

**ANNUAL REPORT
2016-17**



**GODFREY PHILLIPS
—INDIA LIMITED—**





GODFREY PHILLIPS
—INDIA LIMITED—



GODFREY PHILLIPS
—INDIA LIMITED—

STRIVING TO REACH HIGHER

Constantly striving.

Striving to be more efficient, accountable and transparent.

The business environment continues to be challenging and constantly evolving, but we strive to keep our pace, strengthen our business and improve our quality of growth.

We strive to remain committed to being good and a responsible corporate citizen. This commitment is fundamental to the way we operate. To the way we engage with our customers, employees, shareholders, associates and community, and the way we respond to their expectations. We strive to create greater value for our stakeholders.

Striving to reach higher and excel in everything we do is at the core of who we are in Godfrey Phillips India.

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GODFREY PHILLIPS
—INDIA LIMITED—

Corporate Information

Board of Directors

Mr. R. A. Shah - Chairman

(DIN 00009851)

Mr. K. K. Modi - President & Managing Director

(DIN 00029407)

Mr. R. Ramamurthy - Whole-time Director

(DIN 00030463)

Mr. Samir Modi - Executive Director

(DIN 00029554)

Mrs. Bina Modi

(DIN 00048606)

Dr. Lalit Bhasin

(DIN 00001607)

Mr. Anup N. Kothari

(DIN 00294737)

Mr. Atul Kumar Gupta

(DIN 01734070)

Mr. Ruchir Kumar Modi

(DIN 07174133)

CHIEF FINANCIAL OFFICER

Mr. Sunil Agrawal

COMPANY SECRETARY

Mr. Sanjay Gupta

REGISTERED OFFICE

'Macropolo Building', Ground Floor,
Next to Kala Chowky Post Office, Dr. Babasaheb
Ambedkar Road, Lalbaug, Mumbai - 400 033

CORPORATE OFFICE

49, Community Centre, Friends Colony,
New Delhi — 110 025

OTHER OFFICES

Ahmedabad, Chandigarh, Ghaziabad,
Hyderabad, Kolkata, Mumbai, Navi Mumbai,
New Delhi, Singapore

LEAF DIVISION

Guntur (Andhra Pradesh)

STATUTORY AUDITORS

Deloitte Haskins & Sells, Chartered Accountants

INTERNAL AUDITORS

Lodha & Co., Chartered Accountants

REGISTRAR AND TRANSFER AGENT

Link Intime India Pvt. Ltd., C-101, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai - 400083

SOLICITORS

Crawford Bayley & Co.

BANKERS

• State Bank of India • Bank of Baroda • Bank of India
• Citibank N.A. • The Hongkong and Shanghai
Banking Corporation • Union Bank of India

CORPORATE IDENTITY NUMBER

LI6004MHI936PLC008587

www.godfreyphillips.com



R. A. Shah Chairman's Message

Dear Shareholder,

The global economy continued to be subdued in 2016. However, the recent data reveals that it is gaining momentum. The IMF estimated global economic growth at 3.1% in 2016 and forecasts a 3.5% growth in 2017. I see this as a step towards economic stabilization. The US saw an increase in consumer spending by 4.3% and its exports exceeded imports. Developing economies, particularly India with its strong growth, was a beacon of hope for global economy.

Concurrently, there are also headwinds in the global operating environment. Global investments slowed down, world trade growth was only 1.2% and we witnessed flagging productivity in 2016. Commodity prices were also largely stable, with marginal improvement in the second half of 2016. However, the financial markets reflected a broad uptrend in 2016 despite Brexit and US Fed rate hikes. These are challenges that your Company needs to address through product and process innovation leading to growth in new consumer markets.

The geo-political scenario is a concern; however there are emerging opportunities within that as well. Mass migrations in Europe are creating newer markets within existing markets. This is changing consumer preferences, such as increased demand for hookah and sheesha in Eastern Europe. Your Company's export portfolio is likely to benefit from similar trends. In addition, the stability of the Indian Rupee will add to the export revenue of your Company.

2016 was a year of cautious growth for your Company. The revenue base grew by over 3%. Our cigarette volumes stabilized after successive declines in past few years due to steep tax hikes. I am more optimistic about our domestic opportunities. India is expected to grow by 7.4% in 2017-18. Inflation in India is at a record low (June 2017: 1.5%), leading to a scenario of more disposable income with consumers. The implementation of the 7th Pay Commission and pension reforms from July 2017 will further add to the wallet power of consumers. An uptake in consumer demand is great news for your Company as well. Moreover, the various initiatives and reforms unleashed by the Modi Government have built an ideal platform to facilitate a quantum jump ahead. All these developments add to my optimism about the future growth of your Company.

The regulatory landscape for tobacco in India is gradually mirroring the global regulations. The gap between global and Indian regulations has further narrowed down with the implementation of 85% Graphic Health Warning (GHW). Your Company's readiness towards global regulations has improved. Despite the much debated subject of highly disproportionate taxation on cigarettes versus other forms of tobacco in India, we are all committed to respect the regulatory framework as a responsible corporate citizen.

I offer my heartfelt gratitude to all the shareholders and stakeholders for continuing to place their confidence in the Company.

With best wishes and warm regards,

R. A. Shah



K. K. Modi President's Message

Dear Shareholder,

I am glad to share that your Company has been successful in growing its gross revenues by over 3% to Rs. 4397 crores in 2016-17. This growth is backed by two growth drivers: stabilization of cigarette volumes that were declining for past few years and exponential growth in revenue of chewing products business.

While the graphic health warning and disruptions in supply chain due to demonetization impacted the business, as a responsible organization, we were at the forefront in implementing the mandatory and moving towards digital and cashless payments for bringing about much needed transparency. And in the light of this, I am delighted to announce that your Directors have yet again recommended a dividend of 400% for the year ended 31st March, 2017.

The stabilization in cigarette volumes was driven by the success of our products launched in new formats and flavours, and regaining lost volumes in some markets. The new launches included capsule filter based cigarettes in menthol flavours. In addition, we used technology and innovation in our go-to-market practices to drive momentum sales and distribution efforts.

Last year, I had mentioned that a significant part of our strategy is to de-risk the business from regulatory pressures faced by cigarettes. I am glad to inform that the chewing product business is coming out of the shadows as it recorded a 70%+ growth in its top-line in 2016-17. Your Company's chewing product business has a portfolio of highly successful and consistently award winning pan masala brands, including Pan Vilas in the premium and Raag in the mid-premium segments. Consumers identify our brands with having best product quality in the industry.

The operating environment in India is getting favourable towards legitimate business operations. I congratulate the Indian government for showing leadership and executing bold reforms such as demonetization and GST. Both these flagship reforms will help strengthen the economic pillars of the country. GST, in particular is a landmark reform that unifies India as one market. This is likely to improve the ease of doing business in India, apart from positively impacting the GDP. Your Company is expected to benefit as GST not only helps in streamlining operations across various markets but also brings about much needed uniformity in indirect taxation across the country. I hope GST will lend stability to tax rates as well.

We have carefully drafted a growth path for your Company to increase shareholder value. This growth path is based on our current strengths and potential opportunities in the next 3-4 years. We will focus on the core brands and core segments of our businesses, minimize or eliminate spends on non-core business segments and continue to drive innovation and cost efficiency. This, I believe, will see us ride the wave of success.

