Total Meetings held - 4) |
|--------|---------------------|-----------------------------|--|
| 1 | Mr. O.P. Vaish | Non-Executive & Independent | 4 |
| 2 | Mr. Lalit Bhasin | Non-Executive & Independent | 4 |
| 3 | Mr. Anup N. Kothari | Non-Executive & Independent | 4 |



4. SUBSIDIARY COMPANIES

- (i) Since the Company does not have any material non-listed Indian subsidiary company, the requirement for appointment of an independent director on the Board of such subsidiary is not applicable.
- (ii) The Audit Committee of the Company has reviewed the financial statements in respect of the investments made by its unlisted subsidiary companies at its meeting held on May 28, 2012.
- (iii) Copies of the minutes of the board meetings of all the unlisted subsidiary companies held during the year 2011-12 were placed at the board meeting of the Company held on May 29, 2012. Requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiary companies is not applicable to the Company since none of its subsidiaries is material.

5. DISCLOSURES

(A) Basis of related party transactions

(i) Transactions with related parties in the ordinary course of business:

Transactions with the related parties disclosed in note 39 to the Financial Statements for the year ended March 31, 2012 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meeting held on May 28, 2012. The said transactions have no potential conflict with the interest of the company at large.

(ii) Transactions with related parties not in the normal course of business:

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2012 whose terms and conditions are not in the normal course of business.

(iii) Transactions with related parties not on arm's length basis:

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2012 whose terms and conditions are not on an arm's length basis.

(B) Disclosure of Accounting Treatment

The financial statements for the year ended March 31, 2012 comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

(C) Risk management

The Company being an old established organization, has in place built-in internal control systems for assessing and mitigating elements of risks in relation to its operations. The departmental heads are reasonably alive of this aspect in their day to day functioning. However, with a view to apprise the Board of Directors of the risk management procedures and the steps to minimize/eliminate the same in a structured manner, the Company has formulated a Risk Profile and Risk Register, listing out various risks and mitigating factors, which is periodically reviewed by the Board.

(D) Proceeds from public issues, right issues, preferential issues, etc.

The Company did not raise any funds through public issues, right issues, preferential issues, etc. during the year under report.



(E) Others

- (i) There is no non-compliance of any legal provision of applicable laws and no penalties or strictures have been imposed by the stock exchanges, SEBI or any other statutory authority on any matter related to capital markets during the last three years.
- (ii) The Company does not have any Whistle Blower Policy.
- (iii) The Company has complied with all applicable mandatory requirements of clause 49 of the Listing Agreement during the year. The Company has not adopted any non-mandatory requirements.

6. REMUNERATION TO DIRECTORS

(i) Remuneration policy

The Company has not constituted any Remuneration Committee. The remuneration to be paid to the Managing/ Executive/Whole-time Directors is decided by the Board and recommended for approval by the shareholders at the Annual General Meeting. As per provisions of the Articles of Association of the Company, the overall payment of sitting fees to a director for attending the Board and Committee meetings shall not exceed Rs.3 lacs in a financial year.

(ii) Details of remuneration paid/payable to the directors

(Amount in Rs.)

| Name of the Director | Salary and Other Allowances* | Perquisites | Commission | Sitting Fees Board/ Committee Meetings | Total |
|-----------------------------------|------------------------------|------------------|--------------------|--|--------------------|
| Mr. R.A. Shah | Nil | Nil | Nil | 1,00,000 | 1,00,000 |
| Mr. K.K. Modi ¹ | 1,20,00,000 | 39,600 | 1,00,00,000 | Nil | 2,20,39,600 |
| Mr. R. Ramamurthy ² | 72,00,000 | 39,600 | Nil | Nil | 72,39,600 |
| Mr. Lalit Bhasin | Nil | Nil | Nil | 1,80,000 | 1,80,000 |
| Mr. Anup N. Kothari | Nil | Nil | Nil | 1,80,000 | 1,80,000 |
| Mr. Lalit Kumar Modi ³ | Nil | Nil | 1,10,00,000 | Nil | 1,10,00,000 |
| Mr. C.M. Maniar | Nil | Nil | Nil | 1,40,000 | 1,40,000 |
| Mr. O.P. Vaish | Nil | Nil | Nil | 1,80,000 | 1,80,000 |
| Mr. Samir Kumar Modi ⁴ | 36,00,000 | 37,30,839 | 36,00,000 | Nil | 1,09,30,839 |
| Total | 2,28,00,000 | 38,10,039 | 2,46,00,000 | 7,80,000 | 5,19,90,039 |

* excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.

(iii) Details of service contract, notice period, severance fees etc. of directors

¹The Company has service contract with Mr. K.K. Modi, President & Managing Director for a period of three years with effect from August 14, 2009, which is being extended by Board of Directors subject to the approval of shareholders w.e.f. August 14, 2012. The notice period is six calendar months by either party. No severance fees is payable to him.



²The Company has service contract with Mr. R. Ramamurthy, Whole-time Director for a period of three years with effect from 14th August, 2009, which is being extended by Board of Directors subject to the approval of shareholders w.e.f. August 14, 2012. The notice period is three months by either party. However, the Company has the right to terminate appointment forthwith upon payment of three months salary only in lieu of notice and in that case he will not be entitled to any perquisites or other benefits in respect of such three months period.

³In pursuance of the resolution passed on 28th April, 2011, by the shareholders of the Company through postal ballot, Mr. Lalit Kumar Modi is entitled to payment of commission under Section 309(4)(b) of the Companies Act, 1956 at not more than one percent (1%) per annum of the net profits of the Company computed in the manner laid down in Sections 198, 349 and 350 for a period of three years w.e.f. 1st August, 2010, subject to a ceiling of Rs.110 Lacs for or in respect of any one financial year of the Company.

⁴The Company has service contract with Mr. Samir Kumar Modi, Executive Director for a period of three years with effect from 1st September, 2010. The notice period is three months by either party. No severance fees is payable to him.

The Company presently does not have any stock option scheme.

(iv) Details of shares/convertible instruments held in the Company by Non-Executive Directors.

| S. No. | Name of the non-executive director | No. of shares held as on March 31, 2012 |
|--------|---|---|
| 1. | Mr. R. A. Shah (shares held jointly with Mrs. A. R. Shah - wife) | 4000 |
| 2. | Mr. Lalit Bhasin | 400 |
| 3. | Mr. Anup N Kothari | 1200 |
| 4. | Mr. C.M. Maniar (shares held jointly with Mrs. K.C. Maniar - wife) | 688 |
| 5. | Mr. O.P. Vaish | 400 |
| 6. | Mr. Lalit Kumar Modi | 400 |

7. MANAGEMENT

As required under Clause 49 of the Listing Agreement, all the members of senior management team shall disclose their interest in all material, financial and commercial transactions, which may have a potential conflict with the interest of the Company at large.

The senior management team comprising of 16 (sixteen) members, being the top executives of the Company have disclosed to the Board of Directors of the Company about all the material financial and commercial transactions that have taken place during the financial year ended March 31, 2012 where they had personal interest. These include dealing in/holding of shares by them/their relatives in the Company, transactions entered into by them/their relatives with the Company, transactions entered into by the Company with the companies in which they/their relatives are Directors or Members and transactions entered into by them/their relatives with the subsidiary companies of the Company and these were placed before the Board of Directors of the Company.



8. SHARE TRANSFER AND SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Company has a Share Transfer and Shareholders/Investors Grievance Committee which comprises of Mr. C.M. Maniar, a Non-Executive Director as its Chairman, Mr. K.K. Modi, President & Managing Director, Mr. R. Ramamurthy, Whole-time Director and Mr. Lalit Bhasin, Non-Executive Director as its members. This Committee, besides sanctioning share transfers/transmissions and other related matters, is also required to look into the redressal of shareholders' and other investors' complaints. Mr. Sanjay Gupta, Company Secretary, is the Compliance Officer.

During the financial year 2011-12, 35 complaints were received from the shareholders/investors and all were redressed to their satisfaction. No complaint was pending for redressal as on March 31, 2012.

9. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings (AGM) are as follows:

| Financial year | Date of AGM | Time | Location | PARTICULARS OF SPECIAL RESOLUTIONS PASSED |
|----------------|-------------|------------|--|--|
| 2008-09 | 25.09.2009 | 3:30 P.M. | Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021 | <ul style="list-style-type: none">• Approving the change in the place of keeping the Registers and Records of the Company pursuant to Section 163 of the Companies Act, 1956.• Alteration of Articles of Association by way of insertion of Article 88A, Article 102B, Article 105A and Article 149A. |
| 2009-10 | 09.09.2010 | 3.30 P. M. | -do- | No Special Resolution was passed |
| 2010-11 | 20.09.2011 | 11.00 A.M. | -do- | No Special Resolution was passed |

There was no other General Body Meeting held during the last three years.

No resolution was put through postal ballot during the year 2011-12.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 14th September, 2012.

10. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published by the Company in The Economic Times (English) and in Maharashtra Times (Marathi). The quarterly and yearly results are also available on the Company's website : www.godfreyphillips.com as well as on Bombay Stock Exchange and National Stock Exchange websites: www.bseindia.com & www.nseindia.com. The half-yearly reports are not sent to household of the shareholders. During the year, no formal presentations were made to the institutional investors/analysts.

The Management Discussion and Analysis Report forms a part of the Directors' Report.



11. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting

| | | |
|---------------|---|---|
| Date and Time | : | 14 th September, 2012 at 3.30 P.M. |
| Venue | : | Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021 |

(ii) Financial Calendar for 2012-13

| | | |
|------------------------|---|---|
| First Quarter Results | : | 31 st July, 2012 (Actual) |
| Second Quarter Results | : | Latest by 14 th November, 2012 |
| Third Quarter Results | : | Latest by 14 th February, 2013 |
| Annual Results | : | Latest by 30 th May, 2013 |

(iii) Date of Book Closure : September 01, 2012 to September 14, 2012
(both days inclusive)

(iv) Dividend Payment Date : Dividend payment shall be made from September 18, 2012 to those shareholders whose names shall appear on the Members' Register as on September 14, 2012.

(v) Listing on the Stock Exchanges:

The Company's shares are listed on National Stock Exchange (Stock Code GODFRYPHLP) and Bombay Stock Exchange (Stock Code 500163).

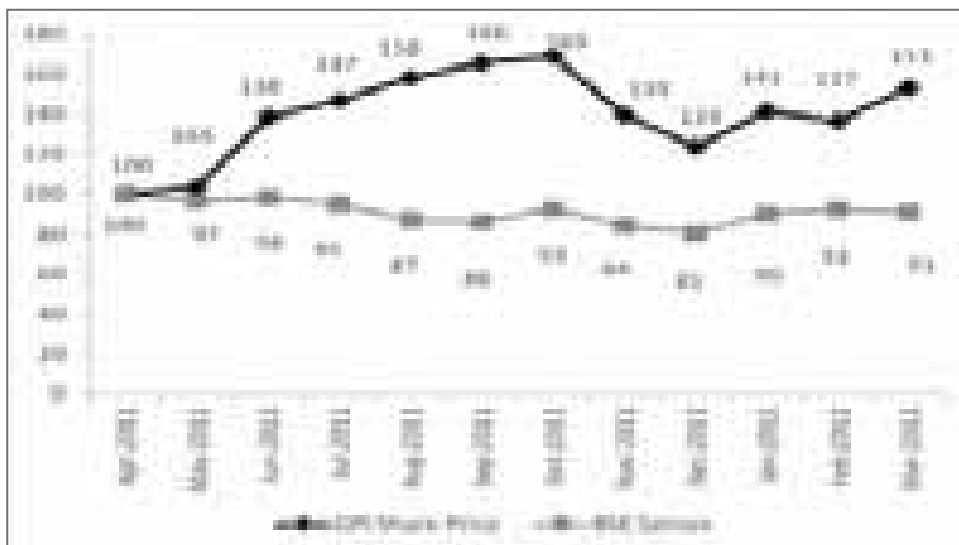
(vi) Market Price Data of equity shares of the Company

The High and Low prices of the equity shares of the Company at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE) for the year ended 31st March, 2012 are as under:

| Month | Share Prices (Rs.) at BSE | | Share Prices (Rs.) at NSE | |
|----------------|---------------------------|------------|---------------------------|------------|
| | High | Low | High | Low |
| April 2011 | 2200.00 | 1859.00 | 2080.00 | 1861.05 |
| May 2011 | 2130.00 | 1900.00 | 2150.00 | 1892.10 |
| June 2011 | 2939.90 | 2026 .00 | 2940.00 | 2020.30 |
| July 2011 | 3325.00 | 2826 .00 | 3318.00 | 2820.00 |
| August 2011 | 3505 .00 | 3030 .00 | 3550.00 | 3003.05 |
| September 2011 | 3732.90 | 3195 .00 | 3724.00 | 3185.25 |
| October 2011 | 3859 .75 | 3001.05 | 3864.00 | 3004.00 |
| November 2011 | 3600 .00 | 2821 .05 | 3597.00 | 2652.00 |
| December 2011 | 2971.00 | 2349 .00 | 2964.95 | 2311.00 |
| January 2012 | 3020 .00 | 2425.00 | 3014.95 | 2450.00 |
| February 2012 | 3349.95 | 2751 .05 | 3299.95 | 2712.05 |
| March 2012 | 3320 .00 | 2650 .00 | 3505.00 | 2665.80 |



(vii) Performance of the share price of the company in comparison to BSE Sensex:



Note: The chart above has share prices and Sensex indexed to 100 as on the last working day of of each month for the financial year 2011-12.

(viii) Registrars and Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.
13 AB, Samhita Warehousing Complex,
Second Floor, Sakinaka Telephone Exchange Lane
Off Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400072
Telephone No : 022-67720300, 67720400
Fax No : 022-28591568
E-mail : sharepro@shareproservices.com

(ix) Share Transfer System

The Company's share transfer and related operations are handled by Sharepro Services (India) Pvt. Ltd., Registrars and Share Transfer Agent (RTA) who are registered with the SEBI as a Category 1 Registrar.

The shares for transfers received in physical mode by the Company/RTA, are transferred expeditiously provided the documents are complete and the shares are not under dispute. The share certificates duly endorsed are returned immediately after transfer.

(x) Distribution of shareholding as on March 31, 2012

| Number of equity share holdings | Number of shareholders | Percentage of shareholders | Number of shares | Percentage of shares |
|---------------------------------|------------------------|----------------------------|------------------|----------------------|
| 1-50 | 5524 | 49.65 | 93675 | 0.90 |
| 51-100 | 2097 | 18.85 | 187474 | 1.80 |
| 101-500 | 3107 | 27.93 | 670469 | 6.45 |
| 501-1000 | 217 | 1.95 | 152089 | 1.46 |
| 1001-5000 | 125 | 1.12 | 244782 | 2.35 |
| 5001-10000 | 15 | 0.14 | 108259 | 1.04 |
| 10001 & Above | 40 | 0.36 | 8942036 | 86.00 |
| TOTAL | 11125 | 100.00 | 10398784 | 100.00 |



(xi) Categories of Shareholding as on March 31, 2012

| Category of Shareholder | Number of Shares | Percentage of Shares |
|--|-------------------|----------------------|
| A. Promoter and Promoter Group | 7,387,937 | 71.05 |
| B. Public Shareholding | | |
| Foreign Institutional Investors | 1,446,022 | 13.91 |
| Mutual Funds/UTI | 21,895 | 0.21 |
| Financial Institutions/Banks | 9,203 | 0.09 |
| Central Government/State Government(s) | 6,000 | 0.06 |
| Bodies Corporate | 66,969 | 0.64 |
| Individuals | 1,432,193 | 13.77 |
| Directors & Relatives | 8,338 | 0.08 |
| NRIs and OCBs | 15,511 | 0.15 |
| Others | 4,716 | 0.04 |
| Total Public Shareholding | 3,010,847 | 28.95 |
| Total Shareholding (A+B) | 10,398,784 | 100.00 |

(xii) Dematerialisation of shares

The shares of the Company are compulsorily traded in the dematerialised form and are available for trading under both the Depository Systems- NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd). As on March 31, 2012, a total of 9,943,985 equity shares of the Company, which forms 95.63% of the share capital, stand dematerialised.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE260B01010.

(xiii) Outstanding GDRs/ADRs/Warrants or other Convertible Instruments

The Company has no outstanding GDRs/ADRs/Warrants or other convertible instruments.

(xiv) Plant Locations

The Company's plants are situated at Andheri (Mumbai), Baramati, Rabale (Navi Mumbai), Bazpur, Kolkata, Ongole and Ghaziabad and the plant located at Guldhar (Ghaziabad) is owned by the Company's wholly owned subsidiary, International Tobacco Company Limited.

Andheri Plant (Cigarette) : V.K.K. Menon Road (Sahar Road), Chakala, Andheri (East), Mumbai - 400 099

Guldhar Plant (Cigarette) : International Tobacco Company Limited, Delhi- Meerut Road, Guldhar, Ghaziabad - 201 001

Baramati Plant (Chewing Products) : Plot No. A-1/1, MIDC Industrial Area, Baramati, Maharashtra - 413 133



GODFREY PHILLIPS
—INDIA LIMITED—

| | | |
|---|---|---|
| Rabale Plant (Cigarette) | : | Plot No. 19, MIDC, TTC Industrial Area, Rabale, Navi, Mumbai - 400 701 |
| Ghaziabad (Chewing Products) | : | B-19, Meerut Road, Site No. 3, Ghaziabad |
| Bazpur (Tea Blending & Packaging) | : | Plot No. C-9, Bazpur - 1, Upside Industrial Area, Distt- Udham Singh Nagar, (Uttanchal) - 262 123 |
| Kolkata (Tea Blending and Packaging-operated by a contractor) | : | Landys + GYR Compound, Diamond Harbour Road, Joka, Kolkata - 700 104 |
| Ongole (Reconstituted Tobacco) | : | Plot No. 289 to 300, Apiic Growth Centre, Gundlapally, Ongole, Prakasam Dist., Andhra Pradesh – 523 001. |

(xv) Address for Correspondence

Shareholders should address all their correspondence concerning shares to the Company's Registrars and Share Transfer Agent, Sharepro Services (India) Pvt. Ltd. at the address mentioned at S. No. 11 (viii) above or at:

Sharepro Services (India) Pvt. Ltd.
912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai- 400 021
Telephone No : 022-22825163
E-mail : sharepro@shareproservices.com

12. CEO/CFO CERTIFICATION

A certificate signed by Mr. K.K. Modi, Managing Director as CEO and by Mr. Sunil Agrawal, Vice President - Finance as CFO is attached with this report.

13. COMPLIANCE REPORT ON CORPORATE GOVERNANCE

The Company is regularly filing the Quarterly Compliance Report on Corporate Governance with the Stock Exchanges as per the format specified in Annexure 1B to the Clause 49 of the Listing Agreement.

For and on behalf of the Board

Place : New Delhi
Date : July 31, 2012

R.A. SHAH
Chairman



GODFREY PHILLIPS
—INDIA LIMITED—

CERTIFICATE

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION ON COMPANY'S CODE OF CONDUCT

**The Board of Directors
Godfrey Phillips India Limited
49, Community Centre
Friends Colony
New Delhi - 110 025**

I, K.K. Modi, Managing Director being the Chief Executive Officer (CEO) of Godfrey Phillips India Limited do hereby declare that all the members of the Board of Directors and the members of the Senior Management Team of the Company have affirmed compliance with the Code of business conduct of the Company during the financial year ended March 31, 2012.

Place : New Delhi
Date : May 29, 2012

K.K. MODI
Managing Director
(Chief Executive Officer)

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

**The Board of Directors
Godfrey Phillips India Limited
49, Community Centre
Friends Colony
New Delhi - 110 025**

We, K.K. Modi, Managing Director being the Chief Executive Officer and Sunil Agrawal, Vice President - Finance being the Chief Financial Officer of Godfrey Phillips India Limited, do hereby confirm to the best of our knowledge and belief, in relation to the financial statements for the year ended March 31, 2012 that:

- a. We have reviewed the financial statements for the year and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of business conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Also, during the year we have not come across any significant instances of deficiencies in the design or operation of such internal controls requiring disclosure to the auditors and the Audit Committee.
- d. There were no significant changes in internal control over financial reporting and in accounting policies during the year requiring disclosure to the auditors and the Audit Committee. Also, we have not come across any instance of fraud during the year requiring disclosure to the auditors and the Audit Committee.

K.K. MODI
Managing Director
(Chief Executive Officer)

SUNIL AGRAWAL
Vice President - Finance
(Chief Financial Officer)

Place: New Delhi
Date : May 29, 2012



To the Members of Godfrey Phillips India Limited

We have examined the compliance of conditions of Corporate Governance by Godfrey Phillips India Limited for the year ended March 31, 2012, 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 the compliance of the conditions of the Corporate Governance. 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 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 A.F. FERGUSON & CO.
Chartered Accountants
Registration No. 112066W

Place : New Delhi
Date : July 31, 2012

Jaideep Bhargava
Partner
Membership No. 90295

A. Holding Company's interest in the subsidiaries at the close of the respective financial years.

| Name of the Subsidiary | Financial Year ended | Extent of interest |
|---|----------------------|---|
| 1. International Tobacco Company Limited | 31.3.2012 | The entire issued share capital of 300000 Equity Shares of Rs. 100 each fully paid. |
| 2. Chase Investments Limited | 31.3.2012 | The entire issued share capital of 359700 Equity Shares of Rs. 100 each of which 201210 are fully paid up and 158490 are Rs.50 paid up. |
| 3. Kashyap Metal and Allied Industries Limited | 31.3.2012 | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.) |
| 4. Unique Space Developers Limited | 31.3.2012 | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.) |
| 5. Gopal Krishna Infrastructure & Real Estate Limited | 31.3.2012 | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.) |
| 6. Rajputana Infrastructure Corporate Limited | 31.3.2012 | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.) |

B. Net aggregate amount of profits/(losses) of the subsidiaries not dealt with in the Holding Company's accounts.

| Name of the Subsidiary | For Financial Year ended 31.3.2012 Rs. in lacs | For Previous Financial Years Rs. in lacs |
|---|---|---|
| 1. International Tobacco Company Limited | 27.04 | 1136.90 |
| 2. Chase Investments Limited | 9.73 | 246.71 |
| 3. City Leasing and Finance Company Limited | - * | 124.88 |
| 4. Manhattan Credits and Finance Limited | - * | 46.00 |
| 5. Kashyap Metal and Allied Industries Limited | Not Applicable | Not Applicable |
| 6. Unique Space Developers Limited | Not Applicable | Not Applicable |
| 7. Gopal Krishna Infrastructure & Real Estate Limited | Not Applicable | Not Applicable |
| 8. Rajputana Infrastructure Corporate Limited | Not Applicable | Not Applicable |

* Merged with Chase Investments Limited in the current year.

C. Net aggregate amount of profits/(losses) of the subsidiaries dealt with in the Holding Company's accounts, being the dividend received.

| Name of the Subsidiary | For Financial Year ended 31.3.2012 Rs. in lacs | For Previous Financial Years Rs. in lacs |
|---|---|---|
| 1. International Tobacco Company Limited | Nil | Nil |
| 2. Chase Investments Limited | Nil | 8.16 |
| 3. City Leasing and Finance Company Limited | - * | 8.29 |
| 4. Manhattan Credits and Finance Limited | - * | 7.20 |
| 5. Kashyap Metal and Allied Industries Limited | Not Applicable | Not Applicable |
| 6. Unique Space Developers Limited | Not Applicable | Not Applicable |
| 7. Gopal Krishna Infrastructure & Real Estate Limited | Not Applicable | Not Applicable |
| 8. Rajputana Infrastructure Corporate Limited | Not Applicable | Not Applicable |

* Merged with Chase Investments Limited in the current year.