We also understand that regulatory pressures will grow consistently in the next few years. Reports from Tobacco Institute of India, FICCI and Euromonitor continue to suggest that illicit cigarettes are on a growth trajectory. Almost 1 in 5 cigarettes sold in Indian markets are illicit and are causing huge revenue loss to the national exchequer and the Industry. However, we are happy to note that the government is taking cognizance of this growing concern and ensuring stricter surveillance and penalties against illegal operators. As a responsible corporate we continue to support all government initiatives to curb this menace of illicit trade.

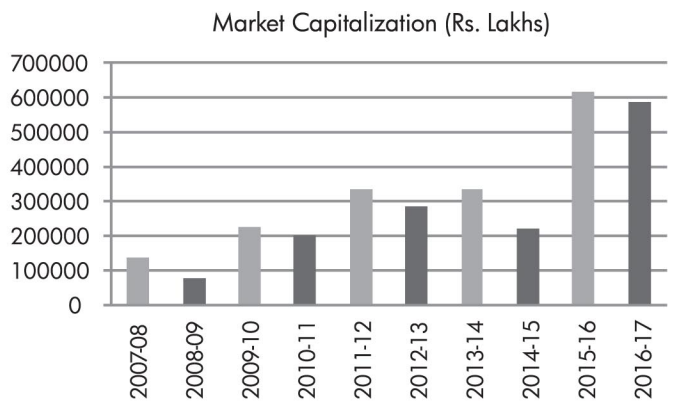
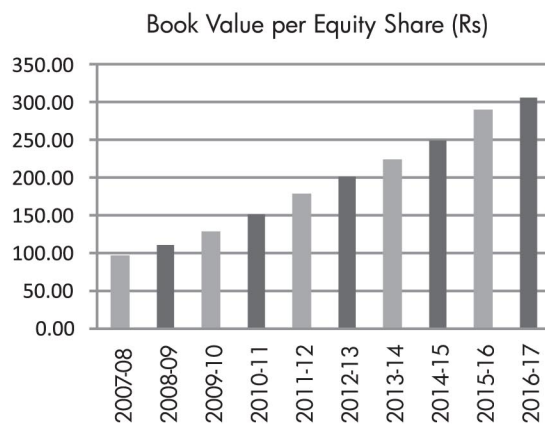
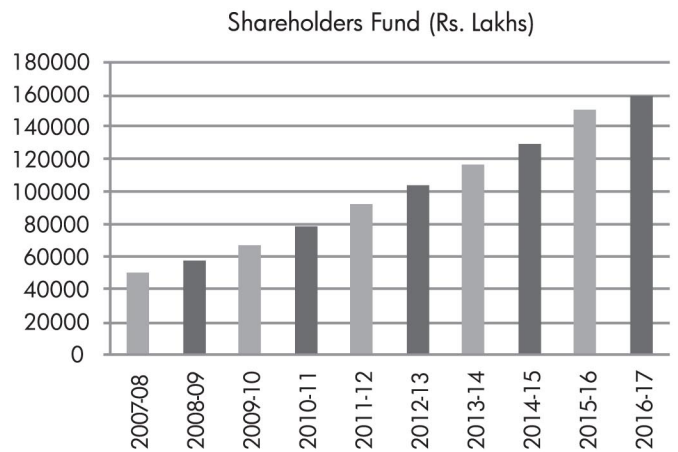
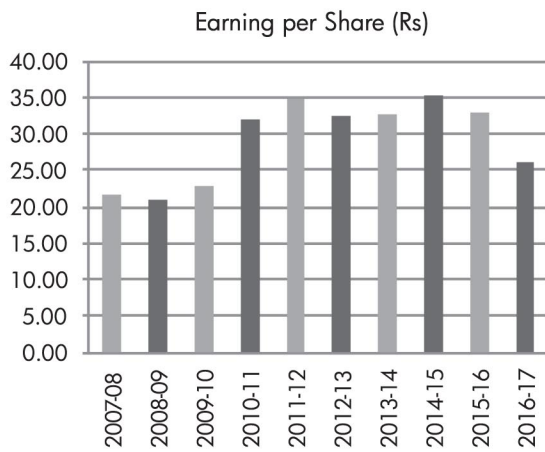
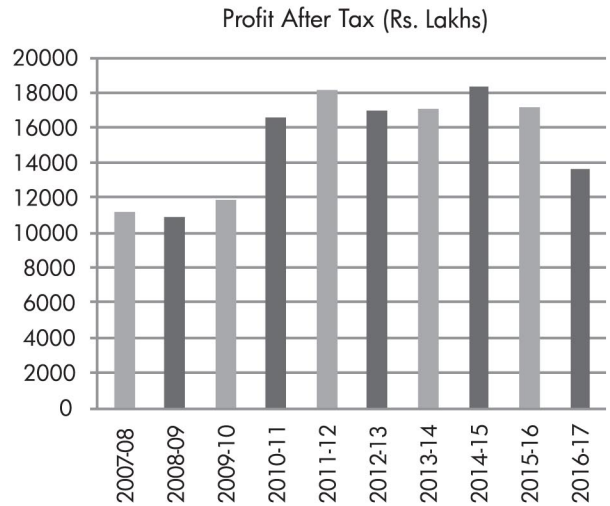
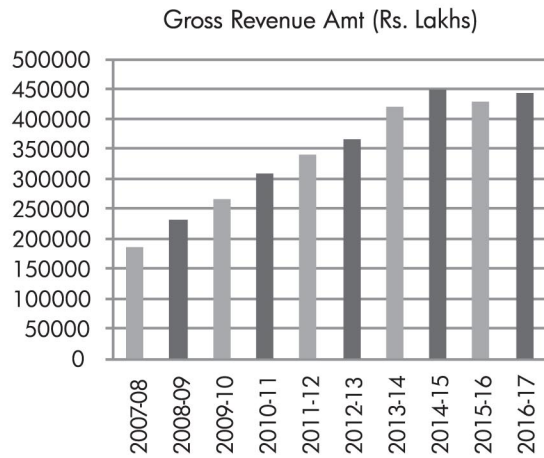
I take this opportunity to extend my sincere appreciation to all our consumers, business partners, shareholders and employees for their relentless support, faith and commitment. It is this unwavering support that helps us create long term value for all stakeholders.