For and on behalf of the Board of Directors

S. SERU
Chief Executive

SAMIR KUMAR MODI
Executive Director

R.A. SHAH
Chairman

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
Whole-time Director

K.K. MODI
President

Place : New Delhi
Date : May 29, 2012

SANJAY GUPTA
Company Secretary

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors

AUDITORS' REPORT

To the Members of Godfrey Phillips India Limited



GODFREY PHILLIPS
—INDIA LIMITED—

1. We have audited the attached Balance Sheet of **GODFREY PHILLIPS INDIA LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) 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 as follows:
 - (a) 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;
 - (b) 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;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For A. F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava
Partner
(Membership No. 90295)

Place: New Delhi
Date : May 29, 2012

Having regard to the nature of the Company's business/activities/result, clauses 4 (x) and (xiii) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, the Company has a system of physical verification of fixed assets which is designed to cover all fixed assets once in a period of three years and in accordance therewith, no physical verification was due during the current year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 ("the Act"), according to the information and explanations given to us:

- (a) The Company has granted unsecured loan amounting to Rs. 100 lacs to a company during the year. The maximum amount due during the year in respect of the said loan and the year-end balance is Rs. 200 lacs.
- (b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima-facie, not prejudicial to the interest of the Company.
- (c) As per the terms and conditions of the loan made no principal amount was due during the year and receipt of interest has been as per stipulation.

According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.



- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. There are no sale of services during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs. 5 lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Customs Duty, Entry tax, Cess and other material statutory dues applicable to it with the appropriate authorities and has generally been regular in respect of dues of tax deducted at source, service tax, value added tax, Employees' State Insurance and Excise duty. We are informed that there are no undisputed statutory dues as at the year-end outstanding for a period of more than six months from the date they became payable.
- (b) There are no dues of Wealth Tax, Service Tax, Customs Duty and Cess matters which have not been deposited on account of any dispute. The details of dues of Sales Tax, Excise Duty and Income-tax as at March 31, 2012, which have not been deposited by the Company on account of disputes are as follows:



| Name of the statute | Nature of the dues | Amount of dues* (Rs. lacs) | Amount deposited (Rs. lacs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|--------------------|----------------------------|-----------------------------|---|---|
| Sales Tax Laws | Sales tax | 17.71 | 11.28 | 1995-96, 2001-02, 2006-07 | Sales Tax Tribunal |
| | | 53.35 | 24.84 | 1998-99 to 1999-00, 2005-06 to 2007-08 2009-10 to 2010-11 | Upto Commissioners' Level |
| | | 6.48 | 6.48 | 2006-07 | High court |
| Central Excise Law | Excise duty | 6.93 | – | 2009-10 to 2010-11 | Upto Commissioners' Level |
| | | 564.84 | – | 2002-03 to 2006-07, 2008-09 to 2010-11 | Customs Excise Service Tax Appellate Tribunal |
| Income-Tax Law | Income-tax | 244.00 | 244.00 | 1979 to 1982, 1995-96 to 1997-98 | High Court |
| | | 58.32 | 58.32 | 2005-06 to 2008-09 | Income Tax Appellate Tribunal |
| | | 275.83 | 271.89 | 1999-00, 2002-03 to 2008-09 | Upto Commissioners' Level |

*amount as per demand orders, including interest and penalty, where quantified in the Order.

Further, as per information available with the Company, the concerned authority is in appeal against favourable orders received by the Company in respect of the following matters:-

| Name of the statute | Nature of the dues | Amount (Rs. lacs) | Period to which the amount relates | Forum where department has preferred appeal |
|------------------------------------|--------------------|-------------------|--|---|
| Income Tax Law | Income tax | 340.54 | 1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04 | High Court |
| | | 3.84 | 2005-06 | Income Tax Appellate Tribunal |
| | | 6.07 | 2000-01 | CIT(A) |
| U.P. Krishi Utpadan Mandi Adhinyam | Mandi cess | 108.20 | 1997-98 to 1998-99 | Supreme Court |
| Central Excise Law | Excise duty | 27.71 | 2009-10, 2010-11 | Customs Excise Service Tax Appellate Tribunal |
| Sales Tax Laws | Sales Tax | 10.40 | 2007-08 | High Court |



- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (xi) In our opinion and according to the explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- (xii) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used for long-term investment.
- (xvi) The Company has not made any preferential allotment of shares during the year.
- (xvii) The Company has not issued any debentures during the year.
- (xviii) The Company has not raised money by way of public issue, during the year.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For A. F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava
Partner
(Membership No. 90295)

Place: New Delhi
Date : May 29, 2012



BALANCE SHEET

as at March 31, 2012

Rupees in lacs

| Particulars | Note No. | As at 31.3.2012 | As at 31.3.2011 |
|--|----------|-------------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 1039.88 | 1039.88 |
| Reserves and surplus | 3 | 91051.03 | 77985.21 |
| | | <u>92090.91</u> | <u>79025.09</u> |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 23188.50 | 16817.23 |
| Other long-term liabilities | 5 | 19.10 | 17.10 |
| Long-term provisions | 6 | 2981.97 | 2431.63 |
| | | <u>26189.57</u> | <u>19265.96</u> |
| Current liabilities | | | |
| Short-term borrowings | 7 | 3436.69 | 2468.42 |
| Trade payables | 8 | 11893.59 | 9954.50 |
| Other current liabilities | 9 | 23814.11 | 19262.07 |
| Short-term provisions | 10 | 6268.45 | 5692.74 |
| | | <u>45412.84</u> | <u>37377.73</u> |
| TOTAL | | <u>163693.32</u> | <u>135668.78</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Tangible assets | 11 | 52477.01 | 28042.84 |
| - Intangible assets | 11 | 231.85 | 293.86 |
| - Capital work-in-progress | 11 | 13740.90 | 18039.03 |
| Non-current investments | 12 | 16054.79 | 8201.60 |
| Deferred tax assets (net) | 13 | 752.23 | 78.81 |
| Long-term loans and advances | 14 | 4227.16 | 4125.56 |
| | | <u>87483.94</u> | <u>58781.70</u> |
| Current assets | | | |
| Current investments | 15 | 19778.33 | 24112.58 |
| Inventories | 16 | 37715.73 | 34919.54 |
| Trade receivables | 17 | 7494.95 | 4538.60 |
| Cash and cash equivalents | 18 | 2186.08 | 5150.23 |
| Short-term loans and advances | 19 | 7695.62 | 6407.18 |
| Other current assets | 20 | 1338.67 | 1758.95 |
| | | <u>76209.38</u> | <u>76887.08</u> |
| TOTAL | | <u>163693.32</u> | <u>135668.78</u> |
| Accompanying notes 1 to 49 form part of the financial statements | | | |

In terms of our report attached
For A.F. FERGUSON & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

SAMIR KUMAR MODI
Executive Director

R.A. SHAH
Chairman

K.K. MODI
President

S. SERU
Chief Executive

R. RAMAMURTHY
Whole-time Director

Directors

Place : New Delhi
Date : May 29, 2012

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

STATEMENT OF PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2012



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

| Particulars | Note No. | Year ended 31.3.2012 | Year ended 31.3.2011 |
|--|----------|-------------------------|-------------------------|
| INCOME | | | |
| Revenue from operations | 21 | 338824.66 | 308576.20 |
| Less: Excise duty | | 147644.38 | 145487.54 |
| | | 191180.28 | 163088.66 |
| Other income | 22 | 3033.38 | 2386.07 |
| TOTAL REVENUE | | 194213.66 | 165474.73 |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 49605.29 | 43979.04 |
| Purchases of traded goods | 24 | 26126.59 | 18576.39 |
| Changes in inventories of finished goods, work-in-process and traded goods | 25 | 954.58 | (482.74) |
| Employee benefits expenses | 26 | 16253.67 | 13879.42 |
| Finance costs | 27 | 3165.14 | 1357.38 |
| Depreciation and amortization expenses | 11 | 6263.13 | 4000.29 |
| Other expenses | 28 | 66121.77 | 60017.58 |
| TOTAL EXPENSES | | 168490.17 | 141327.36 |
| Profit before tax | | 25723.49 | 24147.37 |
| Tax expense: | | | |
| – Current tax | | 8260.64 | 7720.00 |
| – Deferred tax (credit)/charge | | (673.42) | (175.98) |
| Profit after tax | | 18136.27 | 16603.35 |
| Earning per equity share- basic/diluted (Face value of share - Rs.10 each) | 30 | Rs.174.41 | Rs. 159.67 |
| Accompanying notes 1 to 49 form part of the financial statements | | | |

In terms of our report attached
For A.F. FERGUSON & CO.,
Chartered Accountants

Jaideep Bhargava
Partner

S. SERU
Chief Executive

Place : New Delhi
Date : May 29, 2012

SUNIL AGRAWAL
Chief Financial Officer

For and on behalf of the Board of Directors

SAMIR KUMAR MODI
Executive Director

R. RAMAMURTHY
Whole-time Director

SANJAY GUPTA
Company Secretary

R.A. SHAH
Chairman

K.K. MODI
President

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors



CASH FLOW STATEMENT

for the year ended March 31, 2012

Rupees in lacs

| Particulars | For the year ended 31.3.2012 | | For the year ended 31.3.2011 |
|--|---------------------------------|-------------|---------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit before tax | 25723.49 | | 24147.37 |
| Adjustments for: | | | |
| Depreciation and amortization | 6263.13 | | 4000.30 |
| Interest income from: | | | |
| - Subsidiary companies | (250.92) | | (400.71) |
| - Debts, deposits, loans and advances, etc. | (345.37) | | (303.97) |
| Dividends from current and long-term investments | (97.72) | | (355.53) |
| Interest income from long-term investments | (3.62) | | - |
| Profit on redemption/sale of long-term investments | (2166.04) | | (807.50) |
| Profit on sale of current investments | (499.88) | | (347.11) |
| Exchange (gain)/ loss on foreign currency bank balance | (0.14) | | 0.23 |
| Exchange (gain)/loss on long-term foreign currency borrowings | 4208.95 | | (251.93) |
| Provision for wealth-tax | 18.00 | | 18.00 |
| Interest expenses - on borrowings | 1452.09 | | 965.92 |
| - others | 144.18 | | 19.26 |
| Provision for decline in the value of Investments written back | (18.00) | | (146.00) |
| Fixed assets written off | 46.26 | | 59.73 |
| Loss on sale of fixed assets | 138.66 | | 98.51 |
| | <u>8889.58</u> | | <u>2549.20</u> |
| Operating profit before working capital changes | <u>34613.07</u> | | <u>26696.57</u> |
| Adjustments for: | | | |
| Trade and other receivables | (3412.32) | | (906.35) |
| Inventories | (3201.88) | | 1095.04 |
| Trade and other payables | 866.71 | | 5211.34 |
| | <u>(5747.49)</u> | | <u>5400.03</u> |
| Cash generated from operations | <u>28865.58</u> | | <u>32096.60</u> |
| Interest received | 489.83 | | 599.60 |
| Direct taxes paid | (8768.30) | | (7561.76) |
| | <u>(8278.47)</u> | | <u>(6962.16)</u> |
| Net cash from operating activities | <u>20587.11</u> | | <u>25134.44</u> |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | (23368.58) | | (19806.57) |
| Proceeds from sale of fixed assets | 152.34 | | 156.79 |
| Purchase of current and long-term investments | (184085.01) | (220610.45) | |
| Proceeds from sale of current and long-term investments | 183249.99 | 209082.45 | (11528.00) |
| Dividends from current and long-term investments | 97.72 | | 355.53 |
| Loans and deposits given | (100.00) | | (100.00) |
| Loans and deposits received back | - | | 50.00 |
| Interest received | 115.39 | | 98.85 |
| Net cash used in investing activities | <u>(23938.15)</u> | | <u>(30773.40)</u> |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long-term borrowings availed | 8912.00 | | 12923.70 |
| Repayment of long term borrowings | (3688.49) | | (1822.16) |
| Proceeds from/(Repayment of) short-term bank borrowings | 968.27 | | 246.85 |
| Interest paid | (1580.14) | | (946.26) |
| Dividend paid | (3634.46) | | (2590.89) |
| Corporate dividend tax paid | (590.43) | | (431.78) |
| Net cash used in financing activities | <u>386.75</u> | | <u>7379.46</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | <u>(2964.29)</u> | | <u>1740.50</u> |
| Opening cash and cash equivalents | | | |
| - Cash and bank balances* | 5150.23 | | 3409.96 |
| Closing cash and cash equivalents | | | |
| - Cash and bank balances* | 2186.08 | | 5150.23 |
| - Effect of exchange rate changes on exchange earner foreign currency bank balance | (0.14) | | 0.23 |
| | <u>2185.94</u> | | <u>5150.46</u> |

* Includes bank fixed deposits lodged as security with Government Authorities, term deposits and margin money deposits with banks aggregating to Rs.846.54 lacs as at March 31, 2012 (as at March 31, 2011 Rs.3973.86 lacs)

In terms of our report attached
For A.F. FERGUSON & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

S. SERU
Chief Executive

Place : New Delhi
Date : May 29, 2012

SUNIL AGRAWAL
Chief Financial Officer

SAMIR KUMAR MODI
Executive Director

R. RAMAMURTHY
Whole-time Director

SANJAY GUPTA
Company Secretary

R.A. SHAH
Chairman

K.K. MODI
President

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors

Notes forming part of the financial statements for the year ended March 31, 2012



GODFREY PHILLIPS
—INDIA LIMITED—

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.

i) Fixed assets and depreciation

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and include interest on loans attributable to the acquisition of qualifying assets upto the date of their commissioning.

No amortization is done in respect of leasehold land in view of the lease being perpetual.

Depreciation in the accounts is charged on the straight line method at the higher of the rates prescribed under the Companies Act, 1956 or the accelerated rates determined based on their useful lives as per technical estimates of the Management, and is calculated on a full year basis on additions during the year and no depreciation is provided on assets deleted during the year. Assets, other than items costing upto Rs. 5000 each, are depreciated upto 95% of their value and 5% residual value is retained in the books.

The rates applied are as follows:-

| | |
|--|--------------|
| Buildings-Other than factory | 1.63% |
| -Factory | 3.34% |
| Plant and machinery | 4.75%/10.34% |
| Furniture and fixtures | 6.33% |
| Computers, information technology equipments and computer software | 16.21% |
| Motor vehicles | 9.50% |

ii) Investments

Long term investments are stated at cost net of provision for diminution other than temporary, if any. Current investments are stated at cost or fair value, whichever is lower.

iii) Inventories

Inventories are valued at cost or net realisable value, whichever is lower except stores and spare parts which are valued at cost or under. The cost of raw materials, stores and spares and traded goods is determined on moving weighted average cost basis. The cost of finished goods and work-in-process is determined on standard absorption cost basis which approximates actual costs. Absorption cost comprises raw materials cost, direct wages, appropriate share of production overheads and applicable excise duty paid/payable thereon.

iv) Revenue recognition

Sale of goods is recognised at the point of dispatch of goods to customers. Sales are inclusive of excise duty where applicable but exclusive of sales tax/value added tax. Income from investments is recognised on an accrual basis.

v) **Employee benefits**

The Company has various schemes of employee benefits such as provident fund, superannuation fund and gratuity fund duly recognised by the Income-tax authorities. The funds are administered through trustees and the Company's contributions are charged against the revenue every year. Accrued liability for gratuity and compensated absences on retirement are determined on the basis of actuarial valuation at the end of the financial year.

vi) **Income-tax**

Provision for income-tax is based on the assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

vii) **Proposed dividends**

Dividends proposed by the directors as appropriation of profits are provided for in the books of account, pending approval of shareholders at the annual general meeting.

viii) **Research and development expenditure**

Research and development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred.

ix) **Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of transactions. Gains/losses on settlement of the transactions are taken to the statement of profit and loss. The monetary items are translated at the year end rates and the gains/losses are taken to the statement of profit and loss.

The difference between the forward rate and the exchange rate at the date of the forward contract transaction is recognised as income or expense over the life of the contract in the statement of profit and loss. The exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of the contract/the last reporting date, is recognised as income or expense for the period.



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 2. Share capital | | |
| Authorised | | |
| 60,000 Preference shares of Rs. 100 each | 60.00 | 60.00 |
| 2,44,00,000 Equity shares of Rs. 10 each | 2440.00 | 2440.00 |
| | <u>2500.00</u> | <u>2500.00</u> |
| Issued, subscribed and fully paid up | | |
| 1,03,98,784 Equity shares of Rs.10 each | <u>1039.88</u> | <u>1039.88</u> |

- (i) There has been no movement in the equity shares in the current and previous year.
- (ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

- (iii) Shares held by each shareholder holding more than 5%:

| Name of the shareholder | No. of shares | % held as at March 31, 2012 | No. of shares | % held as at March 31, 2011 |
|--|--------------------------|--|------------------|-----------------------------------|
| a) Philip Morris Global Brands Inc. | 2,610,095 | 25.10% | 2,610,095 | 25.10% |
| b) Indo Euro Investment Co. Pvt. Ltd. | 1,471,782 | 14.15% | 1,471,782 | 14.15% |
| c) K K Modi Investment & Financial Services Pvt. Ltd. | 1,168,759 | 11.24% | 1,168,759 | 11.24% |
| d) Good Investment (India) Ltd. | 796,044 | 7.66% | 796,044 | 7.66% |
| e) Jupiter India Fund | 650,000 | 6.25% | 705,000 | 6.78% |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 3. Reserves and surplus | | |
| Revaluation Reserve | - | 236.16 |
| Capital Redemption Reserve | 30.00 | 30.00 |
| General Reserve | 21930.72 | 19730.72 |
| Surplus in Statement of Profit and Loss | 69090.31 | 57988.33 |
| | <u>91051.03</u> | <u>77985.21</u> |
| Movement in reserves and surplus is as under: | | |
| Revaluation Reserve | | |
| Opening balance | 236.16 | 236.16 |
| Less: Utilised for set off on conversion of real estate stock to fixed assets | (236.16) | - |
| Closing Balance | <u>-</u> | <u>236.16</u> |
| General Reserve | | |
| Opening balance | 19730.72 | 17730.7 |
| Add: Transfer from surplus in statement of profit and loss | 2200.00 | 2000.00 |
| Closing Balance | <u>21930.72</u> | <u>19730.72</u> |
| Surplus in Statement of Profit and Loss | | |
| Opening balance | 57988.33 | 47614.98 |
| Add: Net profit for the current year | 18136.27 | 16603.35 |
| Less: Proposed dividend | 4159.51 | 3639.57 |
| Corporate dividend tax | 674.78 | 590.43 |
| Transfer to general reserve | 2200.00 | 2000.00 |
| Net surplus in the statement of profit and loss | <u>69090.31</u> | <u>57988.33</u> |
| 4. Long-term borrowings | | |
| Secured | | |
| Foreign currency term loans from banks | 29515.93 | 20083.46 |
| Less : Current maturities of long term borrowings | 6327.43 | 3266.23 |
| | <u>23188.50</u> | <u>16817.23</u> |
| Details of security and terms of above loans These loans carry interest ranging between 3.8% to 6.5% per annum and are repayable in half yearly/ yearly instalments ranging between 3 to 5 years. Further, these loans are secured by way of exclusive charges over specific plant and machinery. | | |
| 5. Other long term-liabilities | | |
| Others | | |
| - Security deposits | 19.10 | 17.10 |
| | <u>19.10</u> | <u>17.10</u> |
| 6. Long-term Provisions | | |
| Provision for employee benefits | | |
| - provision for compensated absences | 2981.97 | 2431.63 |
| | <u>2981.97</u> | <u>2431.63</u> |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 7. Short-term borrowings | | |
| Secured | | |
| - Cash credits from banks* | 3040.86 | 2468.42 |
| Unsecured | | |
| - Foreign currency packing credits from banks | 395.83 | - |
| | <u>3436.69</u> | <u>2468.42</u> |
| *Secured against hypothecation of stocks and book debts and second charge on certain immovable properties of the Company. | | |
| 8. Trade payables | | |
| Trade Payables | | |
| - Micro and small enterprises (Refer Note 37) | 152.08 | 240.86 |
| - Other than Micro and small enterprises | 10402.15 | 7941.16 |
| Employee payables | 1339.36 | 1772.48 |
| | <u>11893.59</u> | <u>9954.50</u> |
| 9. Other current liabilities | | |
| Current maturities of long-term borrowings | 6327.43 | 3266.23 |
| Interest accrued but not due on borrowings | 233.67 | 217.54 |
| Unclaimed dividends | 163.32 | 158.21 |
| Payable to gratuity fund | 567.71 | 720.24 |
| Payables for fixed assets | 4054.36 | 936.26 |
| Other payables | | |
| - Security deposits | 18.27 | 14.88 |
| - Statutory dues | 9181.59 | 11055.31 |
| - Advances from customers | 3191.07 | 2841.08 |
| - Others | 76.69 | 52.32 |
| | <u>23814.11</u> | <u>19262.07</u> |
| 10. Short-term provisions | | |
| Provision for employee benefits | | |
| - Provision for compensated absences | 683.85 | 660.10 |
| Others | | |
| - Proposed dividend | 4159.51 | 3639.57 |
| - Provision for corporate dividend tax | 674.78 | 590.43 |
| - Taxation (net of payments) | 750.31 | 802.64 |
| | <u>6268.45</u> | <u>5692.74</u> |



11. Fixed assets

| | Rupees in lacs | | | | | | | | | | | |
|--|-----------------------|---------------------------|---------------|--------------------|--------------------|---------------------------|------------------|--------------------|--------------------|--------------------|-----------------|-----------------|
| | GROSS BLOCK (AT COST) | | | | | DEPRECIATION/AMORTIZATION | | | | | NET BLOCK | |
| | As at 31.3.2011 | Additions/ adjustments | Deductions | As at 31.3.2012 | As at 31.3.2011 | For the year | On deductions | As at 31.3.2012 | As at 31.3.2012 | As at 31.3.2011 | | |
| Tangible Assets: | | | | | | | | | | | | |
| Land-leasehold | 11.48 | 1414.75 | - | 1426.23 | - | - | - | - | - | 1426.23 | 11.48 | 11.48 |
| Land-freehold | 943.59 | 0.42 | - | 944.01 | - | - | - | - | - | 944.01 | 943.59 | 943.59 |
| Buildings | 2562.97 * | 10242.54 | - | 12805.51 * | 379.58 | 399.36 | - | 778.94 | 12026.57 | 2183.39 | 2183.39 | 2183.39 |
| Leasehold building improvements | 621.70 | 48.54 | - | 670.24 | 39.60 | 22.49 | - | 62.09 | 608.15 | 582.10 | 582.10 | 582.10 |
| Plant and machinery | 39310.08 | 17927.81 | 68.13 | 57169.76 | 18508.90 | 5157.43 | 21.06 | 23645.27 | 33524.49 | 20801.18 | 20801.18 | 20801.18 |
| Electrical installation and equipments | 271.84 | 65.19 | 5.55 | 331.48 | 83.99 | 17.73 | 3.06 | 98.66 | 232.82 | 187.85 | 187.85 | 187.85 |
| Computers and information technology equipments | 1370.52 | 392.38 | 123.25 | 1639.65 | 814.30 | 248.85 | 93.30 | 969.85 | 669.80 | 556.22 | 556.22 | 556.22 |
| Furniture, fixtures and office equipments | 1703.71 | 471.44 | 50.03 | 2125.12 | 708.73 | 117.32 | 21.84 | 804.21 | 1320.91 | 994.98 | 994.98 | 994.98 |
| Motor vehicles | 2604.94 | 409.48 | 509.27 | 2505.15 | 822.89 | 237.94 | 279.71 | 781.12 | 1724.03 | 1782.05 | 1782.05 | 1782.05 |
| Total of Tangible assets | 49400.83 | 30972.55 | 756.23 | 79617.15 | 21357.99 | 6201.12 | 418.97 | 27140.14 | 52477.01 | 28042.84 | 28042.84 | 28042.84 |
| Intangible Assets | | | | | | | | | | | | |
| Computer software | 510.08 | - | - | 510.08 | 216.22 | 62.01 | - | 278.23 | 231.85 | 293.86 | 293.86 | 293.86 |
| Total of Intangible assets | 510.08 | - | - | 510.08 | 216.22 | 62.01 | - | 278.23 | 231.85 | 293.86 | 293.86 | 293.86 |
| Grand Total | 49910.91 | 30972.55 | 756.23 | 80127.23 | 21574.21 | 6263.13 | 418.97 | 27418.37 | 52708.86 | 28336.70 | 28336.70 | 28336.70 |
| Previous year | 42742.17 | 8052.88 | 884.14 | 49910.91 | 18143.03 | 4000.29 | 569.11 | 21574.21 | 13740.90 | 18039.03 | 18039.03 | 18039.03 |
| Capital work-in-progress | | | | | | | | | 66449.76 | 46375.73 | 46375.73 | 46375.73 |

* Includes Rs.0.02 lac (previous year Rs.0.02 lac) being the cost of shares in co-operative societies.



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|--------------------|--------------------|
| 12. NON CURRENT INVESTMENTS | | |
| LONG TERM INVESTMENTS-AT COST | | |
| TRADE INVESTMENT - UNQUOTED | | |
| Investments in Equity Instruments | | |
| Subsidiary company | | |
| International Tobacco Company Limited 3,00,000 (Previous year 1,00,000) Equity shares of Rs.100 each fully paid up (2,00,000 Equity Shares of Rs.100 each subscribed during the year on rights basis at a premium of Rs.1,475 each) | 3250.00 | 100.00 |
| Others | | |
| Molind Engineering Limited 3,500 Equity shares of Rs.10 each fully paid up | 0.25 | 0.25 |
| IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs. 10 each fully paid up | 496.00 | 496.00 |
| KKM Management Centre Private Limited 11,02,500 Equity shares of Rs.10 each fully paid up | 110.25 | 110.25 |
| OTHER INVESTMENTS - UNQUOTED | | |
| Investments in Equity Instruments | | |
| Subsidiary companies: | | |
| Chase Investments Limited 2,01,210 (Previous year 40,010) Equity shares of Rs.100 each fully paid up (1,61,200 Equity shares of Rs.100 each received on merger of City Leasing and Finance Company Limited and Manhattan Credits and Finance Limited with Chase Investments Limited) | 360.26 | 40.01 |
| 1,58,490 Equity shares of Rs.100 each Rs.50 paid up | 79.24 | 79.24 |
| City Leasing and Finance Company Limited Nil (Previous year 4,00,020) Equity shares of Rs.10 each fully paid up | - | 40.00 |
| Nil (Previous year 15,49,980) Equity shares of Rs.10 each Rs.5.50 paid up (Extinguished on merger with Chase Investments Limited) | - | 85.25 |
| Manhattan Credits and Finance Limited Nil (Previous year 19,50,000) Equity shares of Rs.10 each fully paid up (Extinguished on merger with Chase Investments Limited) | - | 195.00 |
| Others: | | |
| Success Principles India Limited 1,99,673 Equity shares of Rs.10 each fully paid up | 19.97 | 19.97 |
| OTHER INVESTMENTS - QUOTED | | |
| Investments in Bonds | | |
| Indian Railway Finance Corporation Limited | | |
| 43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up | 435.01 | - |
| Investments in Mutual Fund | | |
| Franklin Templeton Mutual Fund 1,83,51,130 Units of Templeton India Income Opportunities Fund -Growth of Rs.10 each | 1889.88 | 1889.88 |
| 27,534 Units of Templeton India Short Term Income Retail Plan-Growth of Rs.1000 each | 477.95 | 477.95 |
| ICICI Prudential Mutual Fund 1,00,00,000 Units of ICICI Prudential FMP Series 63-384 Days Plan A-Growth of Rs. 10 each | 1000.00 | - |
| Birla Mutual Fund 24,92,990 Units of Birla Sun Life Income Plus Plan - Growth of Rs.10 each | 616.37 | 616.37 |
| Nil (Previous year 1,43,44,047) Units of Birla Sun Life Medium Term Plan - Institutional-Growth of Rs.10 each | - | 1500.00 |
| 1,50,00,000 Units of Birla Sun Life Fixed Term Plan Series DP- Growth of Rs.10 each | 1500.00 | - |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|--------------------------|-----------------------|
| 12. NON CURRENT INVESTMENTS (Continued) | | |
| IDFC Mutual Fund 50,00,000 Units of IDFC Equity Fund Plan A- Growth of Rs.10 each | 500.00 | 500.00 |
| HDFC Mutual Fund 1,50,00,000 Units of HDFC FMP 400D February 2012 (1) - Growth -Series XXI of Rs.10 each Nil (Previous year 24,39,162) Units of HDFC Arbitrage Fund - Wholesale Plan - Quarterly Dividend of Rs.10 each | 1500.00 - - | - 244.50 805.32 |
| ING Mutual Fund 16,67,838 Units of ING Short Term Income Fund - Growth of Rs.10 each | 219.25 | 219.25 |
| AIG Mutual Fund 9,77,995 Units of AIG India Equity Fund Regular Growth of Rs.10 each Nil (Previous year 9,77,995) Units of AIG Infrastructure and Economic Reform Fund Regular Growth of Rs.10 each | 100.00 - | 100.00 100.00 |
| SBI Mutual Fund Nil (Previous year 10,00,000) Units of SBI - Infrastructure Fund - I - Growth of Rs. 10 each | - | 100.00 |
| Baroda Pioneer Mutual Fund Nil (Previous year 50,00,000) Units of Baroda Pioneer PSU Bond Fund - Growth of Rs.10 each | - | 500.00 |
| TATA Mutual Fund 1,00,00,000 Units of TATA Fixed Maturity Plan Series 39 Scheme G-Growth of Rs.10 each | 1000.00 | - |
| AXIS Mutual Fund 1,00,00,000 Units of AXIS Fixed Term Plan -Series 22 (374 Days) -Growth of Rs. 10 each | 1000.00 | - |
| HSBC Mutual Fund 1,50,00,000 Units of HSBC Fixed Term Series 86-Growth of Rs.10 each | 1500.00 | - |
| Investment in Government Securities (Unquoted) | 0.36 | 0.36 |
| | 16054.79 | 8219.60 |
| Less: Provision for diminution in the value of investments in mutual funds | - | 18.00 |
| | 16054.79 | 8201.60 |
| Aggregate value of quoted investments: | 11738.46 | 7035.27 |
| Aggregate amount of unquoted investments: | | |
| - Investments in equity instruments | 4315.97 | 1165.97 |
| - Others | 0.36 | 0.36 |
| | 4316.33 | 1166.33 |
| Market/Net asset value of quoted investments | 13254.67 | 8344.80 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 13. Deferred taxation | | |
| Deferred tax assets | | |
| - Accrued expenses deductible on payment | 1841.65 | 1922.46 |
| - Foreign currency fluctuation relating to borrowings | 904.37 | - |
| - Others | 129.30 | 51.93 |
| | 2875.32 | 1974.39 |
| Deferred tax liabilities | | |
| - Accelerated depreciation | 2103.88 | 1744.21 |
| - Capital gains | 19.21 | 28.26 |
| - Foreign currency fluctuation relating to borrowings | - | 123.11 |
| | 2123.09 | 1895.58 |
| Deferred tax assets - net | 752.23 | 78.81 |
| 14. Long-term loans and advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Capital advances | 993.44 | 1011.65 |
| Security deposits | 895.58 | 709.45 |
| Loans and advances to related parties | | |
| -Dues from subsidiary companies | 1853.50 | 1853.50 |
| Other loans and advances | | |
| - Prepaid expenses | 25.16 | 29.46 |
| - Loans to employees | 459.48 | 421.50 |
| - Inter-corporate deposits | - | 100.00 |
| | 4227.16 | 4125.56 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 15. CURRENT INVESTMENTS | | |
| Current portion of long-term investments (at cost)* | | |
| Investments in Mutual Fund(Quoted) | | |
| ICICI Prudential Mutual Fund | | |
| Nil (Previous year 1,07,98,301) Units of ICICI Prudential FMP Series 53-1 Year Plan A Cumulative of Rs.10 each | - | 1079.83 |
| 1,00,00,000 (Previous year 2,12,39,014)Units of ICICI Prudential Interval Fund Annual Interval Plan-I Institutional Cumulative of Rs.10 each | 1000.70 | 2125.39 |
| Nil (Previous year 1,00,00,000) Units of ICICI Prudential FMP Series 53-1 Year Plan B Cumulative of Rs.10 each | - | 1000.00 |
| Nil (Previous year 1,00,00,000) Units of ICICI Prudential FMP Series 55-1 Year Plan B Cumulative of Rs.10 each | - | 1000.00 |
| 72,30,240 Units of ICICI Prudential Interval Fund Annual Interval Plan-II-Growth of Rs. 10 each | 1000.00 | - |
| 1,00,00,000 Units of ICICI Prudential FMP Series 60-1 Year Plan F-Growth of Rs. 10 each | 1000.00 | - |
| 1,00,00,000 Units of ICICI Prudential FMP Series 62-1 Year Plan A-Growth of Rs. 10 each | 1000.00 | - |
| Birla Mutual Fund | | |
| Nil (Previous year 1,20,97,777) Units of Birla Sun Life Fixed Term Plan Series CG- Growth of Rs.10 each | - | 1209.78 |
| Kotak Mahindra Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of Kotak FMP Series 34-Growth of Rs.10 each | - | 1000.00 |
| HDFC Mutual Fund | | |
| Nil (Previous year 98,22,484) Units of HDFC 370 D July 2010 (1)-Growth- Series XV of Rs.10 each | - | 982.25 |
| Nil (Previous year 1,00,00,000) Units of HDFC FMP 370 D September 2010 (2)- Growth-Series XV of Rs.10 each | - | 1000.00 |
| Nil (Previous year 1,23,70,391) Units of HDFC FMP 370 D February 2011 (1)- Growth-Series XVI of Rs.10 each | - | 1237.04 |
| 1,00,00,000 Units of HDFC FMP 13M September 2011(1)-Growth-Series XVIII of Rs.10 each | 1000.00 | - |
| 1,00,00,000 Units of HDFC FMP 370D October 2011 (1) - Growth-Series XIX of Rs.10 each | 1000.00 | - |
| 1,00,00,000 Units of HDFC FMP 370D November 2011 (2) - Growth-Series XIX of Rs.10 each | 1000.00 | - |
| HSBC Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of HSBC Fixed Series 79-Growth of Rs.10 each | - | 1000.00 |
| 1,00,00,000 Units of HSBC Fixed Term Series 82-Growth of Rs.10 each | 1000.00 | - |
| Principal Mutual Fund | | |
| Nil (Previous year 51,96,944) Units of Principal PNB Fixed Maturity Plan (FMP 62) 367 Days Series 1-Sep 10-Regular Growth Plan of Rs.10 each | - | 519.69 |
| Reliance Mutual Fund | | |
| Nil (Previous year 2,06,32,507) Units of Reliance Fixed Horizon Fund -XV-Series 5- Growth Plan of Rs.10 each | - | 2063.25 |
| Nil (Previous year 1,63,40,035) Units of Reliance Fixed Horizon Fund -XVI Series 3- Growth Plan of Rs.10 each | - | 1634.00 |
| Nil (Previous year 1,00,00,000) Units of Reliance Fixed Horizon Fund -XVI Series 2- Growth Plan of Rs.10 each | - | 1000.00 |
| 1,00,00,000 Units of Reliance Fixed Horizon Fund -XIX-Series 10-Growth Plan of Rs.10 each | 1000.00 | 1000.00 |
| 1,50,00,000 Units of Reliance Fixed Horizon Fund -XIX-Series 4 -Growth Plan of Rs.10 each | 1500.00 | - |
| 1,00,00,000 Units of Reliance Fixed Horizon Fund -XX-Series 22 -Growth Plan of Rs.10 each | 1000.00 | - |
| 1,00,00,000 Units of Reliance Fixed Horizon Fund -XXI-Series 14 -Growth Plan of Rs.10 each | 1000.00 | - |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 15. CURRENT INVESTMENTS (Continued) | | |
| TATA Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan Series 31 Scheme B- Growth of Rs.10 each | - | 1000.00 |
| 1,50,00,000 Units of TATA Fixed Maturity Plan Series 37 Scheme C-Growth of Rs.10 each | 1500.00 | - |
| 1,00,00,000 Units of TATA Fixed Maturity Plan Series 34 Scheme B-Growth of Rs.10 each | 1000.00 | - |
| BNP Paribas Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of BNP Paribas Fixed Term Fund Series 17C Growth of Rs.10 each | - | 1000.00 |
| Sundaram Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of Sundaram Fixed Term Plan AQ 367 Days Growth of Rs.10 each | - | 1000.00 |
| Nil (Previous year 1,20,00,000) Units of Sundaram Fixed Term Plan AW 366 Days Growth of Rs.10 each | - | 1200.00 |
| 60,00,000 Units of Sundaram Fixed Term Plan BK 366 Days-Growth of Rs.10 each | 600.00 | - |
| 1,00,00,000 Units of Sundaram Fixed Term Plan CA 366 Days-Growth of Rs.10 each | 1000.00 | - |
| 1,00,00,000 Units of Sundaram Fixed Term Plan CL 366 Days-Growth of Rs.10 each | 1000.00 | - |
| SBI Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of SBI Debt Fund Series-370 Days -10-Growth of Rs.10 each | - | 1000.00 |
| JPMorgan Mutual Fund | | |
| Nil (Previous year 80,00,000) Units of JPMorgan India Fixed Maturity Plan 400D Series1- Growth Plan of Rs.10 each | - | 800.00 |
| Deutsche Mutual Fund | | |
| Nil (Previous year 26,59,642) Units of DWS Insta Cash Plus Fund - Regular Plan Bonus Option-Bonus of Rs.10 each | - | 261.35 |
| 18,15,538 Units of DWS Ultra Short Term Fund - Regular Plan Bonus of Rs.10 each | 177.63 | - |
| DSP BlackRock Mutual Fund | | |
| 1,00,00,000 Units of DSP BlackRock FMP Series 16-12 M-Growth of Rs. 10 each | 1000.00 | - |
| UTI Mutual Fund | | |
| 1,00,00,000 Units of UTI Fixed Term Income Fund-Series X-VII (368 Days)- Growth Plan of Rs. 10 each | 1000.00 | - |
| Total | 19778.33 | 24112.58 |
| Aggregate value of quoted investments | 19778.33 | 24112.58 |
| Net asset value of quoted investments | 20678.42 | 24718.64 |
| * Long term investments having a maturity of less than 12 months from the balance sheet date. | | |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 16. Inventories | | |
| At lower of cost and net realisable value: | | |
| Raw and packing materials* | 26624.92 | 22529.28 |
| Work-in-process | 311.16 | 354.47 |
| Finished goods - Cigarettes | 7080.07 | 8848.25 |
| - Chewing products | 251.00 | - |
| Real estate# | - | 405.69 |
| Traded goods** | 2555.75 | 1949.84 |
| At cost or under: | | |
| Stores and spare parts*** | 892.83 | 832.01 |
| | <u>37715.73</u> | <u>34919.54</u> |
| # Includes land at revalued cost | | |
| * Includes goods in transit Rs.561.69 lacs (Previous year Rs.247.24 lacs) | | |
| ** Includes goods in transit Rs.176.51 lacs (Previous year Rs.899.38 lacs) | | |
| *** Includes goods in transit Rs.12.30 lacs (Previous year Rs.4.02 lacs) | | |
| 17. Trade Receivables | | |
| Outstanding for a period exceeding 6 months from the date they are due for payment | | |
| Unsecured - considered good | 27.42 | 10.04 |
| - considered doubtful | 53.89 | 53.89 |
| | <u>81.31</u> | <u>63.93</u> |
| Less: Allowances for doubtful receivables | 53.89 | 53.89 |
| | <u>27.42</u> | <u>10.04</u> |
| Others | | |
| Unsecured-considered good | 7467.53 | 4528.56 |
| | <u>7467.53</u> | <u>4528.56</u> |
| | <u>7494.95</u> | <u>4538.60</u> |
| 18. Cash and cash equivalents | | |
| Cash on hand | 30.40 | 36.51 |
| Cheques, drafts on hand | 42.91 | 10.32 |
| Balances with Banks | | |
| -In current accounts | 1099.92 | 963.12 |
| -In term deposit accounts | - | 1700.00 |
| -In earmarked accounts for | | |
| -Margin money | 844.97 | 2272.29 |
| -Unpaid dividend, fixed deposits interest and preference shares/debentures redemption | 166.31 | 166.42 |
| -Fixed deposit receipts lodged with government authorities | 1.57 | 1.57 |
| | <u>2186.08</u> | <u>5150.23</u> |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 19. Short Term Loans and advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Loans and advances to related parties | | |
| - Dues from officers/directors of the Company | 6.11 | 9.10 |
| - Dues from subsidiary companies | 179.43 | 3098.26 |
| - Dues from associate companies | 271.67 | 60.78 |
| - Dues from other related parties | 10.56 | 8.19 |
| Others | | |
| - Inter-corporate deposits | 200.00 | - |
| - With excise and customs on current/cenvat accounts | 4197.32 | 547.66 |
| - Income-tax recoverable | 915.31 | 478.00 |
| - Security deposits | 134.38 | 146.27 |
| - Prepaid expenses | 148.86 | 176.20 |
| - Loans to employees | 121.95 | 140.83 |
| - Others | 1510.03 | 1741.89 |
| | <u>7695.62</u> | <u>6407.18</u> |
| 20. Other Current Assets | | |
| Interest accrued on bank deposits | 20.64 | 32.19 |
| Export incentives accrued/available | 1318.03 | 1726.76 |
| | <u>1338.67</u> | <u>1758.95</u> |



Rupees in lacs

| | Year ended 31.3.2012 | Year ended 31.3.2011 |
|---|-------------------------|-------------------------|
| 21. Revenue from operations | | |
| Sale of products (Refer Note 42) | 334926.39 | 305732.42 |
| Other operating revenues | | |
| Export incentives | 1186.56 | 1205.57 |
| Rent and hire charges (gross) from: | | |
| - Subsidiary companies | 4.80 | 4.80 |
| - Others | 130.28 | 56.82 |
| Interest income (gross) from: | | |
| - Subsidiary companies | 153.34 | 310.06 |
| - Debts, deposits, loans and advances, etc. | 194.83 | 146.89 |
| Liabilities no longer required, written back | - | 209.82 |
| Receipts from secondment of services | 1171.28 | - |
| Scrap sales | 280.55 | 293.34 |
| Sundries | 776.63 | 616.48 |
| | 3898.27 | 2843.78 |
| Total revenue from operations | 338824.66 | 308576.20 |
| Less: Excise duty | 147644.38 | 145487.54 |
| | 191180.28 | 163088.66 |
| 22. Other income | | |
| Interest income (gross) from: | | |
| - Subsidiary companies | 97.58 | 90.65 |
| - Debts, deposits, loans and advances, etc. | 150.54 | 157.08 |
| - Long-term investments | 3.62 | - |
| Net gain on sale/redemption of: | | |
| - Long-term investments | 2166.04 | 807.50 |
| - Current investments | 499.88 | 347.11 |
| Dividend income from current and long-term investments | 97.72 | 355.53 |
| Provision made for decline in the value of long-term investments written back | 18.00 | 146.00 |
| Foreign currency fluctuation | - | 482.20 |
| | 3033.38 | 2386.07 |
| 23. Cost of materials consumed (Raw and packing materials) | | |
| Unmanufactured and blended tobacco | 21070.18 | 22338.71 |
| Cigarette paper | 752.17 | 797.58 |
| Cardboard (shells, slides and others) | 7965.91 | 8165.52 |
| Filter rods | 4522.53 | 4486.89 |
| Aluminium foil/Metallised paper | 1389.34 | 1377.68 |
| Cellulose paper | 825.07 | 871.64 |
| Flavours for chewing products | 2703.10 | 611.04 |
| Betel nut | 2096.47 | 486.14 |
| Katha, lime and bulking agent | 930.63 | 215.41 |
| Paper/Laminate pouches for chewing products | 1851.60 | 292.60 |
| Miscellaneous | 5498.29 | 4335.83 |
| | 49605.29 | 43979.04 |



Rupees in lacs

| | Year ended 31.3.2012 | Year ended 31.3.2011 |
|--|-------------------------|-------------------------|
| 24. Purchases of traded goods | | |
| Unmanufactured tobacco (including transferred from raw and packing materials) | 11075.16 | 9155.62 |
| Cigarettes | 3667.06 | 867.60 |
| Other goods-Tea, etc. (including packing materials and processing charges) | 11384.37 | 8553.17 |
| | <u>26126.59</u> | <u>18576.39</u> |
| 25. Changes in Inventories of Finished goods, Work-in-process and Traded goods | | |
| Opening stock: | | |
| - Work-in-process | 354.47 | 319.37 |
| - Finished goods - Cigarettes | 8848.25 | 7303.35 |
| - Chewing products | - | 24.26 |
| - Traded goods | 1949.84 | 3022.84 |
| - Real estate | 405.69 | 405.69 |
| | <u>11558.25</u> | <u>11075.51</u> |
| Closing stock: | | |
| - Work-in-process | 311.16 | 354.47 |
| - Finished goods - Cigarettes | 7080.07 | 8848.25 |
| - Chewing products | 251.00 | - |
| - Traded goods | 2555.75 | 1949.84 |
| - Real estate | - | 405.69 |
| | <u>10197.98</u> | <u>11558.25</u> |
| (Increase)/decrease | 1360.27 | (482.74) |
| Less: | | |
| - Real estate stock converted to fixed assets | 169.53 | - |
| - Transfer from revaluation reserve on conversion of real estate stock to fixed assets | 236.16 | - |
| | <u>954.58</u> | <u>(482.74)</u> |
| 26. Employee Benefits Expenses | | |
| Salaries, wages, bonus, etc. | 13516.48 | 11357.89 |
| Contribution to provident and other funds | 923.48 | 744.67 |
| Workmen and staff welfare expenses | 1059.72 | 876.34 |
| Contribution to gratuity and superannuation fund | 753.99 | 900.52 |
| | <u>16253.67</u> | <u>13879.42</u> |
| 27. Finance Costs | | |
| Interest expenses on: | | |
| - Borrowings | 1452.09 | 965.92 |
| - Others | 144.18 | 19.26 |
| Other borrowing costs | 173.59 | 248.03 |
| Foreign currency fluctuations (considered as finance cost) | 1395.28 | 124.17 |
| | <u>3165.14</u> | <u>1357.38</u> |