Warm regards

K. K. Modi

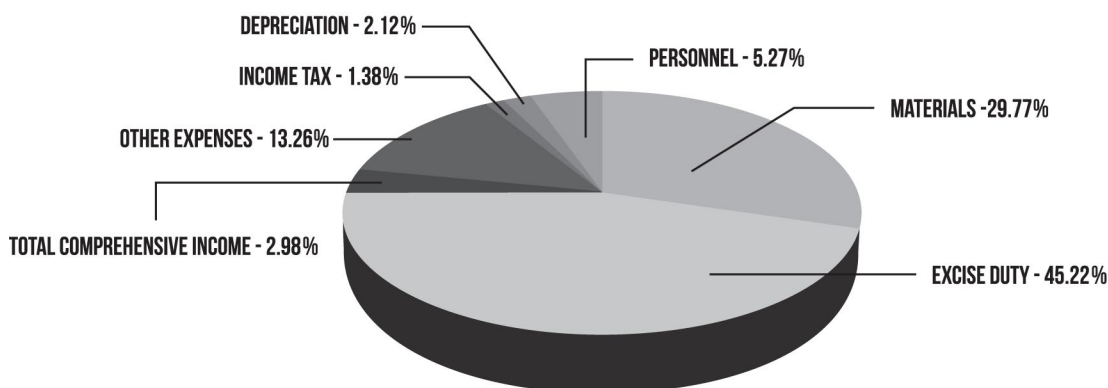
Financial Highlights

Trends



Financial Highlights

Revenue Distribution



10 YEAR HIGHLIGHTS

(Rs. Lakhs)

PARTICULARS	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
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CAPITAL EMPLOYED

Property, Plant and Equipment (including Capital Work-in-Progress, Investment Property & Intangible Assets)	68709	72434	71393	71694	71887	67443	47387	31896	25980	15337
Investments	50006	39588	32238	35529	31853	35833	32314	19485	20986	32957
Working Capital	47504	50719	51634	32052	31172	21016	21797	26823	20172	12205
Deferred Tax Assets (Net)	180	1186	1653	973	-	752	79	-	236	-
Total	166399	163927	156918	140248	134912	125044	101577	78204	67374	60499

FINANCED BY

Shareholders' Funds	159183	150964	129262	116370	104172	92091	79025	66652	57845	49996
Borrowings	7216	12963	27656	23878	30356	32953	22552	11455	9529	10338
Deferred Tax Liabilities (Net)	-	-	-	-	384	-	-	97	-	165
Total	166399	163927	156918	140248	134912	125044	101577	78204	67374	60499

OPERATING PERFORMANCE

Gross Revenue	444281	429876	448589	422067	367282	341858	310838	267292	232445	187634
Excise Duty	200923	195922	196897	171653	157777	146058	146768	121386	115636	94040
Depreciation	9413	10220	10226	8655	8800	6263	4000	3391	2803	1977
Profit Before Taxation	19777	24562	27140	25468	23690	25723	24147	16740	16591	16974
Profit After Taxation	13635	17166	18308	17064	16948	18136	16603	11839	10890	11222
Total Comprehensive Income**	13226	16947	-	-	-	-	-	-	-	-
Proposed Dividend	4159	4159	4159	4159	4159	4159	3640	2600	2600	2600
Corporate Dividend Tax	847	847	847	707	707	675	590	432	442	442

INVESTORS' DATA

Earning Per Equity Share (₹)***	26.22	33.02	35.21	32.82	32.60	34.88	31.93	22.77	20.95	21.58
Dividend Per Equity Share (%)	400	400	400	400	400	400	350	250	250	250
Number of Shareholders	20000	16825	16169	11137	10839	11125	11242	11364	12350	12824

*The figures reported for F.Y. 2015-16 and F.Y. 2016-17 are Ind AS compliant.

** Total Comprehensive income is required to be reported under Ind AS for F.Y. 2015-16 and F.Y. 2016-17 and hence not reported for earlier years which are IGAAP compliant.

*** Restated for face value @ ₹2/- per share post split.



DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors feel privileged to present the 80th Annual Report on the business and operations of the Company along with the Audited Accounts for the financial year, ended March 31, 2017.

ECONOMIC ENVIRONMENT

In 2016, the growth in global economy was better but not good enough to turnaround the global economy. IMF estimated the global growth at 3.1% in 2016 and forecasts it to be 3.5% in 2017. Economic activity increased in the US as consumer spending and exports increased over last year. All European economies had slow but consistent growth in 2016. Within the developing economies, China's slowdown stabilized at 6.7%, due to policy support, unlike the slowdown expected last year. Russia and Brazil also appear to be coming out of the doldrums. India continues to remain the poster boy of economic growth globally. Most of the global central banks are expected to hold on to interest rates, thereby keeping inflation under control and accelerate consumer spending.

India is one of the fastest growing key economies in the world and is expected to grow at 7.4% in 2017-18. The current government has successfully introduced structural reforms such as demonetisation and GST to boost the Indian economy. Demonetisation had a mixed impact on the economy, however it promises to be a big step towards a digital economy. The most significant reform is GST that has amalgamated the different tax markets in India into one single tax market. It is the most fundamental and far reaching indirect tax reforms that have happened in decades. Even with some potential imperfections, it can usher in quantum leap in transaction trails and logistic efficiencies.

Corporate earnings in India are expected to grow by over 20% in FY 2017-18 in the backdrop of digital push and 'Make in India' initiatives apart from various infrastructure development initiatives like road, transport, energy and 'smart cities' projects, etc. Comfortable liquidity, benign inflation outlook, lower net borrowings by the government, stable currency and various legal reforms are expected to define a path of sustainable growth. India is expected to be the third largest consumer economy worth US\$ 4 trillion by 2025, as per a Boston Consulting Group (BCG) report. We are indeed placed in very good times, where the economic and social benefits will accrue to all Indians.

TOBACCO INDUSTRY

In 2016, Euromonitor, a global business intelligence provider estimated the global cigarettes industry at 5.5 trillion sticks worth about US\$ 700 billion and growing at 2%. The cigarette volumes declined by 3% in 2016 driven largely by decline in China and developed markets. In India, the industry managed to reverse the volume decline that was a trend for the last few years which was driven by steep tax hikes.

Globally the Electronic Vaping Devices (EVDs) accounted for US\$10 billion in 2016, while 'heated and not burn' tobacco segment represented a further US\$2 billion. The category as a whole is forecast to grow to US\$34 billion by 2021. Your Company is already present in EVD segment through select products in a few markets and has ambitious plans both for the domestic and international markets.

Tobacco in India is an extremely important sector as it provides livelihood to over 45 million people. India is the second largest global producer of tobacco. Tobacco and tobacco products contribute more than Rs. 30,000 crores to the country's exchequer annually. It should be mentioned that more than 85% of this government revenue is from cigarettes despite having a mere 15% share in total tobacco consumption in India. Successive annual excise duty hikes followed by states increasing local taxes in the past have led to this skewed taxation and volume distortions over a period of time. The industry welcomes GST, which has tried to address this distortion to some extent.

Global leading tobacco producers like Malawi, China and Zimbabwe have more than 1% of their arable landmass under tobacco cultivation, while India has only around 0.25% of land under tobacco cultivation. This is despite farmers deriving much higher income from tobacco crop than other agricultural crops in India and tobacco crop having significant export potential.

DIRECTORS' REPORT



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Regulation

India is a signatory to the WHO's tobacco control treaty, named as "Framework Convention on Tobacco Control (FCTC)". This treaty and its programmes are constantly pushing governments towards extreme tobacco control. Various governments are faced with challenges of balancing enormous socio-economic considerations against health hazards associated with the tobacco sector. India is one of the earliest signatories to the WHO-FCTC and most of the policy actions at government level are guided by this convention.

Various writ petitions challenging the Government's decision to implement 85% GHW on both sides of the cigarette pack with effect from 1st April, 2016, have been heard by the Honourable High Court of Karnataka and its judgement is reserved. In the meantime, the Industry has implemented the regulatory requirement to print new set of picture on the packs with effect from 1st April, 2017.

Illicit cigarettes are posing serious threat to the industry as well as government revenues as, 1 in every 5 cigarettes sold is illicit in the country. While requesting the government to direct its attention towards curbing the menace of illicit cigarettes, your Company will always remain committed to regulatory adherence by being a responsible corporate entity.

SEGMENTWISE PERFORMANCE IN 2016-2017

Cigarettes

The legal cigarette industry faced yet another challenging year. On one hand it faces competition from lightly taxed tobacco products like bidis, chewing tobacco, gutkha, etc. and on the other hand the illicit cigarette market continues to grow unabated. Despite these constraints, your Company was able to maintain its domestic sale volumes at the last year's level though the share of economy segment of 64mm brands has increased at the cost of its 69mm brands. This was made possible by your Company's relentless pursuit of value creation through new product launches with capsule filters and other differentiations.

Your Company will continue to pursue growth by focusing on portfolio expansion to accommodate varying consumer preferences and by increasing its geographic footprint through expanded distribution infrastructure, accelerated digital capabilities and cost optimization.

Tea

The domestic packaged and bulk tea business achieved a turnover of Rs. 105 crores which was slightly better than previous year. Your Company continued to focus on regional consumer taste preferences to drive demand of its products across its key markets. This approach augmented with strengthened feet on street for better sales reach, has resulted in consistency in sales despite stiff competition from local brands.

In an effort to drive long-term growth, your Company invested in modernization of its Bazpur (Uttarakhand) manufacturing unit with the aim to enhance its compliance to regulatory, safety and quality standards. To further accelerate the growth momentum, your Company will continue to focus on consumer and trade preferences and better availability of its products through targeted consumer engagement, acquisition and loyalty and use of digital media.

Your Company received the award for the 'BEST COMPANY IN FOOD SAFETY' at the ASSOCHAM Food Excellence Awards, 2017.

Chewing Products

Your Company's Chewing Products business showcases a breakthrough year with a record 70% growth in sales revenue, growing from Rs. 151 crores to Rs. 258 crores in 2016-17. It was a year in which your Company made significant inroads into capturing market share in both the premium and mid-premium segments of the Pan Masala Industry and laid the platform for continuous growth across 2017-18 as well. Your Company believes in the process of constant improvement and unrelenting consumer focus, and will continue to deliver consistently high quality products to the consumers by understanding his unfulfilled needs. Through consistent delivery of a high quality product supported by efficiency in distribution and consumer acquisition, your company was not only able to capture a majority segment share in Gujarat, but also developed newer geographies like Odisha, Jharkhand and West Bengal which constituted 35% of national volumes.

Pan Vilas, your Company's flagship brand, continues to hold strong share in the premium segment with over



DIRECTORS' REPORT

20% share in the solus segment. Pan Vilas continued to delight the consumers with its impeccable taste and grew by 5% in the strong solus markets of Gujarat and Madhya Pradesh. Similarly, in the mid-premium segment your Company's brand Raag captured 2% segment share within 18 months of its launch.

In 2016-17, the quality of Pan Vilas was appreciated by several awards including the "India's Number 1 Brand Award 2016" and "India's Most Trusted Brand 2016" by International Brand Consulting Corporation and India's Most Trusted Brand Awards Council respectively.

With several innovations and optimizations in production technology, the focus of Pan Vilas is on continuing to provide the high quality Pan Masala at an optimum price point for the consumer. For 2017-18, consolidation in existing markets and an expansion of product portfolio have been identified as the critical growth levers for the business.

Your Company also showcased a record growth in sales revenue of 40% in the confectionary business on the back of a strong showing in the Re. 1 segment. Pan Vilas Burst candies, launched in 2016-17, has established itself in the confectionary industry through a highly innovative taste and strength in distribution and your Company aims to maintain the growth momentum.

Exports

The following table shows the status of exports for different products during the year under report:

	2016-17	2015-16
Commodity/Product	Value (Rs. in crores)	Value (Rs. in crores)
Cigarette	179.38	173.49
Unmanufactured tobacco	302.41	331.85
Cut tobacco/CLB	34.99	38.92
Tea	40.52	61.70

Overall exports of your Company were at Rs. 557 crores as against Rs. 606 crores in the preceding financial year.

All out efforts are being made to develop new customers and new markets across various geographies particularly in CIS & European Union for cigarette and tobacco exports. Brand seeding exercise in the cluster of countries in West Africa such as Benin, Togo, Sierra Leone, Gambia etc. is in progress. Your Company has become the most significant supplier of Cut Tobacco and is well recognized for quality of its blends. The Company has also set up a warehouse at a strategic location in Europe to gain access to more markets in Europe & CIS region with ready stock and is contemplating to create unmanufactured and cut tobacco trading hubs in Middle East, Africa & South East Asia, particularly in locations around cigarette manufacturing hubs of the world.

The bulk tea exports business faced a challenging year due to unfavorable global market conditions such as sharp drop in Kenyan CTC prices, devaluation of British Pound on account of Brexit and overstocking by large packers and traders in Iran. In an effort to drive long-term growth, your Company will continue to focus on strengthening relations with large and credible packers offering consistent revenue generation and higher margin structures, along with scouting for new high value clients in large tea drinking nations.

Retail

In 2016-17, Company's retail business made a steady progress with turnover at Rs. 152 crores as against Rs. 129 crores during previous year. In the current financial year, the Company is redesigning and refurbishing its stores and plans are underway to scale up the business.

HUMAN RESOURCE DEVELOPMENT

During the year, the Human Resource function took some key initiatives aimed at re-building a sharper performance culture, identification & nurturing of talent, gauging the engagement levels of workforce and some state of the art capability development work. The employee rewards management system was revamped with an eye on enhancing individual and organizational performance. A detailed exercise was carried

DIRECTORS' REPORT



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out on potential assessment and targeted employee capability building measures have been put in place. Your Company also undertook a detailed employee engagement survey and carried out root cause analysis focusing on the levels of employee engagement and subsequently deployed appropriate measures in order to deliver excellence through an engaged workforce. Annual health check-up continued this year also for the employees to make your Company a healthy organization.

CORPORATE DEVELOPMENT

Corporate Development team remains pivotal in executing growth strategy of your Company through strategic projects. It is involved in the business monitoring process to ensure all initiatives and projects are aligned to their objectives and plays a key role in the annual budgeting and long term planning exercise. The team also undertakes growth and productivity related projects across business segments, product categories and functional domains. The team regularly scans the external environment including regulatory volatility, competitive landscape and the global tobacco industry in order to assess their implications in the short and long term.

INFORMATION TECHNOLOGY (IT)

Information technology has become one of the pillars of industry and your Company is continuously making investments in this field with the aim to improve operational efficiency and enhance productivity in the organisation. Your Company has further grown its portfolio of systems over the last year and diverged into more process automation in order to reinvent itself into a lean and efficient organisation.

Going forward, IT will be concentrating on innovation in areas like enterprise wide digitalization, business intelligence, supply chain management, leveraging cloud based technology, data mining, etc. Your Company also realises that security is an important aspect of any technology portfolio and therefore, it has invested sufficiently to ensure that all its data and documents are safe from any external threats.