Rupees in lacs

| | Year ended 31.3.2012 | | Year ended 31.3.2011 |
|---|-------------------------|-------|-------------------------|
| 28. Other Expenses | | | |
| Manufacturing charges paid to a subsidiary company for cigarette/tobacco manufactured on our behalf | 4381.70 | | 4221.05 |
| Increase/(decrease) in excise duty on finished goods | (1586.82) | | 1280.38 |
| Consumption of stores and spare parts* | 130.16 | | 62.54 |
| Power and fuel | 1134.34 | | 944.53 |
| Rent | 1604.18 | | 1609.58 |
| Repairs and maintenance | | | |
| - Buildings | 227.35 | | 413.82 |
| - Machinery | 722.29 | | 634.44 |
| - Others | 424.35 | | 411.85 |
| Insurance | 390.66 | | 336.16 |
| Rates and taxes | 4125.71 | | 4172.61 |
| Freight and cartage | 2966.33 | | 2269.55 |
| Legal and professional expenses | 5150.48 | | 4719.23 |
| Auditors' Remuneration (net of service tax) | | | |
| - Audit fees | 46.00 | 46.00 | |
| - For tax audit | 12.50 | 11.00 | |
| - For limited review of unaudited financial statements | 34.50 | 30.00 | |
| - For corporate governance, consolidated financial statements and other certificates | 5.00 | 4.50 | |
| - For other services | - | 10.00 | |
| - Reimbursement of expenses | 5.97 | 3.70 | 105.20 |
| Cash discount | 136.50 | | 138.91 |
| Commission paid to other than sole selling agents | 194.20 | | 143.53 |
| Advertising and sales promotion | 27409.76 | | 24193.73 |
| Selling and distribution expenses | 4397.46 | | 3846.81 |
| Travelling and conveyance | 2869.56 | | 2364.80 |
| Donations | 513.72 | | 212.58 |
| Bad debts and advances written off | 35.78 | | 2.77 |
| Fixed assets written off | 46.26 | | 59.73 |
| Loss on sale of fixed assets | 138.66 | | 98.51 |
| Technical services fee and royalty | 1193.02 | | 1094.98 |
| Foreign currency fluctuation | 2341.24 | | - |
| Consumer research activity | 1475.53 | | 1421.41 |
| Machine and material handling expenses | 336.99 | | 360.75 |
| Miscellaneous expenses | 5258.39 | | 4898.13 |
| | 66121.77 | | 60017.58 |
| *Excludes consumption of stores and spare parts charged to repair and maintenance-machinery | 594.06 | | 490.70 |

29. Amounts in Notes 26 and 28 are net of pre-operative expenses charged to capital accounts as per details below::

| | | |
|--|---------------|--------|
| (i) Salaries, wages, bonus, etc. | 216.14 | 129.61 |
| (ii) Contribution to provident and other funds | 13.67 | 8.87 |
| (iii) Workmen and staff welfare expenses | 23.11 | 12.88 |
| (iv) Consumption of stores and spare parts | 156.42 | 28.35 |
| (v) Power and fuel | 97.40 | 31.99 |
| (vi) Rates and taxes | 31.10 | 25.82 |
| (vii) Legal and professional expenses | 3.88 | 6.63 |
| (viii) Travelling and conveyance | 5.91 | 62.79 |
| (ix) Miscellaneous expenses | 189.13 | 123.17 |



| | For the year ended 31.3.2012 | For the year ended 31.3.2011 |
|---|---|------------------------------------|
| 30. Earnings per share has been computed as under: | | |
| (a) Net profit as per statement of profit and loss (Rs. lacs). | 18,136.27 | 16,603.35 |
| (b) Weighted average number of equity shares outstanding | 1,03,98,784 | 1,03,98,784 |
| (c) Basic and diluted earnings per share -Rupees (Face value of share - Rs.10 each) | 174.41 | 159.67 |
| 31. REMUNERATION OF DIRECTORS | | |
| | | Rupees in lacs |
| a) Included in Expenses are: | | |
| Salaries* | 228.00 | 224.25 |
| Monetary value of benefits | 38.10 | 111.51 |
| Commission** | 246.00 | 205.58 |
| Sitting fees | 7.80 | 9.00 |
| | 519.90 | 550.34 |
| *excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis. | | |
| **includes Rs.110.00 lacs (previous year Rs.73.33 lacs) payable to a non-working director. | | |
| b) Computation of directors' commission and net profit in accordance with Section 198 of the Companies Act, 1956 | | |
| Profit before tax | 25723.49 | 24147.37 |
| Add/(less): | | |
| Directors' remuneration | 519.90 | 550.34 |
| Profit on sale/redemption of other long term investments | (2166.04) | (807.50) |
| | 24077.35 | 23890.21 |
| Maximum remuneration to working directors @ 10% of above | 2407.74 | 2389.02 |
| Restricted to | 402.10 | 468.01 |
| Maximum remuneration to non-working directors @ 1% of above | 240.77 | 238.90 |
| Restricted to | 110.00 | 73.33 |
| 32. EXPENDITURE ON SCIENTIFIC RESEARCH AND DEVELOPMENT | | |
| Revenue expenditure | 973.75 | 855.90 |
| Capital expenditure | 125.41 | 148.67 |
| 33. CONTINGENT LIABILITIES NOT PROVIDED FOR | | |
| | As at 31.3.2012 | As at 31.3.2011 |
| a) Demands from excise, income tax, sales tax and other authorities disputed by the Company @ | 2459.27* | 2524.93 |
| b) Uncalled liability on shares partly paid | 79.24 | 148.99 |
| c) Surety given to U.P. Trade Tax Authority on behalf of subsidiary company-International Tobacco Company Limited | - | 15.66 |
| d) Guarantee given to a bank on behalf of subsidiary company – International Tobacco Company Limited | 54.29 | 46.79 |

*includes Rs.1784.86 lacs (previous year Rs.1702.65 lacs) relating to demands received by the subsidiary company – International Tobacco Company Limited.

@ all these matters are subject to legal proceedings in the ordinary course of business and in the opinion of the Company, these are not expected to have material effect on the financial results of the Company when ultimately concluded.



34. The following are the particulars of dues on account of sales tax, excise duty and income-tax as at March 31, 2012 that have been disputed by the Company in appeals pending before the appellate authorities:

| Name of the statute | Nature of the dues | Amount of dues* (Rs. lacs) | Amount deposited (Rs. lacs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|--------------------|----------------------------|-----------------------------|--|--|
| Sales Tax Laws | Sales tax | 17.71 | 11.28 | 1995-96, 2001-02, 2006-07 | Sales Tax Tribunal |
| | | 53.35 | 24.84 | 1998-99 to 1999-00, 2005-06 to 2007-08, 2009-10 to 2010-11 | Upto Commissioners' Level |
| | | 6.48 | 6.48 | 2006-07 | High Court |
| Central Excise Law | Excise duty | 6.93 | - | 2009-10 to 2010-11 | Upto Commissioners' Level |
| | | 564.84 | - | 2002-03 to 2006-07, 2008-09 to 2010-11 | Customs, Excise & Service Tax Appellate Tribunal |
| Income Tax Law | Income tax | 244.00** | 244.00 | 1979 to 1982, 1995-96 to 1997-98 | High Court |
| | | 58.32** | 58.32 | 2005-06 to 2008-09 | Income Tax Appellate Tribunal |
| | | 275.83** | 271.89 | 1999-00, 2002-03 to 2008-09 | Upto Commissioners' Level |

* amount as per demand orders, including interest and penalty, where quantified in the Order.

** provided for in the accounts.

Further, there are no dues of wealth tax, customs duty and service tax which have not been deposited on account of any disputes.

Further, as per information available with the Company, the concerned authority is in appeal against favourable orders received by the Company in respect of the following matters:

| Name of the statute | Nature | Amount (Rs. lacs) | Period to which the amount relates | Forum where department has preferred appeal |
|-------------------------------------|-------------|-------------------|--|--|
| Income Tax Law | Income tax | 340.54 | 1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02, 2003-04 | High Court |
| | | 3.84 | 2005-2006 | Income Tax Appellate Tribunal |
| | | 6.07 | 2000-01 | Upto Commissioners' Level |
| U.P. Krishi Utpadan Mandi Adhiniyam | Mandi cess | 108.20 | 1997-98 to 1998-99 | Supreme Court |
| Central Excise Law | Excise duty | 27.71 | 2009-10, 2010-11 | Customs, Excise & Service Tax Appellate Tribunal |
| Sales Tax Laws | Sales tax | 10.40 | 2007-08 | High Court |



35. The Company and its contract manufacturer have received various show cause notices from Excise Authorities asking them to explain why certain amounts mentioned in these notices should not be paid. As these notices are in the nature of explanations required, the Company does not consider these to constitute a liability of any kind.
36. The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.5642.29 lacs (previous year- Rs.19369.47 lacs).

The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits including union agreements, in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

37. Amount due to micro and small enterprises covered under "The Micro, Small and Medium Enterprises Act, 2006" has been disclosed to the extent such parties having been identified from the available information. The Company has not received any claim for interest from any party covered under the said Act.
38. The Company has entered into various operating lease agreements for premises (residential, offices, godowns, etc.). These lease arrangements are mostly cancellable in nature and range between two to three years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate rentals paid under such agreements have been charged as rent in Note 28.

The future minimum lease payments in respect of non-cancellable periods of certain operating leases are as under:

- (i) for periods not later than one year – Rs.207.85 lacs (previous year – Rs.118.22 lacs)
- (ii) for periods between later than one year and less than five years – Rs.406.52 lacs (previous year – Rs.216.65 lacs).
- (iii) For period later than five years- Rs.80.73 Lacs (previous year Rs. Nil).

The Company has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges receivable in respect thereof have been accrued as income in Note 21.

39. Related party disclosures under Accounting Standard 18

(A) Names of related parties and nature of related party relationships:

(a) Subsidiary companies:

International Tobacco Company Limited
Chase Investments Limited
Manhattan Credits and Finance Limited (merged with Chase Investments Limited in current year)
City Leasing and Finance Company Limited (merged with Chase Investments Limited in current year)

(b) Subsidiaries of the subsidiary companies:

Kashyap Metal and Allied Industries Limited
Unique Space Developers Limited
Rajputana Infrastructure Corporate Limited (subsidiary of Kashyap Metal and Allied Industries Limited)
Gopal Krishna Infrastructure & Real Estate Limited (subsidiary of Unique Space Developers Limited)



(c) Associates:

Philip Morris Global Brands Inc. (Formerly Philip Morris International Finance Corporation), which the Company is an associate.

Success Principles India Limited, an associate of the Company.

IPM India Wholesale Trading Private Limited, an associate of the Company.

KKM Management Centre Private Limited, an associate of the Company .

(d) Key management personnel and their relatives:

| | |
|----------------------|---|
| Mr. K.K. Modi | President and Managing Director |
| Mr. Samir Kumar Modi | Executive Director |
| Mr. Lalit Kumar Modi | Executive Director (upto July 31, 2010) and Ordinary Director thereafter and a relative of Mr. K.K.Modi and Mr. Samir Kumar Modi |
| Mr. R. Ramamurthy | Whole-time Director |

(e) Enterprises over which key management personnel and their relatives are able to exercise significant influence:

Modicare Limited
Modern Homecare Products Limited
Beacon Travels Private Limited
Indofil Industries Limited
Assam Cigarette Company Private Limited
R C Tobacco Private Limited
HMA Udyog Private Limited
Bina Fashion N Food Private Limited
Modicare Foundation
Priyal Hitay Nidhi
Colorbar Cosmetics Private Limited
Gujarmal Modi Science Foundation
Modi Healthcare Placement India Private Limited
Modi Innovative Education Society



(B) Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end: Rs. in lacs

| Nature of transactions | Subsidiary companies | | Associates | | Key management personnel and their relatives | | Enterprises over which significant influence exists | |
|---|----------------------|------------|------------|----------|--|--------|---|---------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Sale of goods, spare parts, etc. | 23.68 | 19.41 | 9899.73@ | 6872.00@ | - | - | 104.39 | 103.69 |
| Purchase of goods/services | 20.24 | 14.80 | 3667.07@ | 867.60@ | - | - | 1750.16# | 984.39# |
| Sale of assets | - | - | - | - | - | - | - | 0.20 |
| Receipts from secondment of services | 250.92** | 400.71** | 1171.28@@ | 15.58@ | - | - | - | 8.03 |
| Interest income | - | - | 19.30@ | 62.48@ | - | - | - | - |
| Miscellaneous Income | 4.80 | 4.80 | 70.20@@ | - | - | - | 60.07 | 56.82 |
| Rent and hire charges received | - | - | - | - | - | - | - | - |
| Manufacturing charges paid | 4381.70 | 4221.05 | - | - | - | - | 12.71 | 16.16 |
| - International Tobacco Company Ltd. | - | - | - | - | - | - | - | - |
| Rent paid | - | - | 1310.80@@ | - | - | - | - | - |
| Payments for professional services availed | - | - | - | - | - | - | - | 79.20 |
| Payments for employees on deputation | - | - | - | - | - | - | - | 122.70 |
| Donation given | - | - | - | - | - | - | 423.85 | 21.36 |
| Expenses recovered | 8.19 | 12.74 | 3016.70@ | 2282.53@ | - | 0.30 | 1.06 | 3.88 |
| Expenses reimbursed | 96247.26* | 97976.11* | 16.15@@ | 0.43@ | - | - | 1.53 | - |
| Balance written off | - | - | - | - | - | - | - | - |
| Dividend payment (gross) | - | - | 913.53 | 652.52 | - | - | - | - |
| - Philip Morris Global Brands Inc. (Formerly Philip Morris International Finance Corporation) | - | - | - | - | - | - | - | - |
| Subscription to equity shares of | 3150.00 | - | - | 110.25 | - | - | - | - |
| - International Tobacco Company Ltd. | - | - | - | - | - | - | - | - |
| - KKM Management Centre Private Limited | - | - | - | - | - | - | - | - |
| Managerial remuneration ## | - | - | - | - | 220.39 | 220.39 | - | - |
| - K.K.Modi | - | - | - | - | 110.00 | 166.77 | - | - |
| - Lalit Kumar Modi | - | - | - | - | 109.31 | 81.78 | - | - |
| - Samir Kumar Modi | - | - | - | - | 72.40 | 72.40 | - | - |
| - R.Ramamurthy | - | - | - | - | - | - | - | - |
| Balance outstanding as at the year end | - | - | 0.01 | 5.29 | - | - | 10.56 | 8.19 |
| - Trade receivables | 2032.93*** | 4951.76*** | 271.67 | 60.78 | 0.03 | 2.02 | 648.59 | 647.41 |
| - Loans and advances | - | - | 29.03 | - | - | - | - | - |
| - Trade payables | - | - | - | - | - | - | - | - |
| - Surety given by International Tobacco Company Ltd. on behalf of the Company to U.P.Trade Tax Authority | 13.41 | 357.78 | - | - | - | - | - | - |
| - Surety given by the Company on behalf of International Tobacco Company Ltd. to U.P. Trade Tax Authority | - | 15.66 | - | - | - | - | - | - |
| - Guarantees given by the Company to a bank on behalf of International Tobacco Company Ltd. | 54.29 | 46.79 | - | - | - | - | - | - |

@relates to IPM India Wholesale Trading Private Limited

@@relates to KKM Management Centre Private Limited

* comprising reimbursement to wholly owned subsidiary, International Tobacco Company Limited for payments made by them for and on behalf of the Company under the contract manufacturing arrangement, out of the funds made available by the Company.

** comprising of Rs. 153.34 lacs (previous year Rs.310.06 lacs) from International Tobacco Company Limited and Rs.97.58 lacs (previous year Rs.90.65 lacs) from Kashyap Metal and Allied Industries Limited.

*** comprising of Rs.1941.33 lacs (previous year Rs.1935.09 lacs) due from Kashyap Metal and Allied Industries Limited and Rs.91.60 lacs (previous year Rs.3016.67 lacs) due from International Tobacco Company Limited.

includes Rs.1460.20 lacs (previous year Rs. 829.78 lacs) from Beacon Travels Private Ltd.

excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.



40. Segment reporting disclosures under Accounting Standard 17

(A) Business segments:

Based on the guiding principles given in Accounting Standard-17 "Segment Reporting", the Company's primary business segments are (a) Cigarette and tobacco products; and (b) Tea and other retail products.

(B) Geographical segments:

Since the Company's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

Financial information about the primary business segments is presented in the table below:

Rupees in lacs

| | Cigarette and tobacco products | | Tea and other retail products | | Total | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2012 | For the year ended March 31, 2011 | For the year ended March 31, 2012 | For the year ended March 31, 2011 | For the year ended March 31, 2012 | For the year ended March 31, 2011 |
| 1. Segment revenue - External sales (gross) | 320127.81 | 14798.58 | 334926.39 | 13711.84 | 292020.58 | 305732.42 |
| - Less : Excise duty | 147644.38 | - | 147644.38 | - | 145487.54 | 145487.54 |
| - Net sales | 172483.43 | 14798.58 | 187282.01 | 13711.84 | 146533.04 | 160244.88 |
| - Other operating income | 3723.50 | 174.77 | 3898.27 | 171.17 | 2672.61 | 2843.78 |
| - Total | 176206.93 | 14973.35 | 191180.28 | 13883.01 | 149205.65 | 163088.66 |
| - Unallocable income | | 3033.38 | 3033.38 | 2386.07 | | 2386.07 |
| Total revenue | 29260.29 | 194213.66 | 194213.66 | 165474.73 | 23526.24 | 165474.73 |
| 2. Segment result | | (532.08) | 28728.21 | (176.97) | | 23349.27 |
| - Unallocable income net of unallocable expenses | | 160.42 | 160.42 | 2155.48 | | 2155.48 |
| Profit before finance costs and tax | 28888.63 | | 28888.63 | 25504.75 | | 25504.75 |
| - Finance costs | (3165.14) | | (3165.14) | (1357.38) | | (1357.38) |
| - Tax expense | (7587.22) | | (7587.22) | (7544.02) | | (7544.02) |
| Profit after tax | 18136.27 | | 18136.27 | 16603.35 | | 16603.35 |
| 3. Other information | As at March 31, 2012 | | As at March 31, 2011 | | | |
| a) Segment assets | 118448.41 | 4850.85 | 123299.26 | 3591.50 | 94326.74 | 97918.24 |
| - Unallocable assets/investments | | | 40394.06 | | | 37750.54 |
| Total assets | | | 163693.32 | | | 135668.78 |
| b) Segment liabilities | 31257.88 | 1410.33 | 32668.21 | 1437.68 | 27245.74 | 28683.42 |
| - Share capital and reserves | | | 92090.91 | | | 79025.09 |
| - Unallocable liabilities | | | 38934.20 | | | 27960.27 |
| Total liabilities | | | 163693.32 | | | 135668.78 |
| c) Capital expenditure including capital work in progress | 26361.01 | 295.20 | 26656.21 | 42.74 | 19763.83 | 19806.57 |
| d) Depreciation and amortization | 6153.70 | 109.43 | 6263.13 | 51.22 | 3949.07 | 4000.29 |
| e) Non cash expenditure other than depreciation | 533.19 | 40.90 | 574.09 | 35.96 | 386.01 | 421.97 |



Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in Note 1, the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Segment revenue and expenses only include items directly attributable to the segment. They do not include investment income, interest income from inter-corporate deposits and loans given, dividend income, profit or loss on sale of investments, provision for diminution in value of investments, finance cost, donations and provision for taxation (current and deferred tax). Since the corporate office of the Company primarily caters to the cigarette and tobacco products segment, its expenses have been considered to be attributable to the same.

b) Segment assets and liabilities:

All segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consist principally of net fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, inter-corporate deposits and loans given, bank balances for unclaimed dividend and fixed deposits' unclaimed interest, real estate stock, share capital, reserves and surplus, loan funds, dividends payable and income-tax (current and deferred tax).

41. Employee Benefits

The Company has classified the various benefits provided to employees as under -

I. Defined contribution plans and amounts recognized in the statement of profit and loss

| | Rs. in Lacs | |
|---|---------------|---------------|
| | Current year | Previous year |
| - Employers' contribution to provident fund and employee's pension scheme | 923.48 | 744.67 |
| - Employers' contribution to superannuation fund | 186.28 | 180.28 |
| - Employers' contribution to employee's state insurance | 10.04 | 6.49 |

II. Other long term employee benefits (based on actuarial valuation)

- Compensated absences – amount recognized in the statement of profit and loss– Rs.842.57 lacs; previous year Rs.737.23 lacs.