TREASURY OPERATIONS

Your Company continues to enjoy the highest rating of 'CRISIL A1+' for Short Term Debt Programme, 'CRISIL AA+/Stable' for Long Term Loan, 'CRISIL AA+/Stable' for fund based credit facilities and 'CRISIL A1+' for non-fund based facilities. With these ratings in place, your Company is able to raise funds at most competitive terms. Guided by the principles of liquidity, safety and tax efficient returns, the Company has been deploying its long term surplus funds primarily in debt oriented schemes of reputed mutual funds. Also, the Company continued to park its temporary surpluses in liquid schemes of various mutual funds.

FINANCIAL RESULTS

	2016-17	2015-16
	Rs. in Lakhs	Rs. in Lakhs
Gross Profit	29190.30	34782.64
Less : Depreciation	9412.82	10220.49
Profit before tax	19777.48	24562.15
Less : Provision for tax		
- current tax	5136.50	7066.38
- deferred tax charge/(credit)	1005.64	329.35
Profit after tax for the year	13635.34	17166.42
Add: Other comprehensive income/(loss)- net of tax	(409.83)	(219.69)
Total Comprehensive Income	13225.51	16946.73

During the year ended March 31, 2017, the Company registered operating revenue of Rs. 4397 crores as against Rs. 4262 crores during corresponding previous financial year, giving a rise of 3.2%. However, the profit after tax was lower at Rs. 136.35 crores against Rs. 171.66 crores last year as the Company's margins suffered due to its inability to fully pass on the cost and tax increases.

The trend of hike in indirect tax on tobacco segment on year-on-year basis continued with the Union Government increasing excise duty by 6% across segments in the budget presented on February 1, 2017. But, with the advent of GST, we are hopeful of stability in the indirect tax system in the times to come.

DIVIDEND

Your Directors are pleased to recommend the same dividend as last year of 400% i.e. Rs.8/- per equity share of face value of Rs.2/- each. The proposed dividend (including tax thereon) will absorb Rs. 5006.29 lakhs.

DEPOSITS

Your Company has not accepted any deposits, covered under Chapter V of the Companies Act, 2013 and hence, no details pursuant to Rules 8(v) and 8(vi) of the Companies (Accounts) Rules, 2014 are required to be reported.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as on 31st March, 2017 is attached as 'Annexure - 1' to this Report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on 31st March, 2017, your Company had eight subsidiaries and three associate companies. The basic details of these companies form part of the extract of Annual Return given in 'Annexure - 1'.

Form AOC-1 containing the salient features of financial statements of the Company's subsidiaries and associates is attached as 'Annexure - 2'. Note 47 of the consolidated financial statements shows the share of each subsidiary and associate company in the consolidated net assets and profits of the Company. The audited financial statements of these entities will be available for inspection during business hours at the Registered Office of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Indian Accounting Standard (Ind AS-110) - Consolidated Financial Statements, Group Accounts form part of this Annual Report. The Group Accounts have been prepared on the basis of audited financial statements received from the subsidiary and associate companies, as approved by their respective Boards.

INTERNAL CONTROL SYSTEMS

Your Company has a robust system of internal controls commensurate with the size of the Company and the nature of its business, which ensures that transactions are recorded, authorised and reported correctly apart from safeguarding its assets against loss from wastage, unauthorised use and disposition.

The internal control systems are supplemented by well documented policies, guidelines and procedures which are in line with the internal financial control framework requirements. There is an extensive programme of internal audit by a firm of chartered accountants followed by periodic management reviews.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

CORPORATE SOCIAL RESPONSIBILITY

The CSR initiatives focus on inclusive growth with the Company striving to enhance the livelihood of the local communities and contribute to their economic and social well-being through various proactive community partnership programmes.

As part of various programmes for farmers, women, children and community development, your Company is supporting this cause by installing water purifiers, holding health camps, extending scholarships for meritorious children, connecting children with schools, conducting HIV awareness programmes, operating skill training centres for adult children, improving infrastructure of schools by building toilets, helping community through drainage construction and other cleanliness drive and thereby improving their living conditions.

DIRECTORS' REPORT



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—INDIA LIMITED—

The Company has constituted a CSR Committee of the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The brief outline of the CSR policy, overview of the activities undertaken with amounts spent thereon during the year and composition of the Committee has been disclosed in 'Annexure - 3'.

DIRECTORS

Mr. Samir Modi (DIN 00029554) retires by rotation at the ensuing Annual General Meeting, in accordance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Mr. R. Ramamurthy Iyer (DIN 00030463) also retires by rotation but has expressed his unwillingness to seek re-appointment and therefore, would cease to be a Director on conclusion of the ensuing AGM.

The Board of Directors has recommended appointment of Mr. Sharad Aggarwal (DIN 07438861) as a Whole-time Director of the Company for a period of 5 years with effect from 1st October, 2017 and he shall be liable to retire by rotation. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from one of its members proposing his candidature for appointment as a Director.

PERFORMANCE EVALUATION OF THE BOARD, ETC.

Details pertaining to the manner in which evaluation of the Board, its Committees and individual Directors has been carried out, form part of Corporate Governance Report.

KEY MANAGERIAL PERSONNEL

Mr. K.K. Modi, Managing Director, Mr. Samir Modi, Executive Director, Mr. R. Ramamurthy, Whole-time Director, Mr. Sunil Agrawal, Chief Financial Officer and Mr. Sanjay Gupta, Company Secretary of the Company are deemed to be Key Managerial Personnel of the Company as per the provisions of Companies Act, 2013 and rules made thereunder.

BOARD MEETINGS

Details of the meetings of the Board held during the year, form part of the Corporate Governance Report.

AUDIT COMMITTEE

The composition, functions and details of the meetings of the Audit Committee held during the year, form part of the Corporate Governance Report.

RISK MANAGEMENT

Your Company considers that risk is an integral part of its business and therefore, it takes proper steps to manage all risks in a proactive and efficient manner. The Company management periodically assesses risks in the internal and external environment and incorporates suitable risk treatment processes in its strategy, and business and operating plans. The details of practices being followed by the Company in this regard, forms part of the Corporate Governance Report.

There are no risks which, in the opinion of the Board, threaten the very existence of your Company. However, some of the challenges faced by it have been dealt with under Management Discussion and Analysis which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 (the 'Act'), the Directors, to the best of their knowledge, confirm that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;



DIRECTORS' REPORT

- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis;
- (v) the internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and are operating effectively; and
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

The above statements were noted by the Audit Committee at its meeting held on 12th August, 2017.

RELATED PARTY TRANSACTIONS

Form AOC-2 containing particulars of contracts or arrangements entered into by the Company with related parties referred in Section 188(1) of the Companies Act, 2013 is attached as 'Annexure - 4'.

Details of related party transactions and related disclosures are given in the notes to the financial statements.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered by the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Details of Whistle Blower Policy/Vigil Mechanism form part of the Corporate Governance Report.

REMUNERATION AND NOMINATION POLICY

The appointment and remuneration of Directors is governed by the recommendation of Nomination and Remuneration Committee and then decided by the Board subject to approval of the shareholders.

The remuneration payable to the Directors shall be decided keeping into consideration long term goals of the Company apart from the individual performance expected from a director(s) in pursuit of the overall objectives of the Company.

The remuneration of Executive Director(s) including Managing Director(s) and Whole-time Director(s) is governed by the recommendation of Nomination and Remuneration Committee as per the criteria recommended by it and then approved by the Board subject to approval of the Shareholders.

A Non-executive Director including a Non-independent Director may be paid remuneration by way of commission either by way of monthly payments or specified percentage of net profits of the Company or partly by one way and partly by the other, as may be recommended by Nomination and Remuneration Committee and then decided by the Board subject to approval of the Shareholders.

In accordance with the provisions of the Articles of Association of the Company and the Companies Act, 2013, a sitting fees (presently fixed at Rs. 1,00,000 per meeting) is paid to the Non-executive Directors of the Company who are not drawing any remuneration described hereinabove, for attending any meeting of the Board or of any Committee thereof. The remuneration payable to Directors shall be governed by the ceiling limits specified under section 197 of the Companies Act, 2013.

The remuneration policy for other senior management employees including key managerial personnel aims at attracting, retaining and motivating high calibre talent and ensures equity, fairness and consistency in rewarding the employees. The remuneration to management grade employees involves a blend of fixed and variable component with performance forming the core. The components of total remuneration vary for different employee grades and are governed by industry practices, qualifications and experience of the employee, responsibilities handled by him, his potentials, etc.

DIVIDEND DISTRIBUTION POLICY

As mandated by the Listing Regulations, the Board has formulated a dividend distribution policy and the same is attached as 'Annexure - 8' and is also available on the Company's website.

DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

As mandated by the Listing Regulations, the Business Responsibility Report has been included as part of the Annual Report.

UNCLAIMED SHARE CERTIFICATES

Status of the unclaimed shares as on 31st March, 2017 has been mentioned in the Report on Corporate Governance.

CORPORATE GOVERNANCE

The Company is committed to maximise the value for its stakeholders by adopting the principles of good Corporate Governance in line with the provisions of law and in particular those stipulated in the Listing Regulations. Its objective and that of its management and employees is to manufacture and market the Company's products in a way so as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy in general.

Certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations, is enclosed.

Certificate from Mr. K.K. Modi, Managing Director as the Chief Executive Officer (CEO) and Mr. Sunil Agrawal, Executive Vice President – Finance as the Chief Financial Officer (CFO) in relation to the financial statements for the year along with declaration by the CEO regarding compliance with the code of business conduct of the Company by the Directors and the members of the senior management team of the Company during the year, were submitted to and taken note of by the Board.

STATUTORY AUDITOR

In terms of the resolution passed at the 77th Annual General Meeting (AGM) of the Company held on 23rd September, 2014, M/s. Deloitte Haskins & Sells, Chartered Accountants, the present statutory auditors, hold office until the conclusion of the ensuing AGM and can't be re-appointed in view of the provisions of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Accordingly, the Board of Directors at its Meeting held on 30th May, 2017 recommended appointment of M/s. S.R. Batliboi & Co. LLP (part of Ernst & Young group), Chartered Accountants, Firm Registration No. 301003E, as the new statutory auditors of the Company to hold office for one term of 5 years commencing from conclusion of the ensuing AGM upto the AGM to be held in calendar year 2022.

The Company has received a certificate from M/s. S.R. Batliboi & Co. LLP to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Companies Act, 2013. Accordingly, the Board proposes appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants as the statutory auditors of the Company in place of M/s. Deloitte Haskins & Sells, to hold office from the conclusion of this AGM until the conclusion of the 85th AGM of your Company. Necessary resolution seeking approval of the Members in this regard has been incorporated in the Notice convening the ensuing AGM.

Auditor's Report on the financial statements of the Company forms part of the Annual Report and doesn't contain any qualification, reservation, adverse remark or disclaimer.

COST AUDIT

M/s. Chandra Wadhwa & Co., Cost Accountants (Firm Registration No.00239), have been appointed as the Cost Auditor of the Company for the financial year 2017-18 to audit the cost accounting records for 'Tea' business, at a fee of Rs. 2.50 lakhs plus applicable taxes and out of pocket expenses, subject to approval by the Shareholders at the ensuing Annual General Meeting.

Further, the cost audit report for the financial year 2016-17 doesn't contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL AUDIT

M/s. Chandrasekaran Associates, Practicing Company Secretaries, have been appointed as the Secretarial Auditor of the Company.

The Secretarial Audit Report for the year under review is attached as 'Annexure - 5' and doesn't contain any qualification, reservation, adverse remark or disclaimer.



DIRECTORS' REPORT

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant and material order was passed by the Regulators/Courts that could impact the going concern status of the Company and its future operations.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as 'Annexure - 6'.

Pursuant to the provisions of Section 136(1) of the Act and as advised, the statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be available for inspection at the Registered Office of the Company during working hours and Members interested in obtaining a copy of the same may write to the Company Secretary and the same will be furnished on request. Hence, the Annual Report is being sent to the Members excluding the aforesaid information.

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

The particulars prescribed under Section 143(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached as 'Annexure - 7'.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on prevention, prohibition and redressal of sexual harassment of women at work place in line with the requirements of the above Act.

Under the said policy, an Internal Complaints Committee (ICC) has been set up to redress complaints received relating to sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

During the year under review, no complaint was filed with the Company.

THE FUTURE

Availability of best in the class manufacturing facilities with right blend of technology, vast distribution network, adequate financial resources and motivated manpower will facilitate your Company to drive growth across its various businesses and product categories both in domestic and international markets. Your Directors are confident that the Company will continue to create value for its shareholders in times to come.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation to the Government authorities, Company's bankers, customers, vendors, investors and all other stakeholders for their continued support during the year. Your Directors are also pleased to record their appreciation for the dedicated services of employees at all levels of operations in the Company.

Respectfully submitted on behalf of the Board

**R.A. SHAH
CHAIRMAN**

**New Delhi
Dated : 12th August, 2017**

DIRECTORS' REPORT

Annexure - 1

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	L16004MH1936PLC008587
ii)	Registration Date	03.12.1936
iii)	Name of the Company	Godfrey Phillips India Limited
iv)	Category/Sub-category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	'Macropolo Building', Ground Floor, Next to Kala Chowky P.O., Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra - 400033 Telephone No:-022-61952300 Fax No:- 022-61952319
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agents, if any	w.e.f. 1 st July, 2016 Link Intime India Pvt Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083 Telephone No: 022-49186270 Fax: 022-49186060 E-mail id: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC code of the product/services	% to total turnover of the Company
1.	Cigarettes	12003	79.78