III. Defined benefit plans (based on actuarial valuation)

- Gratuity

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan and details of the same are given below:



| | Gratuity (Funded) | |
|---|--------------------------|---|
| | Current year | Previous year |
| A) Principal Assumptions | | |
| <ul style="list-style-type: none"> ● Discount rate (per annum) 8.30% ● Rate of increase in compensation levels Management: 9% p.a. for first 2 years & 7% p.a. thereafter ● Expected rate of return on plan assets Non Management: 7% ● Expected average remaining working lives of employees 7.50% ● Retirement age 11.06 years | | <ul style="list-style-type: none"> 8.10% Management: 9% p.a. for first 3 years & 7% p.a. thereafter Non Management: 7% 7.50% 11.41 years 58 years |
| | | |
| | | Rs. in Lacs |
| | Current year | Previous year |
| B) Changes in the present value of obligation | | |
| <ul style="list-style-type: none"> ● Present value of obligation as at the beginning of the year 4213.58 ● Interest cost 326.58 ● Current service cost 268.71 ● Benefits paid (279.32) ● Actuarial (gain)/loss on obligations 378.14 ● Present value of obligation as at the end of the year 4907.69 | | <ul style="list-style-type: none"> 3551.73 271.32 199.03 (353.78) 545.28 4213.58 |
| C) Change in the fair value of plan assets | | |
| <ul style="list-style-type: none"> ● Fair value of plan assets as at the beginning of the year 3477.78 ● Expected return on plan assets 231.17 ● Actuarial gain/(loss) on plan assets 144.82 ● Contributions received 720.24 ● Benefits paid (279.32) ● Fair value of plan assets as at the end of the year 4294.69 | | <ul style="list-style-type: none"> 3261.15 226.81 36.46 307.14 (353.78) 3477.78 |
| D) (Shortfall)/excess of fair value over book value of plan assets | (45.29) | (15.56) |
| E) Net liability recognized in the balance sheet (B-C+D) | 567.71 | 720.24 |
| F) Constitution of plan assets | | |
| <ul style="list-style-type: none"> ● Government Securities 1036.63 ● Corporate Bonds 1210.84 ● Special Deposit Scheme - ● Insurer Managed Funds 2052.39 ● Others (5.17) ● Total 4294.69 | | <ul style="list-style-type: none"> 1055.23 1303.93 18.97 1080.14 19.51 3477.78 |
| G) Expenses recognized in the profit and loss account | | |
| <ul style="list-style-type: none"> ● Current service cost 268.71 ● Interest cost 326.58 ● Expected return on plan assets (231.17) ● Net actuarial (gain)/ loss 233.32 ● (Shortfall)/excess of fair value over book value of plan assets-incremental (29.73) ● Total 567.71 | | <ul style="list-style-type: none"> 199.03 271.32 (226.81) 508.82 (32.12) 720.24 |



H) Experience adjustments

| Particulars | Rupees in lacs | | | | |
|---|----------------|-----------|-----------|-----------|-----------------|
| | 31-Mar-08 | 31-Mar-09 | 31-Mar-10 | 31-Mar-11 | 31-Mar-12 |
| Defined benefit obligation | 2610.63 | 3183.26 | 3551.73 | 4213.58 | 4907.69 |
| Plan assets | 2052.79 | 2611.94 | 3261.15 | 3477.78 | 4294.69 |
| Surplus/(deficit) | (557.84) | (571.32) | (290.58) | (735.80) | (613.00) |
| Experience adjustment on plan liabilities | 204.70 | 294.36 | 477.31 | 512.10 | 457.77 |
| Experience adjustment on plan assets | (34.35) | 118.12 | 53.42 | 36.46 | 144.82 |

Rupees in lacs

| | For the year ended 31.3.2012 | | | For the year ended 31.3.2011 | |
|-----------------------------------|---------------------------------|--------------|------------------|---------------------------------|------------------|
| | | | | | |
| 42. Turnover and stocks | | | | | |
| a) Particulars of sales (gross)** | | | | | |
| - Cigarettes | Million | 17120 | 288353.58 | 17642 | 274789.41 |
| - Unmanufactured tobacco | Tonne | 7948 | 13136.50 | 6424 | 10455.30 |
| - Chewing products | Tonne | 1165 | 12129.30 | 277 | 2435.51 |
| - Traded goods | | | 21307.01 | | 18052.20 |
| | | | 334926.39 | | 305732.42 |
| b) Details of stock-in-trade | | | | | |
| i) Opening stocks | | | | | |
| - Cigarettes | Million | 725 | 8848.25 | 622 | 7303.35 |
| - Chewing products | Tonne | - | - | 3 | 24.26 |
| - Real estate | | | 405.69 | | 405.69 |
| - Traded goods | | | 1949.84 | | 3022.84 |
| ii) Closing stocks | | | | | |
| - Cigarettes | Million | 574 | 7080.07 | 725 | 8848.25 |
| - Chewing products | Tonne | 31 | 251.00 | - | - |
| - Real estate | | | - | | 405.69 |
| - Traded goods | | | 2555.75 | | 1949.84 |

** excludes samples, write-offs, etc.

43. Value of imported and indigenous raw and packing materials and spare parts

| | % of total consumption | | % of total consumption | |
|-------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | | Rs. in lacs | | Rs. in lacs |
| (A) Raw and packing materials | | | | |
| i) Imported | 10.50 | 5210.98 | 9.93 | 4368.92 |
| ii) Indigenous | 89.50 | 44394.31 | 90.07 | 39610.12 |
| | 100.00 | 49605.29 | 100.00 | 43979.04 |
| (B) Spare parts | | | | |
| i) Imported | 44.21 | 262.64 | 61.67 | 302.60 |
| ii) Indigenous | 55.79 | 331.42 | 38.33 | 188.10 |
| | 100.00 | 594.06 | 100.00 | 490.70 |



| | For the year ended 31.3.2012 | For the year ended 31.3.2011 |
|---|---|------------------------------------|
| 44. Earnings in foreign exchange | | |
| a) Export of goods on F.O.B. basis | 31186.33 | 27776.51 |
| b) Others including freight, etc. | 696.18 | 659.52 |
| | <u>31882.51</u> | <u>28436.03</u> |
| 45. Value of imports on C.I.F. basis (including those in transit) | | |
| i) Raw materials | 4551.86 | 4163.88 |
| ii) Components and spare parts | 334.38 | 264.69 |
| iii) Capital goods | 18618.68 | 5242.46 |
| iv) Purchases for resale - cigars, etc. | 75.44 | - |
| | <u>23580.36</u> | <u>9671.03</u> |
| 46. Expenditure in foreign currencies (net of tax, where applicable) | | |
| Technical services fee and royalty | 1073.72 | 924.40 |
| Professional/technical consultancy fees | 1471.67 | 405.30 |
| Interest | 1259.75 | 872.54 |
| Others | 700.51 | 650.39 |
| | <u>4505.65</u> | <u>2852.63</u> |
| 47. Dividends remittance to non-resident shareholders in foreign currency | | |
| Amount of dividends | 913.53 | 652.52 |
| Number of non-resident shareholders to whom remittances made | 1 | 1 |
| Number of shares on which remittances made | 26,10,095 | 26,10,095 |
| Year for which dividends remitted (year ended) | 31.3.2011 | 31.3.2010 |
| 48. (a) Foreign currency exposures that are not hedged by derivative instruments or otherwise are as follows: | | |

| Particulars | As at 31.3.2012 | | As at 31.3.2011 | |
|---|---|--------------------------|---|--------------------------|
| | Amount in foreign currency (Lacs) | Amount in Rs. in Lacs | Amount in foreign currency (Lacs) | Amount in Rs. in Lacs |
| Loan Funds | 580.46 USD | 29911.76 | 444.62 USD | 20083.46 |
| Sundry debtors | 27.61 USD | 1400.10 | 80.89 USD | 3580.19 |
| | 0.01 EURO | 0.62 | 0.02 EURO | 1.24 |
| | 6.29 GBP | 507.98 | 4.36 GBP | 307.77 |
| Current liabilities and provisions | 41.37 USD | 2131.80 | 23.33 USD | 1053.82 |
| | 8.68 EURO | 599.35 | 5.04 EURO | 322.16 |
| | 0.15 GBP | 12.39 | 0.62 GBP | 44.95 |
| | 0.01 SGD | 0.61 | - | - |
| | - | - | 0.09 CHF | 4.42 |
| (b). Derivative instrument outstanding as at year end: Currency option and interest rate swap to hedge exposure in foreign currency loan and interest thereon | 51573 JPY | 29515.93 | 42926 JPY | 20083.46 |

49. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified, wherever considered necessary to conform to the current year's classification/disclosure.

For and on behalf of the Board of Directors

S. SERU
Chief Executive

SAMIR KUMAR MODI
Executive Director

R.A. SHAH
Chairman

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
Whole-time Director

K.K. MODI
President

Place : New Delhi
Date : May 29, 2012

SANJAY GUPTA
Company Secretary

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors



AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GODFREY PHILLIPS INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of Godfrey Phillips India Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted for on the equity method in accordance with Accounting Standard (AS) 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., Chase Investments Limited, Kashyap Metal and Allied Industries Limited, Rajputana Infrastructure Corporate Limited, Unique Space Developers Limited and Gopal Krishna Infrastructure & Real Estate Limited whose financial statements reflect total assets of Rs. 3403.87 lacs as at March 31, 2012, total revenues of Rs. 41.79 lacs and net cash outflows amounting to Rs. 13.39 lacs for the year ended on that date and associates viz. Success Principles India Limited and KKM Management Centre Private Limited whose financial statements reflect the Group's share of profit upto March 31, 2012 of Rs. 56.57 lacs and the Group's share of profit of Rs. 16.63 lacs for the year ended on that date as considered in the Consolidated Financial Statements and in respect of IPM India Wholesale Trading Private Limited, an associate, whose financial statements reflect the Group's share of loss upto March 31, 2012 of Rs. 496.00 lakhs and Group's share of loss of Rs. Nil for the year ended on that date as considered in the Consolidated Financial Statements where the financial statements considered are for the period from January 1, 2011 to December 31, 2011.
These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associates are based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21 (Consolidated Financial Statements) and Accounting Standard (AS) - 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, and the aforesaid subsidiaries and associates and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava
Partner
(Membership No. 90295)

Place: New Delhi
Date : May 29, 2012



CONSOLIDATED BALANCE SHEET

as at March 31, 2012

Rupees in lacs

| Particulars | Note No. | As at 31.3.2012 | As at 31.3.2011 |
|--------------------------------|----------|-------------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 1039.88 | 1039.88 |
| Reserves and surplus | 4 | 92565.78 | 79486.37 |
| | | <u>93605.66</u> | <u>80526.25</u> |
| Minority interests | | 203.91 | 232.02 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 23188.50 | 16817.23 |
| Deferred tax liabilities (net) | 14 | - | 24.93 |
| Other long-term liabilities | 6 | 19.50 | 22.65 |
| Long-term provisions | 7 | 3312.94 | 2738.72 |
| | | <u>26520.94</u> | <u>19603.53</u> |
| Current liabilities | | | |
| Short-term borrowings | 8 | 3436.69 | 2468.42 |
| Trade payables | 9 | 12152.06 | 10219.54 |
| Other current liabilities | 10 | 23961.51 | 19608.63 |
| Short-term provisions | 11 | 6323.92 | 5822.00 |
| | | <u>45874.18</u> | <u>38118.59</u> |
| TOTAL | | <u>166204.69</u> | <u>138480.39</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Tangible assets | 12 | 56262.18 | 31907.18 |
| - Intangible assets | 12 | 231.85 | 293.86 |
| - Capital work-in-progress | 12 | 13899.79 | 18202.85 |
| Goodwill on consolidation | | 165.49 | 165.49 |
| Non-current investments | 13 | 12669.05 | 8069.56 |
| Deferred tax assets (net) | 14 | 598.39 | - |
| Long-term loans and advances | 15 | 4879.87 | 4708.95 |
| | | <u>88706.62</u> | <u>63347.89</u> |
| Current assets | | | |
| Current investments | 16 | 19857.33 | 24126.02 |
| Inventories | 17 | 38167.62 | 35396.11 |
| Trade receivables | 18 | 7494.95 | 4538.60 |
| Cash and cash equivalents | 19 | 2414.82 | 5398.71 |
| Short-term loans and advances | 20 | 8216.79 | 3907.70 |
| Other current assets | 21 | 1346.56 | 1765.36 |
| | | <u>77498.07</u> | <u>75132.50</u> |
| TOTAL | | <u>166204.69</u> | <u>138480.39</u> |

Accompanying notes 1 to 43 form part of the consolidated financial statements

In terms of our report attached
For A.F. FERGUSON & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

S. SERU
Chief Executive

Place : New Delhi
Date : May 29, 2012

SUNIL AGRAWAL
Chief Financial Officer

SAMIR KUMAR MODI
Executive Director

R. RAMAMURTHY
Whole-time Director

SANJAY GUPTA
Company Secretary

R.A. SHAH
Chairman

K.K. MODI
President

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2012



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

| Particulars | Note No. | Year ended 31.3.2012 | Year ended 31.3.2011 |
|---|----------|-------------------------|-------------------------|
| INCOME | | | |
| Revenue from operations | 22 | 338694.14 | 308323.86 |
| Less: Excise duty | | 147644.38 | 145487.54 |
| | | 191049.76 | 162836.32 |
| Other income | 23 | 2966.93 | 2317.24 |
| TOTAL REVENUE | | 194016.69 | 165153.56 |
| EXPENSES | | | |
| Cost of materials consumed | 24 | 49605.29 | 43979.04 |
| Purchases of traded goods | 25 | 26126.59 | 18576.39 |
| Changes in inventories of finished goods, work-in-process and traded goods | 26 | 939.47 | (484.20) |
| Employee benefits expenses | 27 | 18041.04 | 15782.50 |
| Finance costs | 28 | 3165.49 | 1361.73 |
| Depreciation and amortization expenses | 12 | 6687.34 | 4392.07 |
| Other expenses | 29 | 63721.63 | 57411.21 |
| TOTAL EXPENSES | | 168286.85 | 141018.74 |
| Profit before tax | | 25729.84 | 24134.82 |
| Tax expense: | | | |
| Current tax | | 8260.11 | 7745.01 |
| MAT credit entitlement | | (12.07) | - |
| Deferred tax (credit)/charge | | (623.32) | (197.02) |
| Profit after tax but before results of associates and minority interest | | 18105.12 | 16586.83 |
| Share of net profit/(loss) of associates | | 16.63 | 1.03 |
| Profit after tax but before minority interests | | 18121.75 | 16587.86 |
| Minority interests | | (28.11) | (25.38) |
| Net profit | | 18149.86 | 16613.24 |
| Earnings per equity share- basic/diluted (Face value of share - Rs.10 each) | 31 | Rs.174.54 | Rs. 159.76 |
| Accompanying notes 1 to 43 form part of the consolidated financial statements | | | |

In terms of our report attached
For A.F. FERGUSON & CO.,
Chartered Accountants

Jaideep Bhargava
Partner

S. SERU
Chief Executive

Place : New Delhi
Date : May 29, 2012

SUNIL AGRAWAL
Chief Financial Officer

For and on behalf of the Board of Directors

R.A. SHAH
Chairman

SAMIR KUMAR MODI
Executive Director

K.K. MODI
President

R. RAMAMURTHY
Whole-time Director

SANJAY GUPTA
Company Secretary

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2012

Rupees in lacs

| | For the year ended 31.3.2012 | | For the year ended 31.3.2011 |
|--|---------------------------------|--------------|---------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit before tax | 25,729.84 | | 24,134.82 |
| Adjustments for: | | | |
| Depreciation and amortization | 6,687.34 | | 4,392.07 |
| Interest income from debts, deposits, loans and advances, etc. | (363.36) | | (323.77) |
| Dividends from current and long-term investments | (113.50) | | (368.07) |
| Interest income from long-term investments | (3.62) | | - |
| Profit on redemption/sale of long-term investments | (2,169.91) | | (838.39) |
| Profit on sale of current investments | (499.88) | | (347.11) |
| Exchange (gain)/loss on foreign currency bank balance | (0.14) | | 0.23 |
| Exchange (gain)/loss on long-term foreign currency borrowings | 4,208.95 | | (251.93) |
| Provision for wealth-tax | 18.00 | | 18.00 |
| Interest expenses - on borrowings | 1,452.09 | | 965.92 |
| - others | 144.53 | | 23.61 |
| Provision for decline in the value of investments written back | (35.64) | | (146.00) |
| Fixed assets written off | 47.57 | | 105.12 |
| Loss on sale of fixed assets | 146.87 | | 77.73 |
| | <u>9,519.30</u> | | <u>3,307.41</u> |
| Operating profit before working capital changes | 35,249.14 | | 27,442.23 |
| Adjustments for: | | | |
| Trade and other receivables | (4,040.23) | | (1,009.57) |
| Inventories | (3,177.20) | | 1,139.78 |
| Trade and other payables | 595.24 | | 5,266.04 |
| | <u>(6,622.19)</u> | | <u>5,396.25</u> |
| Cash generated from operations | 28,626.95 | | 32,838.48 |
| Interest received | 354.09 | | 304.55 |
| Dividends received | 15.78 | | 12.54 |
| Purchase of investments* | (85.39) | (17.83) | |
| Proceeds from sale of investments* | 161.67 | 64.18 | 46.35 |
| Direct taxes paid | (8,864.46) | | (7,554.73) |
| | <u>(8,418.31)</u> | | <u>(7,191.29)</u> |
| Net cash from operating activities | 20,208.64 | | 25,647.19 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | (26,082.94) | | (20,306.55) |
| Proceeds from sale of fixed assets | 166.60 | 164.79 | |
| Purchase of current and long-term investments | (180,935.01) | (220,610.45) | |
| Proceeds from sale of current and long-term investments | 183,249.99 | 209,183.55 | (11,426.90) |
| Dividends from current and long-term investments | 97.72 | | 355.53 |
| Loans and deposits given | (100.00) | | (100.00) |
| Loans and deposits received back | - | | 50.00 |
| Interest received | 24.57 | | 9.41 |
| Net cash used in investing activities | (23,579.07) | | (31,253.72) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long-term borrowings availed | 8,912.00 | | 12,923.70 |
| Repayment of long-term borrowings | (3,688.49) | | (1,822.16) |
| Proceeds from/(Repayment of) short-term bank borrowings | 968.27 | | 246.84 |
| Interest paid | (1,580.49) | | (950.62) |
| Dividend paid | (3,634.46) | | (2,590.88) |
| Corporate dividend tax paid | (590.43) | | (431.78) |
| Net cash used in financing activities | 386.40 | | 7,375.10 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (2,984.03) | | 1,768.57 |
| Opening cash and cash equivalents | | | |
| - Cash and bank balances # | 5,398.71 | | 3,630.37 |
| Closing cash and cash equivalents | | | |
| - Cash and bank balances # | 2,414.82 | | 5,398.71 |
| - Effect of exchange rate changes on exchange earner foreign currency bank balance | (0.14) | | 0.23 |
| | <u>2,414.68</u> | | <u>5,398.94</u> |

* By the subsidiary companies engaged in the business of investments
Includes bank fixed deposits lodged as security with Government Authorities, term deposits and margin money deposits with banks aggregating to Rs.931.62 lacs as at March 31, 2012 (as at March 31, 2011 Rs. 4056.53 lacs)

In terms of our report attached
For A.F. FERGUSON & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

S. SERU
Chief Executive

Place : New Delhi
Date : May 29, 2012

SUNIL AGRAWAL
Chief Financial Officer

SAMIR KUMAR MODI
Executive Director

R. RAMAMURTHY
Whole-time Director

SANJAY GUPTA
Company Secretary

R.A. SHAH
Chairman

K.K. MODI
President

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors



NOTES

forming part of the consolidated financial statements
for the year ended March 31, 2012

1. BASIS OF CONSOLIDATION

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21)-“Consolidated Financial Statements” and Accounting Standard 23 (AS 23) – “Accounting for Investments in Associates in Consolidated Financial Statements” notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006.

- a) Principles of consolidation
The consolidated financial statements relate to Godfrey Phillips India Limited (‘the Company’) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
 - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.
 - The excess of cost to the Company of its investment in a subsidiary company over the Company’s portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognized in the financial statements as goodwill.
- b) The subsidiaries (which along with Godfrey Phillips India Limited, the Parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

| Name | Country of incorporation | Percentage of voting power as at | |
|--|--------------------------|----------------------------------|-----------------|
| | | 31.03.2012 % | 31.03.2011 % |
| International Tobacco Company Limited | India | 100.00 | 100.00 |
| Chase Investments Limited | India | 100.00 | 100.00 |
| City Leasing and Finance Company Limited | India | -@ | 100.00 |
| Manhattan Credits and Finance Limited | India | -@ | 100.00 |
| Kashyap Metal and Allied Industries Limited | India | 66.23 * | 66.23 * |
| Unique Space Developers Limited | India | 66.67 * | 66.67 * |
| Gopal Krishna Infrastructure & Real Estate Limited | India | 66.67 ** | 66.67 ** |
| Rajputana Infrastructure Corporate Limited | India | 66.23 *** | 66.23 *** |

* Held through other subsidiaries

** 100% Subsidiary of Unique Space Developers Limited

*** 100% Subsidiary of Kashyap Metal and Allied Industries Limited

@ Merged with Chase Investments Limited in current year.

- c) The Group’s associates are:

| | | | |
|---|-------|-------|-------|
| Success Principles India Limited | India | 48.89 | 48.89 |
| IPM India Wholesale Trading Private Limited | India | 24.80 | 24.80 |
| KKM Management Centre Private Limited | India | 36.75 | 36.75 |

In respect of IPM India Wholesale Trading Private Limited, the financial statements for the year ended December 31, 2011 have been considered for the purpose of consolidation.

These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries and associates, on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 and AS 23 by each of the aforesaid entities.



2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

i) **Fixed assets and depreciation**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and include interest on loans attributable to the acquisition of qualifying assets upto the date of their commissioning.

No amortization is done in respect of leasehold land in view of the lease being perpetual.

Depreciation in the accounts is charged on the straight line method at the higher of the rates prescribed under the Companies Act, 1956 or the accelerated rates determined based on their useful lives as per technical estimates of the Management, and is calculated on a full year basis on additions during the year and no depreciation is provided on assets deleted during the year. Assets, other than items costing upto Rs. 5000 each, are depreciated upto 95% of their value and 5% residual value is retained in the books.

The rates applied are as follows:-

| | |
|--|---------------|
| Buildings -Other than factory | 1.63% |
| -Factory | 3.34% |
| Plant and machinery | 4.75% /10.34% |
| Furniture and fixtures | 6.33% |
| Computers, information technology equipments and computer software | 16.21% |
| Motor vehicles | 9.50% |

ii) **Investments**

Long term investments, other than in associates, are stated at cost net of provision for diminution, other than temporary, if any. Investments in associates are accounted for using the equity method. Current investments are stated at cost or fair value, whichever is lower.

iii) **Inventories**

Inventories are valued at cost or net realisable value, whichever is lower except stores and spare parts which are valued at cost or under. The cost of raw materials, stores and spares and traded goods is determined on moving weighted average cost basis. The cost of finished goods and work-in-process is determined on standard absorption cost basis which approximates actual costs. Absorption cost comprises raw materials cost, direct wages, appropriate share of production overheads and applicable excise duty paid/payable thereon.

iv) **Revenue recognition**

Sale of goods is recognised at the point of despatch of goods to customers. Sales are inclusive of excise duty, where applicable but are exclusive of sales tax/value added tax. Income from investments is recognised on an accrual basis.



v) **Employee benefits**

The Group has various schemes of employee benefits such as provident fund, superannuation fund and gratuity fund, duly recognised by the Income-tax authorities. The funds are administered through trustees and the group's contributions are charged against the revenue every year. Accrued liability for gratuity and compensated absences on retirement are determined on the basis of actuarial valuation at the end of the financial year.

vi) **Income-tax**

Provision for income-tax is based on the assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

vii) **Proposed dividends**

Dividends proposed by the directors as appropriation of profits are provided for in the books of account, pending approval of shareholders at the annual general meeting.

viii) **Research and development expenditure**

Research and development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred.

ix) **Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of transactions. Gains/losses on settlement of the transactions are taken to the statement of profit and loss. The monetary items are translated at the year end rates and the gains/losses are taken to the statement of profit and loss.

The difference between the forward rate and the exchange rate at the date of the forward contract transaction is recognised as income or expense over the life of the contract in the statement of profit and loss. The exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of the contract/ the last reporting date, is recognised as income or expense for the period.

x) **Investment subsidiaries**

Income recognition, assets classification and provisioning are done in accordance with the prudential norms/guidelines issued by the Reserve Bank of India from time to time for Non-Banking Financial Companies.



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 3. Share capital | | |
| Authorised | | |
| 60,000 Preference shares of Rs. 100 each | 60.00 | 60.00 |
| 2,44,00,000 Equity shares of Rs. 10 each | 2440.00 | 2440.00 |
| | 2500.00 | 2500.00 |
| Issued, subscribed and fully paid up | | |
| 1,03,98,784 Equity shares of Rs.10 each | 1039.88 | 1039.88 |

(i) There has been no movement in the equity shares in the current and previous year.

(ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

(iii) Shares held by each shareholder holding more than 5%:

| Name of the shareholder | No. of shares | % held as at 31.03.2012 | No. of shares | % held as at 31.03.2011 |
|---|------------------|-------------------------|---------------|-------------------------|
| a) Philip Morris Global Brands Inc. | 2,610,095 | 25.10% | 2,610,095 | 25.10% |
| b) Indo Euro Investment Co. Pvt. Ltd. | 1,471,782 | 14.15% | 1,471,782 | 14.15% |
| c) K K Modi Investment & Financial Services Pvt. Ltd. | 1,168,759 | 11.24% | 1,168,759 | 11.24% |
| d) Good Investment (India) Ltd. | 796,044 | 7.66% | 796,044 | 7.66% |
| e) Jupiter India Fund | 650,000 | 6.25% | 705,000 | 6.78% |

4. Reserves and surplus

| | | |
|---|-----------------|----------|
| Revaluation Reserve | - | 236.16 |
| Capital Redemption Reserve | 30.13 | 30.13 |
| Statutory Reserve | 6.41 | 4.46 |
| General Reserve | 21931.89 | 19731.89 |
| Surplus in Statement of Profit and Loss | 70597.35 | 59483.73 |
| | 92565.78 | 79486.37 |

Movement in reserves and surplus is as under:

Revaluation Reserve

| | | |
|---|-----------------|--------|
| Opening balance | 236.16 | 236.16 |
| Less: Utilised for set-off on conversion of real estate stock to fixed assets | (236.16) | - |
| Closing Balance | - | 236.16 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| Statutory Reserve | | |
| Opening balance | 4.46 | - |
| Add: Transfer from surplus in statement of profit and loss | 1.95 | 4.46 |
| Closing Balance | 6.41 | 4.46 |
| General Reserve | | |
| Opening balance | 19731.89 | 17731.89 |
| Add: Transfer from surplus in statement of profit and loss | 2200.00 | 2000.00 |
| Closing Balance | 21931.89 | 19731.89 |
| Surplus in Statement of Profit and Loss | | |
| Opening balance | 59483.73 | 49104.95 |
| Add : Net profit for the current year | 18149.86 | 16613.24 |
| Less : Proposed dividend | 4159.51 | 3639.57 |
| Corporate dividend tax | 674.78 | 590.43 |
| Transfer to general reserve | 2200.00 | 2000.00 |
| Transfer to statutory reserve | 1.95 | 4.46 |
| Net surplus in the statement of profit and loss | 70597.35 | 59483.73 |
| 5. Long-term borrowings | | |
| Secured | | |
| Foreign currency term loans from banks | 29515.93 | 20083.46 |
| Less : Current maturities of long term borrowings | 6327.43 | 3266.23 |
| | 23188.50 | 16817.23 |
| <u>Details of security and terms of above loans</u> | | |
| These loans carry interest ranging between 3.8% to 6.5% per annum and are repayable in half yearly/yearly instalments ranging between 3 to 5 years. Further, these loans are secured by way of exclusive charges over specific plant and machinery. | | |
| 6. Other long term-liabilities | | |
| Others | | |
| -Security deposits | 19.50 | 22.65 |
| | 19.50 | 22.65 |
| 7. Long-term Provisions | | |
| Provision for employee benefits | | |
| -provision for compensated absences | 3312.94 | 2738.72 |
| | 3312.94 | 2738.72 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 8. Short-term borrowings | | |
| Secured | | |
| - Cash credits from banks* | 3040.86 | 2468.42 |
| Unsecured | | |
| - Foreign currency packing credits from banks | 395.83 | - |
| | <u>3436.69</u> | <u>2468.42</u> |
| *Secured against hypothecation of stocks and book debts and second charge on certain immovable properties of the Company. | | |
| 9. Trade payables | | |
| Trade Payables | | |
| -Micro and small enterprises | 152.54 | 242.37 |
| -Other than Micro and small enterprises | 10583.50 | 8118.79 |
| Employee payables | 1416.02 | 1858.38 |
| | <u>12152.06</u> | <u>10219.54</u> |
| 10. Other current liabilities | | |
| Current maturities of long-term borrowings | 6327.43 | 3266.23 |
| Interest accrued but not due on borrowings | 233.67 | 217.54 |
| Unclaimed dividends | 163.32 | 158.21 |
| Payable to gratuity fund | 567.71 | 856.52 |
| Payables for fixed assets | 4129.14 | 991.50 |
| Other payables | | |
| -Security deposits | 24.88 | 22.44 |
| -Statutory dues | 9240.20 | 11189.94 |
| -Advances from customers | 3191.07 | 2841.08 |
| -Others | 84.09 | 65.17 |
| | <u>23961.51</u> | <u>19608.63</u> |
| 11. Short-term provisions | | |
| Provision for employee benefits | | |
| -Provision for compensated absences | 726.48 | 767.64 |
| Others | | |
| -Proposed dividend | 4159.51 | 3639.57 |
| -Provision for corporate dividend tax | 674.78 | 590.43 |
| -Taxation (net of payments) | 763.15 | 824.36 |
| | <u>6323.92</u> | <u>5822.00</u> |



12. Fixed assets

Rupees in lacs

| | GROSS BLOCK (AT COST) | | | DEPRECIATION/AMORTIZATION | | | NET BLOCK | |
|--|-----------------------|---------------------------|---------------|---------------------------|-----------------|------------------|--------------------|--------------------|
| | As at 31.3.2011 | Additions/ adjustments | Deductions | As at 31.3.2011 | For the year | On deductions | As at 31.3.2012 | As at 31.3.2011 |
| Tangible Assets: | | | | | | | | |
| Land-leasehold | 308.54# | 1414.75 | - | - | - | - | 1723.29 | 308.54 |
| Land-freehold | 959.09 | 0.42 | - | - | - | - | 959.51 | 959.09 |
| Buildings | 4294.75* | 10247.28 | - | 758.11 | 455.73 | - | 1213.84 | 3536.64 |
| Leasehold building improvements | 621.70 | 48.54 | - | 39.60 | 22.49 | - | 62.09 | 582.10 |
| Plant and machinery | 43752.37 | 18266.45 | 70.75 | 21168.41 | 5490.39 | 22.99 | 26635.81 | 22583.96 |
| Electrical installation and equipments | 596.64 | 77.03 | 8.89 | 163.33 | 33.08 | 4.46 | 191.95 | 433.31 |
| Computers and information technology equipments | 1436.93 | 397.94 | 129.70 | 856.03 | 257.44 | 99.31 | 1014.16 | 580.90 |
| Furniture, fixtures and office equipments | 1878.89 | 479.48 | 54.32 | 773.68 | 126.16 | 24.61 | 875.23 | 1105.21 |
| Motor vehicles | 2649.66 | 409.48 | 531.89 | 832.23 | 240.04 | 283.14 | 789.13 | 1817.43 |
| Total of Tangible assets | 56498.57 | 31341.37 | 795.55 | 87044.39 | 6625.33 | 434.51 | 30782.21 | 56262.18 |
| Intangible Assets | | | | | | | | |
| Computer softwares | 510.08 | - | - | 216.22 | 62.01 | - | 278.23 | 293.86 |
| Total of Intangible assets | 510.08 | - | - | 216.22 | 62.01 | - | 278.23 | 293.86 |
| Grand Total | 57008.65 | 31341.37 | 795.55 | 87554.47 | 6687.34 | 434.51 | 31060.44 | 56494.03 |
| Previous year | 49671.09 | 8420.17 | 1082.61 | 57008.65 | 4392.07 | 734.97 | 24807.61 | 32201.04 |
| Capital work-in-progress | | | | | | | | |
| | | | | | | | 13899.79 | 18202.85 |
| | | | | | | | 70393.82 | 50403.89 |

*Includes Rs. 0.02 lac (previous year Rs.0.02 lac) being the cost of shares in co-operative societies.

#includes Rs.22.91 lacs (previous year Rs.22.91 lacs) in respect of lands, titles for which are yet to be registered in the name of the Group. Also, includes Rs.6.69 lacs (previous year Rs.6.69 lacs) in respect of land for which a notice for termination of lease has been received from the Government of U.P., which notice has been disputed by the Group in a petition filed before the Allahabad High Court and is pending disposal.



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|--------------------|--------------------|
| 13. Non-Current Investments | | |
| LONG TERM (At cost unless otherwise stated) | | |
| TRADE INVESTMENT - UNQUOTED | | |
| Investments in Equity Instruments | | |
| Associate: | | |
| IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs. 10 each fully paid up | 496.00 | 496.00 |
| Less: Group's share of loss restricted to the original cost of investment | 496.00 | 496.00 |
| | - | - |
| KKM Management Centre Private Limited 11,02,500 Equity Shares of Rs.10 each fully paid up Cost of acquisition | 110.25 | 110.25 |
| Add: Group's share of profit upto year end | 15.43 | - |
| | 125.68 | 110.25 |
| Others: | | |
| Molind Engineering Limited 3,500 Equity Shares of Rs.10 each fully paid up | 0.25 | 0.25 |
| OTHER INVESTMENTS - QUOTED | | |
| Investments in Equity Instruments | | |
| Nestle India Limited 93 Equity Shares of Rs.10 each fully paid up | 0.07 | 0.07 |
| Smithkline Beecham Consumer Healthcare Limited 320 Equity Shares of Rs.10 each fully paid up | 0.38 | 0.38 |
| GTC Industries Limited 100 Equity Shares of Rs.10 each fully paid up | 0.01 | 0.01 |
| VST Industries Limited 100 Equity Shares of Rs.10 each fully paid up | 0.11 | 0.11 |
| Hindustan Unilever Limited 290 Equity Shares of Re.1 each fully paid up | 0.07 | 0.07 |
| HDFC Bank Limited 75,000 (Previous year 15,000) Equity Shares of Rs.2 (Previous year Rs.10) each fully paid up | 1.50 | 1.50 |
| Oriental Bank of Commerce 1,000 Equity Shares of Rs.10 each fully paid up | 0.60 | 0.60 |
| Bank of Baroda 1,000 Equity Shares of Rs.10 each fully paid up | 2.30 | 2.30 |
| State Bank of Travancore 14,050 Equity Shares of Rs.10 each fully paid up | 8.43 | 8.43 |
| Bank of India 1,000 Equity Shares of Rs.10 each fully paid up | 1.35 | 1.35 |
| Corporation Bank 3,687 Equity Shares of Rs.10 each fully paid up | 13.58 | 13.58 |
| Punjab Communications Limited 2399 Equity Shares of Rs.10 each fully paid up | 6.00 | 6.00 |
| Narang Industries Limited 40,000 Equity Shares of Rs.10 each fully paid up | 4.00 | 4.00 |
| Circassia Pacific Finance Limited 1,00,000 Equity Shares of Rs.10 each fully paid up | 10.00 | 10.00 |
| Maruti Suzuki India Limited (Formerly Maruti Udyog Limited) 950 Equity Shares of Rs.5 each fully paid up | 1.19 | 1.19 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | |
| Emami Limited 1800 Equity Shares of Re.1 each fully paid up | 0.63 | 0.63 |
| Emami Infrastructure Limited 300 Equity Shares of Rs. 2 each fully paid up (received free of cost) | - | - |
| NTPC Limited 6,544 Equity Shares of Rs.10 each fully paid up | 9.58 | 9.58 |
| Punjab National Bank 1,376 Equity Shares of Rs.10 each fully paid up | 7.13 | 7.13 |
| Reliance Industries Limited 5,176 Equity Shares of Rs.10 each fully paid up | 33.00 | 33.00 |
| Tata Consultancy Services Limited 3,850 Equity Shares of Re.1 each fully paid up | 17.90 | 17.90 |
| Ashok Leyland Limited 15,000 (Previous year 7,500) Equity Shares of Re.1 each fully paid up (7,500 shares received as bonus shares) | 2.05 | 2.05 |
| HT Media Limited 1,000 Equity Shares of Rs.2 each fully paid up | 1.06 | 1.06 |
| Andhra Bank 12,379 Equity Shares of Rs.10 each fully paid up | 11.40 | 11.40 |
| ICICI Bank Limited 2,339 Equity Shares of Rs.10 each fully paid up | 18.58 | 18.58 |
| Zee Entertainment Enterprises Limited 1094 Equity Shares of Re.1 each fully paid up | 0.82 | 0.82 |
| Zee News Limited 226 Equity Shares of Re.1 each fully paid up (received free of cost) | - | - |
| Zee Learn Limited 137 Equity Shares of Re.1 each fully paid up (received free of cost) | - | - |
| Suzlon Energy Limited 975 Equity Shares of Rs. 2 each fully paid up | 0.99 | 0.99 |
| Talbro's Automotive Components Limited 1,034 Equity Shares of Rs.10 each fully paid up | 1.06 | 1.06 |
| Infrastructure Development Finance Company Limited 1,500 Equity Shares of Rs.10 each fully paid up | 1.80 | 1.80 |
| Chennai Petroleum Corporation Limited 400 Equity Shares of Rs.10 each fully paid up | 0.96 | 0.96 |
| Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up | 2.11 | 2.11 |
| SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up | 8.31 | 8.31 |
| State Bank of India 1,000 Equity Shares of Rs.10 each fully paid up | 8.76 | 8.76 |
| Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up | 3.74 | 3.74 |
| Union Bank of India 913 Equity Shares of Rs.10 each fully paid up | 1.00 | 1.00 |
| Lanco Infratech Limited 1,00,000 Equity Shares of Re.1 each fully paid up | 24.00 | 24.00 |
| Parsvnath Developers Limited 1,122 Equity Shares of Rs. 5 each fully paid up | 1.68 | 1.68 |
| Power Finance Corporation Limited 997 Equity Shares of Rs.10 each fully paid up | 0.85 | 0.85 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | |
| Idea Cellular Limited 1,637 Equity Shares of Rs.10 each fully paid up | 1.68 | 1.68 |
| Indian Bank Limited 2,096 Equity Shares of Rs.10 each fully paid up | 1.91 | 1.91 |
| Technocraft Industries India Limited 2,350 Equity Shares of Rs.10 each fully paid up | 2.47 | 2.47 |
| Reliance Communication Limited 2,010 Equity Shares of Rs.5 each fully paid up | 2.75 | 2.75 |
| Reliance Capital Limited 75 Equity Shares of Rs. 10 each fully paid up (received free of cost) | - | - |
| Reliance Infrastructure Limited 1,113 Equity Shares of Rs.10 each fully paid up | 9.16 | 9.16 |
| Reliance Power Limited 306 Equity Shares of Rs.10 each fully paid up | 1.17 | 1.17 |
| Axis Bank 1,000 Equity Shares of Rs.10 each fully paid up | 8.27 | 8.27 |
| Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up | 3.40 | 3.40 |
| GMR Infrastructure Limited 10,000 Equity Shares of Re.1 each fully paid up | 10.63 | 10.63 |
| Industrial Development Bank of India 3,500 Equity Shares of Rs.10 each fully paid up | 4.70 | 4.70 |
| Indian Hotels Limited 3,500 Equity Shares of Re.1 each fully paid up | 4.73 | 4.73 |
| ITC Limited 9,000 Equity Shares of Re.1 each fully paid up | 7.39 | 7.39 |
| J.K. Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up | 3.47 | 3.47 |
| Mahanagar Telephone Nigam Limited 1,000 Equity Shares of Rs.10 each fully paid up | 1.65 | 1.65 |
| Adani Port & Special Economic Zone Limited (Formerly Mundra Port & Special Economic Zone Limited) 240 Equity Shares of Rs. 2 each fully paid up | 0.21 | 0.21 |
| Omaxe Limited 210 Equity Shares of Rs.10 each fully paid up | 0.65 | 0.65 |
| Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up | 19.32 | 19.32 |
| Steel Authority of India Limited 6,000 Equity Shares of Rs.10 each fully paid up | 13.21 | 13.21 |
| SKF India Limited 1,000 Equity Shares of Rs.10 each fully paid up | 4.34 | 4.34 |
| Tata Motors Limited 5,000 Equity Shares of Rs.2 each fully paid up (Previous year 1,000 Equity shares of Rs.10 each fully paid up) | 6.96 | 6.96 |
| Tata Power Limited 10,000 Equity Shares of Re.1 each fully paid up (Previous year 1,000 Equity shares of Rs.10 each fully paid up) | 11.52 | 11.52 |
| V2 Retail Limited (Formerly Vishal Retail Limited) 25 Equity Shares of Rs.10 each fully paid up | 0.07 | 0.07 |
| Wire and Wireless (India) Limited 250 Equity Shares of Re.1 each fully paid up (received free of cost) | - | - |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|---|----------------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | |
| Central Bank of India 598 (Previous year 374) Equity Shares of Rs.10 each fully paid up | 0.61 | 0.38 |
| Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up | 55.27 | 55.27 |
| Bharat Earth Movers Limited 166 Equity Shares of Rs.10 each fully paid up | 1.78 | 1.78 |
| Cipla Limited 1,000 Equity Shares of Rs.10 each fully paid up | 2.14 | 2.14 |
| ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up | 9.68 | 9.68 |
| Infosys Technologies Limited 500 Equity Shares of Rs.10 each fully paid up | 6.56 | 6.56 |
| Kotak Bank Limited 2,000 Equity Shares of Rs. 5 each fully paid up | 7.99 | 7.99 |
| Oil India Limited 210 Equity Shares of Rs. 10 each fully paid up | 2.21 | 2.21 |
| Coal India Limited 154 Equity Shares of Rs.10 each fully paid up | 0.37 | 0.37 |
| Punjab and Sind Bank 50 Equity Shares of Rs.10 each fully paid up | 0.06 | 0.06 |
| The Shipping Corporation of India 719 Equity Shares of Rs.10 each fully paid up | 1.01 | 1.01 |
| Investments in Bonds | | |
| Indian Railway Finance Corporation Limited 43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up | 435.01 | - |
| Investments under Portfolio Management Service #: | | |
| A) Reliance Portfolio Management Scheme- Trinity Series (Managed by Reliance Capital Asset Management Limited) | | |
| Aries Agro Limited 687 Equity Shares of Rs.10 each fully paid up | 0.88 | 0.88 |
| Patni Computers Limited Nil (Previous year 167) Equity Shares of Rs.5 each fully paid up | - | 0.78 |
| HDFC Bank Limited 330 (Previous year 66) Equity Shares of Rs.2 (Previous year Rs.10) each fully paid up (Face value sub-divided during the year) | 0.59 | 0.59 |
| Housing Development Finance Corporation 319 Equity Shares of Rs.10 each fully paid up | 1.01 | 1.01 |
| Hindustan Petroleum Corporation Limited 418 Equity Shares of Rs.10 each fully paid up | 1.10 | 1.10 |
| Cipla Limited Nil (Previous year 212) Equity Shares of Rs.5 each fully paid up | - | 0.65 |
| ONGC Corporation Limited 460 Equity Shares of Rs.10 each fully paid up | 0.82 | 0.82 |
| Zuari Industries Limited 109 Equity Shares of Rs.2 each fully paid up | 0.82 | 0.82 |
| Sai Rayalaseema Paper Mills Limited 15,895 Equity Shares of Rs.10 each fully paid up | 1.93 | 1.93 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | |
| Reliance Mutual Fund Nil (Previous year 49,539) Units of Reliance Liquid Fund Institutional Daily Dividend of Rs.10 each | - | 4.96 |
| Zensar Technologies Limited 619 (Previous year 1,004) Equity Shares of Rs.10 each fully paid up | 0.35 | 1.42 |
| HEG Limited 68 Equity Shares of Rs.10 each fully paid up | 0.27 | 0.27 |
| Tata Consultancy Services Limited 186 Equity Shares of Re.1 each fully paid up | 1.20 | 1.20 |
| Indoco Remedies Limited 253 Equity Shares of Rs.10 each fully paid up | 1.07 | 1.07 |
| Bharti Tele Venture Limited 256 (Previous year Nil) Equity Shares of Rs.5 each fully paid up | 0.86 | - |
| Indian Oil Corporation Limited Nil (Previous year 308) Equity Shares of Rs.10 each fully paid up | - | 0.65 |
| Oil India Limited Nil (Previous year 131) Equity Shares of Rs.10 each fully paid up | - | 1.58 |
| Bharat Earth Movers Limited Nil (Previous year 213) Equity Shares of Rs.10 each fully paid up | - | 1.24 |
| ISMT Limited 2,829 Equity Shares of Rs.10 each fully paid up | 1.54 | 1.54 |
| Excel Crop Care Ltd Nil (Previous year 546) Equity Shares of Rs.10 each fully paid up | - | 1.26 |
| Balmer Lawrie & Co. Ltd. Nil (Previous year 219) Equity Shares of Rs.10 each fully paid up | - | 1.47 |
| Larsen and Toubro Limited 88 (Previous year 65) Equity Shares of Rs.10 each fully paid up | 1.14 | 1.07 |
| Deepak Fertilisers and Petrochemicals Corporation Ltd. 149 (Previous year 625) Equity Shares of Rs.10 each fully paid up | 0.24 | 1.08 |
| Standard Chartered IDR 1,647 (Previous year 868) Equity Shares of Rs. each fully paid up | 1.68 | 0.95 |
| Bajaj Auto Limited 16 (Previous year Nil) Equity Shares of Rs.10 each fully paid up | 0.24 | - |
| Bharat Heavy Electricals Limited 276 (Previous year Nil) Equity Shares of Rs.2 each fully paid up | 0.68 | - |
| Cairn India Limited 225 (Previous year Nil) Equity Shares of Rs.10 each fully paid up | 0.75 | - |
| Crompton Greaves Limited 418 (Previous year Nil) Equity Shares of Rs.2 each fully paid up | 0.60 | - |
| Hindustan Zinc Limited 551 (Previous year Nil) Equity Shares of Rs.2 each fully paid up | 0.77 | - |
| ICICI Bank Limited 137 (Previous year Nil) Equity Shares of Rs.10 each fully paid up | 1.22 | - |
| Mahindra & Mahindra Limited 129 (Previous year Nil) Equity Shares of Rs.5 each fully paid up | 0.87 | - |
| Reliance Industries Limited 261 (Previous year Nil) Equity Shares of Rs.10 each fully paid up | 2.18 | - |
| Tata Iron and Steel Company Limited 135 (Previous year Nil) Equity Shares of Rs.10 each fully paid up | 0.70 | - |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|--------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | |
| Tata Motors Limited 510 (Previous year Nil) Equity Shares of Rs.2 each fully paid up | 0.86 | - |
| Infosys Limited 48 (Previous year Nil) Equity Shares of Rs.5 each fully paid up | 1.19 | |
| Balance with portfolio management scheme | 3.04 | 0.74 |
| B) Kotak 2010 Opportunities Portfolio Management Scheme (Managed by Kotak Securities Limited) | | |
| Bharti Airtel Limited Nil (Previous year 862) Equity Shares of Rs.5 each fully paid up | - | 3.63 |
| Bharat Electronics Limited Nil (Previous year 230) Equity Shares of Rs.10 each fully paid up | - | 4.31 |
| Bilcare Limited Nil (Previous year 447) Equity Shares of Re.1 each fully paid up | - | 1.96 |
| Hindustan Oil Exploration Company Limited Nil (Previous year 2,259) Equity Shares of Rs.10 each fully paid up | - | 5.87 |
| IFCI Limited Nil (Previous year 5,245) Equity Shares of Rs.10 each fully paid up | - | 3.17 |
| Sentinel Tea And Exports Limited Nil (Previous year 1,601) Equity Shares of Rs.10 each fully paid up | - | 0.62 |
| IRB Infrastructure Developers Limited Nil (Previous year 1,847) Equity Shares of Rs.10 each fully paid up | - | 2.19 |
| Network 18 Media & Investments Limited Nil (Previous year 2,686) Equity Shares of Rs. 5 each fully paid up | - | 6.95 |
| OnMobile Global Limited Nil (Previous year 1,078) Equity Shares of Rs. 10 each fully paid up | - | 4.22 |
| Sundaram Fasteners Ltd. Nil (Previous year 4,984) Equity Shares of Rs. 10 each fully paid up | - | 3.27 |
| Kotak Mutual Fund Nil (Previous year 57,569 Units of Kotak Floater Long Term Growth of Rs.10 each | - | 8.88 |
| Kakinada Fertilizers Limited 7,521 (Previous year 8,082) Equity Shares of Rs.10 each fully paid up (During the year Nagarjuna Fertilizers & Chemicals Limited merged with Kakinada Fertilizers Limited) | 0.53 | 2.68 |
| Motherson Sumi Systems Limited Nil (Previous year 1,935) Equity Shares of Re.1 each fully paid up | - | 1.55 |
| Escorts India Limited Nil (Previous year 765) Equity Shares of Rs.10 each fully paid up | - | 0.60 |
| DCW Limited Nil (Previous year 10,383) Equity Shares of Rs.2 each fully paid up | - | 2.05 |
| Areva T&D India Limited Nil (Previous year 886) Equity Shares of Rs.2 each fully paid up | - | 2.66 |
| Solar Industries India Limited Nil (Previous year 224) Equity Shares of Rs.10 each fully paid up | - | 0.92 |
| Kotak Mahindra Bank | - | 0.01 |
| Balance with Portfolio Management Scheme | - | 6.91 |
| # Investments have been made under the portfolio management agreement entered into between the Group and Portfolio Management schemes and are being held in the name of the Portfolio Manager as envisaged in the aforesaid agreement. | | |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | |
| Investments in Mutual Fund | | |
| Franklin Templeton Mutual Fund 1,83,51,130 Units of Templeton India Income Opportunities Fund -Growth of Rs.10 each | 1889.88 | 1889.88 |
| 27,534 Units of Templeton India Short Term Income Retail Plan-Growth of Rs.1000 each | 477.95 | 477.95 |
| ICICI Prudential Mutual Fund 1,00,00,000 (Previous year Nil) Units of ICICI Prudential FMP Series 63-384 Days Plan A Cumulative of Rs. 10 each | 1000.00 | - |
| 2,44,585 (Previous year 179,237) Units of ICICI Prudential Institutional Liquid Plan- Super Institutional Growth of Rs.100 each | 208.01 | 283.82 |
| Birla Mutual Fund 24,92,990 Units of Birla Sun Life Income Plus Plan - Growth of Rs.10 each | 616.37 | 616.37 |
| Nil (Previous year 1,43,44,047) Units of Birla Sun Life Medium Term Plan - Institutional-Growth of Rs.10 each | - | 1500.00 |
| 1,50,00,000 (Previous year Nil) Units of Birla Sun Life Fixed Term Plan Series DP- Growth of Rs.10 each | 1500.00 | - |
| IDFC Mutual Fund 50,00,000 Units of IDFC Equity Fund Plan A- Growth of Rs.10 each | 500.00 | 500.00 |
| ING Mutual Fund 16,67,838 Units of ING Short Term Income Fund - Growth of Rs.10 each | 219.25 | 219.25 |
| AIG Mutual Fund 9,77,995 Units of AIG India Equity Fund Regular Growth of Rs.10 each | 100.00 | 100.00 |
| Nil (Previous year 9,77,995) Units of AIG Infrastructure and Economic Reform Fund Regular Growth of Rs.10 each | - | 100.00 |
| SBI Mutual Fund Nil (Previous year 10,00,000) Units of SBI - Infrastructure Fund - I - Growth of Rs. 10 each | - | 100.00 |
| HDFC Mutual Fund Nil (Previous year 24,39,162) Units of HDFC Arbitrage Fund - Wholesale Plan - Quarterly Dividend of Rs.10 each | - | 244.50 |
| Nil (Previous year 47,67,482) Units of HDFC Short Term Plan - Growth of Rs. 10 each | - | 805.32 |
| 1,50,00,000 (Previous year Nil) Units of HDFC FMP 400D February 2012 (1) - Growth-Sereis XXI of Rs.10 each | 1500.00 | - |
| Baroda Pioneer Mutual Fund Nil (Previous year 50,00,000) Units of Baroda Pioneer PSU Bond Fund - Growth of Rs.10 each | - | 500.00 |
| Reliance Mutual Fund 20,000 Units of Reliance Equity Opportunity Fund - Growth of Rs.10 each | 2.00 | 2.00 |
| 97,800 Units of Reliance Equity Advantage Fund -Retail Plan - Growth of Rs. 10 each | 10.00 | 10.00 |
| TATA Mutual Fund 1,00,00,000 (Previous year Nil) Units of TATA Fixed Maturity Plan Series 39 Scheme G-Growth of Rs.10 each | 1000.00 | - |
| AXIS Mutual Fund 1,00,00,000 (Previous year Nil) Units of AXIS Fixed Term Plan - Series 22 (374 Days) -Growth of Rs. 10 each | 1000.00 | - |
| HSBC Mutual Fund 1,50,00,000 (Previous year Nil) Units of HSBC Fixed Term Series 86- Growth of Rs.10 each | 1500.00 | - |