DIRECTORS' REPORT

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/ GLN	Holding/ subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
1.	International Tobacco Company Limited 'Macropolo Building', Ground Floor, Next to Kala Chowky P.O., Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra 400033	U16000MH1964PLC013915	Subsidiary	100	2(87)(ii)
2.	Chase Investments Limited 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1984PLC017448	Subsidiary	100	2(87)(ii)
3.	Unique Space Developers Limited 43 Kalpataru Square, 4th Floor, Andheri Kurla Road, Kondivita Lane, JB Nagar, Andheri-E, Mumbai -400059	U70100MH1988PLC046854	Subsidiary	Chase Investments Ltd holds 51.44% International Tobacco holds 15.23%	2(87)(ii)
4.	Gopal Krishna Infrastructure & Real Estate Limited 49, Community Centre, Friends Colony, New Delhi-110025	U45200DL2006PLC156875	Subsidiary	Unique Space Developers Ltd holds 100%	2(87)(ii)
5.	Friendly Reality Projects Limited (Formerly known as Kashyap Metal & Allied Industries Limited) 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1973PLC006528	Subsidiary	GPI holds 54.31% and Chase holds 30.26%	2(87)(ii)
6.	Rajputana Infrastructure Corporate Limited 49, Community Centre, Friends Colony, New Delhi-110025	U45200DL2006PLC156832	Subsidiary	Friendly Reality holds 100%	2(87)(ii)
7.	Godfrey Phillips Middle East DMCC Gold Tower (AU), Plot No: JLT-PH1-13A, Jumeirah Lake Tower, Dubai, United Arab Emirates	-	Subsidiary	100	2(87)(ii)
8.	Flavors And More, Inc. Unit No: AU-11-B, 2711 Centerville Road, Suite 400, in the City of Wilmington, Country of New Castle, Delaware 19808	-	Subsidiary	100	2(87)(ii)

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

9.	Success Principles India Limited C/O Gupta Jaiswani & Co., Dal Bazar Tiraha, Lashkar, Gwalior, Madhya Pradesh- 474009	U17118MP1989PLC005568	Associate	48.89	2(6)
10.	IPM India Wholesale Trading Private Limited DLF Center, 8th Floor, Block No. 124, Narindra Place, Parliament Street, New Delhi- 110001	U51909DL2009PTC189517	Associate	24.80	2(6)
11.	KKM Management Centre Private Limited 49, Community Centre, Friends Colony, New Delhi-110025	U74999DL1996PTC080090	Associate	36.75	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year (01.04.2016)				No. of shares held at the end of the year (31.03.2017)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	17500	5440	22940	0.04	22950	0	22950	0.04	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	22593890	0	22593890	43.45	22659981	0	22659981	43.58	0.13
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other (Trusts)	1756380	45000	1801380	3.46	1756380	45000	1801380	3.46	0
Sub-total (A)(1)	24367770	50440	24418210	46.96	24439311	45000	24484311	47.09	0.13
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	13050475	0	13050475	25.10	13050475	0	13050475	25.10	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	13050475	0	13050475	25.10	13050475	0	13050475	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	37418245	50440	37468685	72.06	37489786	45000	37534786	72.19	0.13
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	383619	375	383994	0.74	124135	375	124510	0.24	(0.50)
b) Banks/ FI	29281	21310	50591	0.10	46324	22375	68699	0.13	0.03
c) Central Govt	0	24000	24000	0.05	0	24000	24000	0.05	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0



DIRECTORS' REPORT

g) Flls / FPI	4983255	500	4983755	9.59	5607029	500	5607529	10.78	1.20
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	1500	0	1500	0	0
Sub-total (B)(1)	5396155	46185	5442340	10.47	5778988	47250	5826238	11.21	0.74
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian	1230619	17895	1248514	2.40	1061322	0	1061322	2.04	(0.36)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	5228161	1505140	6733301	12.95	4828041	1457306	6285347	12.09	(0.86)
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	824500	0	824500	1.59	754500	0	754500	1.45	(0.14)
c) HUF	0	0	0	0	216310	0	216310	0.42	0.42
d) Others									
Other Directors and relatives	28500	0	28500	0.05	28500	0	28500	0.05	0
Foreign Individuals	0	0	0	0	2424	0	2424	0	0
Non-Resident Individuals	99681	11525	111206	0.21	132924	11525	144449	0.28	0.07
Trusts	6010	17500	23510	0.05	3031	17500	20531	0.04	(0.01)
NBFCs registered with RBI	112299	1065	113364	0.22	0	0	0	0	(0.22)
(e) Clearing Members	0	0	0	0	119513	0	119513	0.23	0.23
Sub-total (B)(2)	7529770	1553125	9082895	17.47	7146565	1486331	8632896	16.60	(0.87)
Total Public Shareholding (B) = (B)(1)+ (B)(2)	12925925	1599310	14525235	27.94	12925553	1533581	14459134	27.81	(0.13)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	50344170	1649750	51993920	100	50415339	1578581	51993920	100	0

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% of change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	K K Modi Investment And Financial Services Pvt Ltd	15196660	29.23	0	15196660	29.23	0	0
2.	Philip Morris Global Brands INC	13050475	25.10	0	13050475	25.10	0	0
3.	Good Investment (India) Ltd	4309220	8.29	0	4309220	8.29	0	0
4.	Quick Investment (India) Ltd	2166800	4.17	0	2235800	4.30	0	0.13
5.	Super Investment (India) Limited	527260	1.01	0	527260	1.01	0	0
6.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives Officers Welfare Trust)	386280	0.74	0	386280	0.74	0	0

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GODFREY PHILLIPS
—INDIA LIMITED—

7.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Factory) Welfare Trust)	380000	0.73	0	380000	0.73	0	0
8.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Offices) Welfare Trust)	308560	0.59	0	308560	0.59	0	0
9.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives (Factory) Welfare Trust)	308560	0.59	0	308560	0.59	0	0
10.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives (Factory) Benefit Trust)	141360	0.27	0	141360	0.27	0	0
11.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Offices) Benefit Trust)	108220	0.21	0	108220	0.21	0	0
12.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Factory) Benefit Trust)	100560	0.19	0	100560	0.19	0	0
13.	Spice Mobility Ltd	86500	0.17	0	0	0	0	(0.17)
14.	Spicebulls Investments Ltd.	0	0	0	83591	0.16	0	0.16
15.	Longwell Investment Pvt Ltd	80000	0.15	0	80000	0.15	0	0
16.	Swasth Investment Pvt Ltd	80000	0.15	0	80000	0.15	0	0
17.	Motto Investment Private Limited	79000	0.15	0	79000	0.15	0	0
18.	HMA Udyog Private Limited	68000	0.13	0	68000	0.13	0	0
19.	Kedarnath Modi (Trustee) Modi Spg & Wvg Mills Co. Ltd Head office Employees Welfare Trust	45000	0.09	0	45000	0.09	0	0
20.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives (Offices) Benefit Trust)	22840	0.04	0	22840	0.04	0	0
21.	Divya Tongya (Formerly Divya Modi)	11500	0.02	0	11500	0.02	0	0
22.	Ritika N Rungta	5440	0.01	0	5440	0.01	0	0
23.	Samir Modi	2000	0	0	2000	0	0	0
24.	Krishan Kumar Modi	2000	0	0	2000	0	0	0
25.	Upasana Investment Pvt Ltd	450	0	0	450	0	0	0
26.	Ruchir Kumar Lalit Modi	2000	0	0	2000	0	0	0
27.	Charu Modi	0	0	0	10	0	0	0



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(iii) Change in Promoters' Shareholding

Sl. No		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Spice Mobility Limited				
	At the beginning of the year	86500	0.17		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	20.04.2016 & 21.04.2016	(2909)	(0.01)	83591	0.16
	31.08.2016	(83591)	(0.16)	0	0.00
	At the End of the year			0	0.00
2.	Quick Investment (India) Ltd				
	At the beginning of the year	2166800	4.17		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	28.12.2016	69000	0.13	2235800	4.30
	At the End of the year			2235800	4.30
3.	Charu Modi				
	At the beginning of the year	0	0.00		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.10.2016	10	0.00	10	0.00
	At the End of the year			10	0.00
4.	Spicebulls Investments Limited				
	At the beginning of the year	0	0.00		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	31.08.2016	83591	0.16	83591	0.16
	At the End of the year			83591	0.16