Rupees in lacs

| | | | As at 31.3.2012 | As at 31.3.2011 |
|--|--------------|--------------|--------------------|--------------------|
| 13. NON CURRENT INVESTMENTS (Continued) | | | | |
| OTHER INVESTMENTS - UNQUOTED | | | | |
| Investments in Equity Instruments | | | | |
| Associate: | | | | |
| Success Principles India Limited | | | | |
| 1,99,673 Equity Shares of Rs. 10 each fully paid up | | | | |
| Cost of acquisition (net of capital reserve of Rs.1.67 lacs) | 19.97 | | 19.97 | |
| Add: Group's share of profit upto year end | 41.14 | 61.11 | <u>39.94</u> | 59.91 |
| Others: | | | | |
| Indo Euro Investment Company Private Limited | | | | |
| 36,750 Equity Shares of Rs.100 each fully paid up | | 36.78 | | 36.78 |
| Modicare Limited | | | | |
| 7,20,000 Equity Shares of Rs.10 each fully paid up | | 72.00 | | 72.00 |
| Investment in Government Securities (Unquoted) | | 0.36 | | 0.36 |
| | | | <u>12698.12</u> | 8134.28 |
| Less: Provision for diminution in the value of investments | | | <u>29.07</u> | 64.72 |
| | | | 12669.05 | <u>8069.56</u> |
| Aggregate value of quoted investments | | | 12397.41 | 7826.01 |
| Aggregate amount of unquoted investments | | | 271.64 | 243.55 |
| | | | <u>12669.05</u> | <u>8069.56</u> |
| Market value of quoted investments | | | 14580.43 | 9860.54 |

Rupees in lacs

| | | | As at 31.3.2012 | As at 31.3.2011 |
|---|--|--|--------------------|--------------------|
| 14. Deferred taxation | | | | |
| Deferred tax assets: | | | | |
| - Accrued expenses deductible on payment | | | 1938.14 | 2053.43 |
| - Foreign currency fluctuation relating to borrowings | | | 904.37 | - |
| - Others | | | 131.22 | 51.93 |
| | | | <u>2973.73</u> | <u>2105.36</u> |
| Deferred tax liabilities: | | | | |
| - Accelerated depreciation | | | 2356.13 | 1978.92 |
| - Capital gains | | | 19.21 | 28.26 |
| - Foreign currency fluctuation relating to borrowings | | | - | 123.11 |
| | | | <u>2375.34</u> | <u>2130.29</u> |
| Deferred tax assets/(liabilities)- net | | | 598.39 | <u>(24.93)</u> |
| 15. Long-term loans and advances | | | | |
| (Unsecured, considered good unless otherwise stated) | | | | |
| Capital advances | | | 1061.36 | 1034.56 |
| Security deposits | | | 995.14 | 784.42 |
| Other loans and advances | | | | |
| - Loans given | | | 2325.00 | 2325.00 |
| - Prepaid expenses | | | 25.16 | 29.46 |
| - Loans to employees | | | 473.21 | 435.51 |
| - Inter-corporate deposits | | | - | 100.00 |
| | | | <u>4879.87</u> | <u>4708.95</u> |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|--------------------|--------------------|
| 16. CURRENT INVESTMENTS | | |
| Current portion of long-term investments (at cost)* | | |
| Investments in Mutual Fund (Quoted) | | |
| ICICI Prudential Mutual Fund | | |
| Nil (Previous year 1,07,98,301) Units of ICICI Prudential FMP Series 53-1 Year Plan A Cumulative of Rs.10 each | - | 1079.83 |
| 1,00,00,000 (Previous year 2,12,39,014) Units of ICICI Prudential Interval Fund Annual Interval Plan-1 Institutional Cumulative of Rs.10 each (1,12,39,014 Units sold during the year) | 1000.70 | 2125.39 |
| Nil (Previous year 1,00,00,000) Units of ICICI Prudential FMP Series 53-1 Year Plan B Cumulative of Rs.10 each | - | 1000.00 |
| Nil (Previous year 1,00,00,000) Units of ICICI Prudential FMP Series 55-1 Year Plan B Cumulative of Rs.10 each | - | 1000.00 |
| 72,30,240 (Previous year Nil) Units of ICICI Prudential Interval Fund Annual Interval Plan-II-Growth of Rs.10 each | 1000.00 | - |
| 1,00,00,000 (Previous year Nil) Units of ICICI Prudential FMP Series 60-1 Year Plan F-Growth of Rs.10 each | 1000.00 | - |
| 1,00,00,000 (Previous year Nil) Units of ICICI Prudential FMP Series 62-1 Year Plan A-Growth of Rs.10 each | 1000.00 | - |
| Birla Mutual Fund | | |
| Nil (Previous year 1,20,97,777) Units of Birla Sun Life Fixed Term Plan Series CG-Growth of Rs.10 each | - | 1209.78 |
| 40,306 Units of Birla Sun Life Saving Fund- Retail - Growth of Rs.100 each | 79.00 | - |
| 39,818 Units of Birla Cash Plus Institutional Plan-Growth of Rs.10 each | - | 8.27 |
| Kotak Mahindra Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of Kotak FMP Series 34-Growth of Rs.10 each | - | 1000.00 |
| HDFC Mutual Fund | | |
| Nil (Previous year 27,117) Units of HDFC Cash Management Fund - Treasury Advantage Plan Retail-Growth of Rs. 10 each | - | 5.17 |
| Nil (Previous year 98,22,484) Units of HDFC 370 D July 2010 (1)-Growth-Series XV of Rs.10 each | - | 982.25 |
| Nil (Previous year 1,00,00,000) Units of HDFC FMP 370 D September 2010 (2)-Growth-Series XV of Rs.10 each | - | 1000.00 |
| Nil (Previous year 1,23,70,391) Units of HDFC FMP 370 D February 2011 (1)-Growth-Series XVI of Rs.10 each | - | 1237.04 |
| 1,00,00,000 (Previous year Nil) Units of HDFC FMP 13M September 2011(1)-Growth-Series XVIII of Rs.10 each | 1000.00 | - |
| 1,00,00,000 (Previous year Nil) Units of HDFC FMP 370D October 2011 (1) - Growth-Series XIX of Rs.10 each | 1000.00 | - |
| 1,00,00,000 (Previous year Nil) Units of HDFC FMP 370D November 2011 (2) - Growth-Series XIX of Rs.10 each | 1000.00 | - |
| HSBC Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of HSBC Fixed Series 79-Growth of Rs.10 each | - | 1000.00 |
| 1,00,00,000 (Previous year Nil) Units of HSBC Fixed Term Series 82-Growth of Rs.10 each | 1000.00 | - |
| Principal Mutual Fund | | |
| Nil (Previous year 51,96,944) Units of Principal PNB Fixed Maturity Plan (FMP 62) 367 Days Series 1-Sep 10-Regular Growth Plan of Rs.10 each | - | 519.69 |
| Reliance Mutual Fund | | |
| Nil (Previous year 2,06,32,507) Units of Reliance Fixed Horizon Fund -XV-Series 5-Growth Plan of Rs.10 each | - | 2063.25 |
| Nil (Previous year 1,63,40,035) Units of Reliance Fixed Horizon Fund -XVI Series 3-Growth Plan of Rs.10 each | - | 1634.00 |
| Nil (Previous year 1,00,00,000) Units of Reliance Fixed Horizon Fund -XVI Series 2-Growth Plan of Rs.10 each | - | 1000.00 |
| 1,00,00,000 Units of Reliance Fixed Horizon Fund -XIX-Series 10-Growth Plan of Rs.10 each | 1000.00 | 1000.00 |
| 1,50,00,000 (Previous year Nil) Units of Reliance Fixed Horizon Fund -XIX-Series 4 -Growth Plan of Rs.10 each | 1500.00 | - |
| 1,00,00,000 (Previous year Nil) Units of Reliance Fixed Horizon Fund -XX-Series 22 -Growth Plan of Rs.10 each | 1000.00 | - |
| 1,00,00,000 (Previous year Nil) Units of Reliance Fixed Horizon Fund -XXI-Series 14 -Growth Plan of Rs.10 each | 1000.00 | - |
| TATA Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan Series 31 Scheme B-Growth of Rs.10 each | - | 1000.00 |
| 1,50,00,000 (Previous year Nil) Units of TATA Fixed Maturity Plan Series 37 Scheme C-Growth of Rs.10 each | 1500.00 | - |
| 1,00,00,000 (Previous year Nil) Units of TATA Fixed Maturity Plan Series 34 Scheme B-Growth of Rs.10 each | 1000.00 | - |
| BNP Paribas Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of BNP Paribas Fixed Term Fund Series 17C Growth of Rs.10 each | - | 1000.00 |
| Sundaram Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of Sundaram Fixed Term Plan AQ 367 Days Growth of Rs.10 each | - | 1000.00 |
| Nil (Previous year 1,20,00,000) Units of Sundaram Fixed Term Plan AW 366 Days Growth of Rs.10 each | - | 1200.00 |
| 60,00,000 (Previous year Nil) Units of Sundaram Fixed Term Plan BK 366 Days-Growth of Rs.10 each | 600.00 | - |
| 1,00,00,000 (Previous year Nil) Units of Sundaram Fixed Term Plan CA 366 Days-Growth of Rs.10 each | 1000.00 | - |
| 1,00,00,000 (Previous year Nil) Units of Sundaram Fixed Term Plan CL 366 Days-Growth of Rs.10 each | 1000.00 | - |
| SBI Mutual Fund | | |
| Nil (Previous year 1,00,00,000) Units of SBI Debt Fund Series-370 Days -10-Growth of Rs.10 each | - | 1000.00 |
| JPMorgan Mutual Fund | | |
| Nil (Previous year 80,00,000) Units of JPMorgan India Fixed Maturity Plan 400D Series1-Growth Plan of Rs.10 each | - | 800.00 |
| Deutsche Mutual Fund | | |
| Nil (Previous year 26,59,642) Units of DWS Insta Cash Plus Fund - Regular Plan Bonus Option-Bonus of Rs.10 each | - | 261.35 |
| 18,15,538 Units of DWS Ultra Short Term Fund - Regular Plan Bonus of Rs.10 each | 177.63 | - |
| DSP BlackRock Mutual Fund | | |
| 1,00,00,000 (Previous year Nil) Units of DSP BlackRock FMP Series 16-12 M-Growth of Rs. 10 each | 1000.00 | - |
| UTI Mutual Fund | | |
| 1,00,00,000 (Previous year Nil) Units of UTI Fixed Term Income Fund-Series X-VII (368 Days)-Growth Plan of Rs.10 each | 1000.00 | - |
| Total | 19857.33 | 24126.02 |
| Aggregate value of quoted investments | 19857.33 | 24126.02 |
| Net asset value of quoted investments | 20758.48 | 24732.08 |
| * Long term investments having a maturity of less than 12 months from the balance sheet date. | | |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 17. Inventories | | |
| At lower of cost and net realisable value: | | |
| Raw and packing materials* | 26624.92 | 22529.28 |
| Work-in-process | 311.16 | 354.47 |
| Finished goods- Cigarettes | 7066.51 | 8819.58 |
| - Chewing products | 251.00 | - |
| Real estate# | - | 405.69 |
| Traded goods** | 2555.75 | 1949.84 |
| At cost or under: | | |
| Stores and spare parts*** | 1358.28 | 1337.25 |
| | <u>38167.62</u> | <u>35396.11</u> |

Includes land at revalued cost.

* Includes goods in transit Rs. 561.69 lacs (Previous year Rs.247.24 lacs).

** Includes goods in transit Rs. 176.51 lacs (Previous year Rs.899.38 lacs).

*** Includes goods in transit Rs. 16.26 lacs (Previous year Rs.19.98 lacs).

| | | |
|---|----------------|---------|
| 18. Trade Receivables | | |
| Outstanding for a period exceeding 6 months from the date they are due for payment | | |
| Unsecured - considered good | 27.42 | 10.04 |
| - considered doubtful | 53.89 | 53.89 |
| | 81.31 | 63.93 |
| Less: Allowances for doubtful receivables | 53.89 | 53.89 |
| | 27.42 | 10.04 |
| Others | | |
| Unsecured - considered good | 7467.53 | 4528.56 |
| | 7467.53 | 4528.56 |
| | 7494.95 | 4538.60 |

| | | |
|---|----------------|---------|
| 19. Cash and cash equivalents | | |
| Cash on hand | 32.19 | 38.05 |
| Cheques, drafts on hand | 42.91 | 10.32 |
| Balances with Banks: | | |
| -In current accounts | 1241.79 | 1127.39 |
| -In term deposit accounts | 50.40 | 1750.11 |
| -In earmarked accounts for: | | |
| -Margin money | 844.97 | 2272.29 |
| -Unpaid dividend, fixed deposits interest and preference shares/debentures redemption | 166.31 | 166.42 |
| -Fixed deposit receipts lodged with government authorities | 36.25 | 34.13 |
| | 2414.82 | 5398.71 |



Rupees in lacs

| | As at 31.3.2012 | As at 31.3.2011 |
|--|----------------------------|--------------------|
| 20. Short Term Loans and advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Loans and advances to related parties | | |
| - Dues from officers/directors of the Company | 6.11 | 9.10 |
| - Dues from associate companies | 271.67 | 60.78 |
| - Dues from other related parties | 10.56 | 8.19 |
| Others | | |
| - Inter-corporate deposits | 200.00 | - |
| - With excise and customs on current/cenvat accounts | 4490.11 | 960.41 |
| - Income-tax recoverable | 1095.60 | 570.45 |
| - MAT credit entitlement | 12.07 | - |
| - Security deposits | 134.38 | 146.27 |
| - Prepaid expenses | 175.85 | 185.36 |
| - Loans to employees | 125.95 | 145.65 |
| - Others | 1694.49 | 1821.49 |
| | <u>8216.79</u> | <u>3907.70</u> |
| 21. Other Current Assets | | |
| Interest accrued on bank deposits | 24.10 | 32.19 |
| Export incentives accrued/available | 1318.03 | 1726.76 |
| Unbilled revenue and others | 4.43 | 6.41 |
| | <u>1346.56</u> | <u>1765.36</u> |



Rupees in lacs

| | Year ended 31.3.2012 | Year ended 31.3.2011 |
|---|---------------------------------|-------------------------|
| 22. Revenue from operations | | |
| Sale of products | | |
| - Cigarettes | 288353.58 | 274789.41 |
| - Unmanufactured tobacco | 13136.50 | 10455.30 |
| - Chewing products | 12129.30 | 2435.51 |
| - Traded goods | 21307.01 | 18052.20 |
| | <u>334926.39</u> | <u>305732.42</u> |
| Other operating revenues | | |
| Export incentives | 1186.56 | 1205.57 |
| Rent and hire charges (gross) from: | | |
| - Others | 130.28 | 56.82 |
| Interest income (gross) from: | | |
| - Debts, deposits, loans and advances, etc. | 199.33 | 148.80 |
| Dividend income from long-term investments | 15.78 | 12.54 |
| Net gain on sale of long-term investments | 3.87 | 30.89 |
| Liabilities no longer required, written back | - | 209.82 |
| Receipts from secondment of services | 1171.28 | - |
| Scrap sales | 283.80 | 305.24 |
| Sundries | 776.85 | 621.76 |
| | <u>3767.75</u> | <u>2591.44</u> |
| Total revenue from operations | 338694.14 | 308323.86 |
| Less: Excise duty | 147644.38 | 145487.54 |
| | <u>191049.76</u> | <u>162836.32</u> |
| 23. Other income | | |
| Interest income (gross) from: | | |
| - Debts, deposits, loans and advances, etc. | 164.03 | 176.88 |
| - Long-term investments | 3.62 | - |
| Net gain on sale/redemption of: | | |
| - Long-term investments | 2166.04 | 807.50 |
| - Current investments | 499.88 | 347.11 |
| Dividend income from current and long-term investments | 97.72 | 355.53 |
| Provision made for decline in the value of long-term investments written back | 35.64 | 146.00 |
| Foreign currency fluctuation | - | 484.22 |
| | <u>2966.93</u> | <u>2317.24</u> |



Rupees in lacs

| | Year ended 31.3.2012 | | Year ended 31.3.2011 | |
|--|-------------------------|----------------|-------------------------|-----------------|
| 24. Cost of materials consumed | | | | |
| (Raw and packing materials) | | | | |
| Unmanufactured and blended tobacco | 21070.18 | | 22338.71 | |
| Cigarette paper | 752.17 | | 797.58 | |
| Cardboard (shells, slides and others) | 7965.91 | | 8165.52 | |
| Filter rods | 4522.53 | | 4486.89 | |
| Aluminium foil/Metallised paper | 1389.34 | | 1377.68 | |
| Cellulose paper | 825.07 | | 871.64 | |
| Flavours for chewing products | 2703.10 | | 611.04 | |
| Betel nut | 2096.47 | | 486.14 | |
| Katha, lime and bulking agent | 930.63 | | 215.41 | |
| Paper/Laminate pouches for chewing products | 1851.60 | | 292.60 | |
| Miscellaneous | 5498.29 | | 4335.83 | |
| | 49605.29 | | 43979.04 | |
| 25. Purchases of traded goods | | | | |
| Unmanufactured tobacco (including transferred from raw and packing materials) | 11075.16 | | 9155.62 | |
| Cigarettes | 3667.06 | | 867.60 | |
| Other goods - Tea, etc. (including packing materials and processing charges) | 11384.37 | | 8553.17 | |
| | 26126.59 | | 18576.39 | |
| 26. Changes in Inventories of Finished goods, Work-in-process and Traded goods | | | | |
| Opening stock: | | | | |
| - Work-in-process | 354.47 | | 319.37 | |
| - Finished goods - Cigarettes | 8819.58 | | 7273.22 | |
| - Chewing products | - | | 24.26 | |
| - Traded goods | 1949.84 | | 3022.84 | |
| - Real estate | 405.69 | | 405.69 | |
| | 11529.58 | | 11045.38 | |
| Closing stock: | | | | |
| - Work-in-process | 311.16 | | 354.47 | |
| - Finished goods - Cigarettes | 7066.51 | | 8819.58 | |
| - Chewing products | 251.00 | | - | |
| - Traded goods | 2555.75 | | 1949.84 | |
| - Real estate | - | | 405.69 | |
| | 10184.42 | | 11529.58 | |
| (Increase)/decrease | | 1345.16 | | (484.20) |
| Less: | | | | |
| - Real estate stock converted to fixed assets | 169.53 | | - | |
| - Transfer from revaluation reserve on conversion of real estate stock to fixed assets | 236.16 | 405.69 | - | - |
| | 939.47 | | | (484.20) |



Rupees in lacs

| | Year ended 31.3.2012 | Year ended 31.3.2011 |
|---|-------------------------|-------------------------|
| 27. Employee Benefits Expenses | | |
| Salaries, wages, bonus, etc. | 14993.09 | 12814.09 |
| Contribution to provident and other funds | 1038.09 | 850.75 |
| Workmen and staff welfare expenses | 1203.06 | 1025.87 |
| Contribution to gratuity and superannuation fund | 806.80 | 1091.79 |
| | 18041.04 | 15782.50 |
| 28. Finance Costs | | |
| Interest expenses on: | | |
| - Borrowings | 1452.09 | 965.92 |
| - Others | 144.53 | 23.61 |
| Other borrowing costs | 173.59 | 248.03 |
| Foreign currency fluctuations (considered as finance cost) | 1395.28 | 124.17 |
| | 3165.49 | 1361.73 |
| 29. Other Expenses | | |
| Increase/(decrease) in excise duty on finished goods | (1586.82) | 1280.38 |
| Consumption of stores and spare parts* | 139.70 | 70.19 |
| Power and fuel | 1889.97 | 1592.86 |
| Rent | 1604.18 | 1609.58 |
| Repairs and maintenance | - | |
| - Buildings | 378.27 | 453.10 |
| - Machinery | 1377.01 | 1224.76 |
| - Others | 450.89 | 419.76 |
| Insurance | 412.20 | 357.60 |
| Rates and taxes | 4152.50 | 4183.19 |
| Freight and cartage | 2966.33 | 2269.55 |
| Legal and professional expenses | 5184.73 | 4747.01 |
| Auditors' Remuneration (net of service tax) | - | |
| - Audit fees | 52.36 | 52.58 |
| - For tax audit | 14.50 | 12.73 |
| - For limited review of unaudited financial statements | 34.50 | 30.00 |
| - For corporate governance, consolidated financial statements and other certificates | 5.00 | 4.50 |
| - For other services | - | 10.00 |
| - Reimbursement of expenses | 6.19 | 3.70 |
| | 112.55 | 113.51 |



Rupees in lacs

| | Year ended 31.3.2012 | Year ended 31.3.2011 |
|---|---------------------------------|-------------------------|
| Cash discount | 136.50 | 138.91 |
| Commission paid to other than sole selling agents | 194.20 | 143.53 |
| Advertising and sales promotion | 27409.76 | 24194.13 |
| Selling and distribution expenses | 4397.46 | 3846.81 |
| Travelling and conveyance | 2908.41 | 2409.46 |
| Donations | 513.72 | 212.58 |
| Bad debts and advances written off | 35.78 | 2.77 |
| Fixed assets written off | 47.57 | 77.73 |
| Loss on sale of fixed assets | 146.87 | 104.31 |
| Technical services fee and royalty | 1193.02 | 1094.98 |
| Foreign Currency fluctuation | 2339.90 | - |
| Consumer research activity | 1475.53 | 1421.40 |
| Machine and material handling expenses | 448.58 | 434.97 |
| Miscellaneous expenses | 5392.82 | 5008.14 |
| | <u>63721.63</u> | <u>57411.21</u> |
| *Excludes consumption of stores and spares parts changed to repairs and maintenance-machinery | 994.91 | 811.65 |

30. Amounts in Notes 27 and 29 are net of pre-operative expenses charged to capital accounts as per details below:

| | | |
|--|---------------|--------|
| (i) Salaries, wages, bonus, etc. | 216.14 | 129.61 |
| (ii) Contribution to provident and other funds | 13.67 | 8.87 |
| (iii) Workmen and staff welfare expenses | 23.11 | 12.88 |
| (iv) Consumption of stores and spare parts | 156.42 | 28.35 |
| (v) Power and fuel | 97.40 | 31.99 |
| (vi) Rates and taxes | 31.10 | 25.82 |
| (vii) Legal and professional expenses | 3.88 | 6.63 |
| (viii) Travelling and conveyance | 5.91 | 62.79 |
| (ix) Miscellaneous expenses | 189.13 | 123.17 |

31. Earnings per share has been computed as under:

| | | |
|--|--------------------|-------------|
| a) Net profit as per consolidated statement of profit and loss (Rs. lacs) | 18149.86 | 16613.24 |
| b) Weighted average number of equity shares outstanding | 1,03,98,784 | 1,03,98,784 |
| c) Basic and diluted earnings per share (Rupees) (face value of share-Rs.10 each) | 174.54 | 159.76 |



Rupees in lacs

| | For the year ended 31.3.2012 | For the year ended 31.3.2011 |
|--------------------------------------|---|------------------------------------|
| 32. REMUNERATION OF DIRECTORS | | |
| Included in Expenses are: | | |
| Salaries* | 228.00 | 224.25 |
| Monetary value of benefits | 38.10 | 111.51 |
| Commission** | 246.00 | 205.58 |
| Sitting fees | 8.06 | 9.26 |
| Total | 520.16 | 550.60 |

* excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.

** including Rs.110.00 lacs (previous year Rs.73.33 lacs) payable to a non-working director.

| | | |
|---|---------------|--------|
| 33. EXPENDITURE ON SCIENTIFIC RESEARCH AND DEVELOPMENT | | |
| Revenue expenditure | 973.75 | 855.90 |
| Capital expenditure | 125.41 | 148.67 |

| | | |
|--|----------------|---------|
| 34. CONTINGENT LIABILITIES NOT PROVIDED FOR | | |
| a) Demands from excise, sales tax, income tax and other authorities disputed by the Group@ | 2482.20 | 2549.42 |
| b) Claims against the Group not acknowledged as debts | 1.37 | 1.37 |

@all these matters are subject to legal proceedings in the ordinary course of business and in the opinion of the Group, these are not expected to have material effect on the financial results of the Group when ultimately concluded.

35. The Group has received various show cause notices from Excise Authorities asking it to explain why certain amounts mentioned in these notices should not be paid. As these notices are in the nature of explanations required, the Group does not consider these to constitute a liability of any kind.

36. The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.5999.25 lacs (previous year Rs.19396.46 lacs).

The Group has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits including union agreements, in normal course of business. The Group does not have any other long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

37. The Group has entered into various operating lease agreements for premises (residential, offices, godowns, etc.). These lease arrangements are mostly cancellable in nature and range between two to three years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate rentals paid under such agreements have been charged as rent in Note 29.

The future minimum lease payments in respect of non-cancellable periods of certain operating leases are as under:



- (i) for periods not later than one year – Rs.207.85 lacs (previous year – Rs.118.22 lacs).
- (ii) for periods between later than one year and less than five years – Rs. 406.52 lacs (previous year – Rs.216.65 lacs).
- (iii) for period later than five years Rs. 80.73 lacs (previous year Rs. Nil).

The Group has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges in respect thereof have been accrued as income in Note 22.

38. Related party disclosures under Accounting Standard 18

(A) Names of related parties and nature of related party relationships:

(a) Associates:

Philip Morris Global Brands Inc. (Formerly Philip Morris International Finance Corporation), which the Company is an associate.

Success Principles India Limited, an associate of the Company.

IPM India Wholesale Trading Private Limited, an associate of the Company.

KKM Management Centre Private Limited, an associate of the Company.

(b) Key management personnel and their relatives:

| | |
|----------------------|---|
| Mr. K.K.Modi | President and Managing Director |
| Mr. Samir Kumar Modi | Executive Director |
| Mr. Lalit Kumar Modi | Executive Director (upto July 31, 2010) and Ordinary Director thereafter and a relative of Mr. K.K. Modi and Mr. Samir Kumar Modi |
| Mr. R.Ramamurthy | Whole-time Director |

(c) Enterprises over which key management personnel and their relatives are able to exercise significant influence:

Modicare Limited
Modern Homecare Products Limited
Beacon Travels Private Limited
Indofil Industries Limited
Assam Cigarette Company Private Limited
R C Tobacco Private Limited
HMA Udyog Private Limited
Bina Fashion N Food Private Limited
Modicare Foundation
Priyal Hitay Nidhi
Colorbar Cosmetics Private Limited
Gujarmal Modi Science Foundation
Modi Healthcare Placement India Private Limited
Modi Innovative Education Society



(B) Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end:

| Nature of transactions | Rupees in lacs | | | | | |
|---|------------------|----------|--|--------|---|---------|
| | Associates | | Key management personnel and their relatives | | Enterprises over which significant influence exists | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Sale of goods, spare parts, etc. | 9899.73@ | 6872.00@ | - | - | 104.39 | 103.69 |
| Purchase of goods/services | 3667.07@ | 867.60@ | - | - | 1766.61# | 996.34# |
| Sale of assets | - | - | - | - | - | 0.20 |
| Receipts from secondment of services | 1171.28@@ | - | - | - | - | - |
| Interest income | 19.30@ | 15.58@ | - | - | - | 8.03 |
| Miscellaneous Income | 67.28@ | 62.48@ | - | - | - | - |
| Rent and hire charges received | 70.20@@ | - | - | - | 60.07 | 56.82 |
| Rent paid | - | - | - | - | 12.71 | 16.16 |
| Payments for professional services availed | 1310.80@@ | - | - | - | - | - |
| Payments for employees on deputation | - | - | - | - | - | 79.20 |
| Donation given | - | - | - | - | 423.85 | 122.70 |
| Expenses recovered | 3016.70@ | 2282.53@ | - | 0.30 | 1.06 | 21.36 |
| Expenses reimbursed | 16.15@@ | - | - | - | 1.53 | 3.88 |
| Balance written off | - | 0.43@ | - | - | - | - |
| Dividend payment (gross): | | | | | | |
| - Philip Morris Global Brands Inc. (Formerly Philip Morris International Finance Corporation) | 913.53 | 652.52 | - | - | - | - |
| Subscription to equity shares of: | | | | | | |
| - KKM Management Centre Private Limited | - | 110.25 | - | - | - | - |
| Managerial remuneration ## | | | | | | |
| - K.K.Modi | - | - | 220.39 | 220.39 | - | - |
| - Lalit Kumar Modi | - | - | 110.00 | 166.77 | - | - |
| - Samir Kumar Modi | - | - | 109.31 | 81.78 | - | - |
| - R.Ramamurthy | - | - | 72.40 | 72.40 | - | - |
| Balance outstanding as at the year end: | | | | | | |
| - Trade receivables | 0.01 | 5.29 | - | - | - | - |
| - Loans and advances | 271.67 | 60.78 | 0.03 | 2.02 | 10.56 | 8.19 |
| - Trade payables | 29.03 | - | - | - | 650.48 | 647.44 |

@relates to IPM India Wholesale Trading Private Limited

@@relates to KKM Management Centre Private Limited

includes Rs.1476.65 lacs (previous year Rs. 841.73 lacs) from Beacon Travels Private Limited

excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.

39. Segment reporting disclosures under Accounting Standard 17

(A) Business segments:

Based on the guiding principles given in Accounting Standard-17 "Segment Reporting", the Group's primary business segments are (a) Cigarette and tobacco products; (b) Tea and other retail products and (c) Others (investment and real estate business activities of the subsidiaries).

(B) Geographical segments:

Since the Group's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.



Financial information about the primary business segments is presented in the table below:

Rupees in lacs

| | Cigarette and tobacco products | Tea and other retail products | Others | Total | Cigarette and tobacco products | Tea and other retail products | Others | Total |
|---|--|--------------------------------------|----------------|------------------|--|-------------------------------|---------|-----------|
| | For the year ended March 31, 2012 | | | | For the year ended March 31, 2011 | | | |
| 1. Segment revenue - External sales (gross) | 320127.81 | 14798.58 | - | 334926.39 | 292020.58 | 13711.84 | - | 305732.42 |
| - Less: Excise duty | 147644.38 | - | - | 147644.38 | 145487.54 | - | - | 145487.54 |
| - Net sales | 172483.43 | 14798.58 | - | 187282.01 | 146533.04 | 13711.84 | - | 160244.88 |
| - Other income | 3568.83 | 174.77 | 24.15 | 3767.75 | 2374.93 | 171.17 | 45.34 | 2591.44 |
| - Total | 176052.26 | 14973.35 | 24.15 | 191049.76 | 148907.97 | 13883.01 | 45.34 | 162836.32 |
| - Unallocable income | | | | 2966.93 | | | | 2317.24 |
| Total revenue | | | | 194016.69 | | | | 165153.56 |
| 2. Segment result | 29323.52 | (532.08) | 7.89 | 28799.33 | 23548.22 | (176.97) | (54.53) | 23316.72 |
| - Unallocable income net of unallocable expenses | | | | 96.00 | | | | 2179.83 |
| Profit before finance costs and tax | | | | 28895.33 | | | | 25496.55 |
| - Finance costs | | | | (3165.49) | | | | (1361.73) |
| - Tax expense | | | | (7624.71) | | | | (7547.99) |
| Profit after tax before share of results of associates and minority interests | | | | 18105.13 | | | | 16586.83 |
| Share of net profit/(loss) of associates | | | | 16.63 | | | | 1.03 |
| Profit after tax before minority interests | | | | 18121.76 | | | | 16587.86 |
| 3. Other information | As at March 31, 2012 | | | | As at March 31, 2011 | | | |
| a) Segment assets | 123582.98 | 4850.85 | 3379.97 | 131813.80 | 96576.89 | 3591.50 | 3245.83 | 103414.22 |
| - Unallocable assets/investments | | | | 34390.89 | | | | 35066.17 |
| Total assets | | | | 166204.69 | | | | 138480.39 |
| b) Segment liabilities | 32026.88 | 1410.33 | 10.87 | 33448.08 | 28267.01 | 1437.68 | 10.51 | 29715.20 |
| - Share capital, reserves and minority interests | | | | 93809.57 | | | | 80758.27 |
| - Unallocable liabilities | | | | 38947.04 | | | | 28006.92 |
| Total liabilities | | | | 166204.69 | | | | 138480.39 |
| | For the year ended March 31, 2012 | | | | For the year ended March 31, 2011 | | | |
| c) Capital expenditure including capital work in progress | 26769.91 | 295.20 | - | 27065.11 | 20263.81 | 42.74 | - | 20306.55 |
| d) Depreciation and amortization | 6577.91 | 109.43 | - | 6687.34 | 4340.85 | 51.22 | - | 4392.07 |
| e) Non cash expenditure other than depreciation | 492.16 | 40.90 | - | 533.06 | 466.86 | 35.96 | - | 502.82 |

Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in Note 2, the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Segment revenue and expense only include items directly attributable to the segment. They do not include income from or loss on investments (other than relating to the business activity of the investment subsidiaries), interest income from inter-corporate deposits and loans given, finance cost, donations and provision for taxation (current and deferred tax). Since the corporate office of the Parent Company primarily caters to the cigarette and tobacco products segment, its expenses have been considered to be attributable to the same.

b) Segment assets and liabilities:

All segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consist principally of net fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments (other than those held by the investment subsidiaries), inter-corporate deposits and loans given, bank balances for unclaimed dividend and fixed deposits' unclaimed interest, real estate stock, share capital, reserves and surplus, loan funds, dividends payable and income-tax (current and deferred tax).



40. Employee Benefits

The Company has classified the various benefits provided to employees as under:

I. Defined contribution plans and amounts recognized in the Statement of profit and loss

| | For the year ended 31.03.2012 | Rupees in lacs For the year ended 31.03.2011 |
|---|-------------------------------------|---|
| Employers' contribution to provident fund and employee's pension scheme | 1038.09 | 850.75 |
| Employers' contribution to superannuation fund | 205.90 | 196.27 |
| Employers' contribution to employee's state insurance | 10.07 | 7.61 |

II. Other long term employee benefits (based on actuarial valuation)

- Compensated absences – amount recognized in the statement of profit and loss – Rs.902.99 lacs; previous year Rs.855.24 lacs.

III. Defined benefit plans (based on actuarial valuation)

- Gratuity

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan and details of the same are given below:

| | Gratuity (Funded) | |
|---|--|---|
| | For the year ended 31.03.2012 | For the year ended 31.03.2011 |
| A) Principal Assumptions | | |
| • Discount rate (per annum) | 8.30% | 8.10% |
| • Rate of increase in compensation levels | Management: 9% p.a. for first 2 years & 7% p.a. thereafter Non Management: 7% | Management: 9% p.a. for first 3 years & 7% p.a. thereafter Non Management: 7% |
| • Expected rate of return on plan assets | 7.50% | 7.50% |
| • Expected average remaining working lives of employees | 11.06 / 10.11 years | 11.41/9.43 years |
| • Retirement age | 58 years | 58 years |



Rupees in lacs

| | For the year ended 31.03.2012 | For the year ended 31.03.2011 |
|--|--|-------------------------------------|
| B) Changes in the present value of obligation | | |
| ● Present value of obligation as at the beginning of the year | 5066.53 | 4226.99 |
| ● Interest cost | 391.24 | 321.68 |
| ● Current service cost | 301.52 | 221.60 |
| ● Past service cost | - | 73.42 |
| ● Benefits paid | (437.32) | (412.56) |
| ● Actuarial (gain)/loss on obligations | 384.69 | 635.40 |
| ● Present value of obligation as at the end of the year | 5706.66 | 5066.53 |
| C) Change in the fair value of plan assets | | |
| ● Fair value of plan assets as at the beginning of the year | 4204.58 | 3937.27 |
| ● Expected return on plan assets | 279.84 | 271.27 |
| ● Actuarial gain/(loss) on plan assets | 167.08 | 56.33 |
| ● Contributions received | 918.87 | 352.27 |
| ● Benefits paid | (437.32) | (412.56) |
| ● Fair value of plan assets as at the end of the year | 5133.05 | 4204.58 |
| D) Shortfall/(excess) of fair value over book value of plan assets | (35.06) | (5.43) |
| E) Excess of book value of plan assets over present value of obligation | - | - |
| F) Net liability recognized in the balance sheet (B-C+D+E) | 538.55 | 856.52 |
| G) Constitution of plan assets | | |
| ● Government Securities | 1234.93 | 1253.22 |
| ● Public Sector Bonds | 1824.68 | 1786.29 |
| ● Special Deposit Schemes | - | 18.97 |
| ● Insurer Managed Funds | 2052.39 | 1080.14 |
| ● Others | 21.05 | 65.96 |
| ● Total | 5133.05 | 4204.58 |
| H) Expenses recognized in the profit and loss account | | |
| ● Current service cost | 301.52 | 221.60 |
| ● Interest cost | 391.24 | 321.68 |
| ● Expected return on plan assets | (279.84) | (271.27) |
| ● Net actuarial (gain)/loss | 217.61 | 579.07 |
| ● Past service cost | - | 73.42 |
| ● (Shortfall)/excess of fair value over book value of plan assets - incremental | (29.63) | (28.12) |
| ● Excess of book value of plan assets over present value of obligation-incremental/(decremental) | - | (0.86) |
| ● Total | 600.90 | 895.52 |



I) Experience Adjustments

| Particulars | 31-Mar-08 | 31-Mar-09 | 31-Mar-10 | 31-Mar-11 | 31-Mar-12 |
|---|-----------|-----------|-----------|-----------|------------------|
| Defined benefit obligation | 3171.82 | 3827.40 | 4226.99 | 5066.53 | 5706.66 |
| Plan assets | 2537.68 | 3200.57 | 3937.27 | 4204.58 | 5133.05 |
| Surplus/(Deficit) | (634.14) | (626.83) | (289.72) | (861.95) | (573.61) |
| Experience adjustment on plan liabilities | 312.68 | 316.68 | 498.60 | 605.28 | 476.80 |
| Experience adjustment on plan assets | (21.94) | 117.88 | 66.45 | 56.33 | 167.08 |

- 41.** (a) Foreign currency exposures that are not hedged by derivative instruments or otherwise are as follows:

| Particulars | As at March 31,2012 | | As at March 31,2011 | |
|------------------------------------|---|---|---|---|
| | Amount in foreign Currency (lacs) | Amount in Rs. lacs | Amount in foreign Currency (lacs) | Amount in Rs. lacs |
| Loan funds | 580.46 USD | 29911.76 | 444.62 USD | 20083.46 |
| Sundry debtors | 27.61 USD 0.01 EURO 6.29 GBP | 1400.10 0.62 507.98 | 80.89 USD 0.02 EURO 4.36 GBP | 3580.19 1.24 307.77 |
| Current liabilities and provisions | 41.37 USD 8.69 EURO 0.152 GBP 0.017 CHF 0.01 SGD | 2131.80 600.01 12.55 0.99 0.61 | 23.33 USD 5.12 EURO 0.62 GBP 0.11 CHF - | 1053.82 327.09 44.95 5.26 - |

- (b) Derivative instrument outstanding as at year end:

Currency option and interest rate swap to hedge exposure in foreign currency loan and interest thereon

51573 JPY 29515.93 42926 JPY 20083.46



42. The details of subsidiary companies as at March, 31 2012, considered in the preparation of Consolidated Financial Statements are as under:

Rupees in lacs

| Particulars | International Tobacco Company Limited | Chase Investments Limited | Kashyap Metal and Allied Industries Limited | Unique Space Developers Limited | Gopal Krishna Infrastructure & Real Estate Limited | Rajputana Infrastructure Corporate Limited |
|--|---------------------------------------|---------------------------|---|---------------------------------|--|--|
| Share Capital | 300.00 | 280.45 | 7.70 | 81.96 | 5.00 | 5.00 |
| Reserves | 4,117.41 | 586.61 | 592.97 | (6.77) | (2.40) | 3.16 |
| Other Liabilities | 1,027.28 | 0.39 | 1,951.62 | 0.06 | 0.07 | 2,320.08 |
| Total Liabilities | 5,444.69 | 867.45 | 2,552.29 | 75.25 | 2.67 | 2,328.24 |
| Total Assets | 5,444.69 | 867.45 | 2,552.29 | 75.25 | 2.67 | 2,328.24 |
| Investments (other than in Subsidiaries) | - | 611.13 | 208.01 | - | - | - |
| Turnover/Total Income | 4,400.68 | 19.95 | 20.20 | 4.03 | 0.04 | 0.21 |
| Profit/(loss) before tax | 63.28 | 9.85 | (83.27) | 1.34 | (0.08) | 0.10 |
| Less: Provision for tax | 36.24 | 0.12 | - | 1.10 | - | 0.03 |
| Profit/(loss) after tax | 27.04 | 9.73 | (83.27) | 0.24 | (0.08) | 0.07 |
| Proposed Dividend | - | - | - | - | - | - |

43. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified, wherever considered necessary to conform to the current year's classification/disclosure.

For and on behalf of the Board of Directors

S. SERU
Chief Executive

SAMIR KUMAR MODI
Executive Director

R.A. SHAH
Chairman

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
Whole-time Director

K.K. MODI
President

Place : New Delhi
Date : May 29, 2012

SANJAY GUPTA
Company Secretary

C.M. MANIAR
LALIT BHASIN
O.P. VAISH

Directors

Godfrey Phillips India Limited

Head Office: Godfrey Phillips India Limited, 49, Community Centre, Friends Colony, New Delhi- 110025
Tel: +91 11 -2683 2155, 2683 6468. Fax: +91 11-2684 0775, 2683 5803

Registered Office: Godfrey Phillips India Limited, Chakala, Andheri East, Mumbai- 400 099.
For more information, log on to www.godfreyphillips.com