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	National Westminster Bank PLC as Trustee of The Jupiter India Fund				
	At the beginning of the year	2491033	4.79		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.10.2016	129918	0.25	2620951	5.04
	23.12.2016	29272	0.06	2650223	5.10
	30.12.2016	104798	0.20	2755021	5.30

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	06.01.2017	83874	0.16	2838895	5.46
	13.01.2017	9383	0.02	2848278	5.48
	17.03.2017	241163	0.46	3089441	5.94
	24.03.2017	41	0.00	3089482	5.94
	At the End of the year			3089482	5.94
2.	Jupiter South Asia Investment Company Limited - South Asia Access Fund				
	At the beginning of the year	1100000	2.12		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			1100000	2.12
3.	APMS Investment Fund Ltd				
	At the beginning of the year	813775	1.56		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	02.12.2016	(48800)	(0.09)	764975	1.47
	30.12.2016	(69000)	(0.13)	695975	1.34
	03.03.2017	(12275)	(0.02)	683700	1.32
	10.03.2017	(3814)	(0.01)	679886	1.31
	24.03.2017	(3200)	(0.01)	676686	1.30
	31.03.2017	(188411)	(0.36)	488275	0.94
	At the End of the year			488275	0.94
4.	Kavitha Jain				
	At the beginning of the year	500000	0.96		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	03.06.2016	(500000)	(0.96)	0	0
	03.06.2016	500000	0.96	500000	0.96
	30.06.2016	(100000)	(0.19)	400000	0.77
	At the End of the year			400000	0.77
5.	Sonia Jain				
	At the beginning of the year	204500	0.39		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	08.07.2016	(204500)	(0.39)	0	0
	08.07.2016	204500	0.39	204500	0.39
	At the End of the year			204500	0.39
6.	National Westminster Bank PLC as Trustee of The Jupiter Asian Fund				
	At the beginning of the year	170000	0.33		



DIRECTORS' REPORT

	Date wise Increase / (Decrease) in Shareholding during the year and reasons			-	-
	At the End of the year			170000	0.33
7. Kavita P Mehta					
	At the beginning of the year	120000	0.23		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	08.04.2016	30000	0.06	150000	0.29
	15.04.2016	50000	0.09	200000	0.38
	29.04.2016	(200000)	(0.38)	0	0
	At the End of the year			0	0
8. Mirae Asset Emerging Bluechip Fund					
	At the beginning of the year	117550	0.23		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	15.04.2016	(15620)	(0.03)	101930	0.20
	22.04.2016	(24992)	(0.05)	76938	0.15
	29.04.2016	(76938)	(0.15)	0	0
	At the End of the year			0	0
9. L and T Mutual Fund Trustee Ltd- L and T India Prudence Fund					
	At the beginning of the year	107100	0.20		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	13.05.2016	20000	0.04	127100	0.24
	22.07.2016	(5000)	(0.01)	122100	0.23
	29.07.2016	(30000)	(0.06)	92100	0.17
	05.08.2016	(1983)	(0)	90117	0.17
	12.08.2016	(5000)	(0.01)	85117	0.16
	02.09.2016	(5000)	(0.01)	80117	0.15
	16.09.2016	(40000)	(0.08)	40117	0.07
	07.10.2016	(40117)	(0.07)	0	0
	At the End of the year			0	0
10. Vanaja Sundar Iyer					
	At the beginning of the year	100000	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	31.03.2017	(50000)	(0.10)	50000	0.09
	At the End of the year			50000	0.09
11. Siddharth Iyer					
	At the beginning of the year	0	0		

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	22.07.2016	25000	0.05	25000	0.05
	29.07.2016	14661	0.03	39661	0.08
	05.08.2016	10339	0.02	50000	0.10
	12.08.2016	20000	0.03	70000	0.13
	09.09.2016	49998	0.10	119998	0.23
	16.09.2016	10002	0.02	130000	0.25
	21.10.2016	20000	0.04	150000	0.29
	At the End of the year			150000	0.29
12.	Sundaram Mutual Fund				
	At the beginning of the year	0	0		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	08.04.2016	13678	0.03	13678	0.03
	08.04.2016	8939	0.02	22617	0.04
	08.04.2016	7525	0.01	30142	0.06
	08.04.2016	5169	0.01	35311	0.07
	08.04.2016	10000	0.02	45311	0.09
	13.05.2016	2000	0	47311	0.09
	20.05.2016	1000	0	48311	0.09
	27.05.2016	1000	0	49311	0.09
	03.06.2016	1000	0	50311	0.10
	10.06.2016	1000	0	51311	0.10
	12.08.2016	33414	0.06	84725	0.16
	19.08.2016	6586	0.01	91311	0.18
	26.08.2016	500	0	91811	0.18
	02.09.2016	1500	0	93311	0.18
	07.10.2016	4862	0	98173	0.19
	11.11.2016	1500	0	99673	0.19
	30.12.2016	(18862)	(0.04)	80811	0.15
	30.12.2016	(1500)	(0)	79311	0.15
	06.01.2017	(11000)	(0.02)	68311	0.13
	13.01.2017	(5000)	(0)	63311	0.12
	17.02.2017	12000	0.02	75311	0.14
	24.02.2017	10000	0.02	85311	0.16
	03.03.2017	25000	0.05	110311	0.21
	At the End of the year			110311	0.21
13.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG)				
	At the beginning of the year	95552	0.19	95552	0.19



DIRECTORS' REPORT

	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	08.04.2016	2318	0	97870	0.19
	22.04.2016	1069	0	98939	0.19
	02.09.2016	1703	0	100642	0.19
	At the End of the year			100642	0.19
14.	Milky Investment And Trading Company				
	At the beginning of the year	0	0		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	08.04.2016	68505	0.13	68505	0.13
	29.04.2016	11495	0.02	80000	0.15
	10.06.2016	2500	0.01	82500	0.16
	17.06.2016	250	0	82750	0.16
	24.06.2016	1326	0	84076	0.16
	30.06.2016	5924	0.01	90000	0.17
	16.12.2016	5000	0.01	95000	0.18
	23.12.2016	5000	0.01	100000	0.19
	At the End of the year			100000	0.19

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. R. A. Shah				
	At the beginning of the year	20000	0.04		
	Increase / Decrease in Shareholding during the year and reasons	0	0	20000	0.04
	At the End of the year			20000	0.04
2.	Mr. K. K. Modi				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
3.	Mr. R. Ramamurthy				
	At the beginning of the year	500	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	500	0
	At the End of the year			500	0

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4.	Dr. Lalit Bhasin				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
5.	Mr. Anup N. Kothari				
	At the beginning of the year	6000	0.01		
	Increase / Decrease in Shareholding during the year and reasons	0	0	6000	0.01
	At the End of the year			6000	0.01
6.	Mr. Samir Modi				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
7.	Mrs. Bina Modi				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year	0	0	0	0
8.	Mr. Atul Kumar Gupta				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year	0	0	0	0
9.	Mr. Ruchir Kumar Modi				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
10.	Mr. Sunil Agrawal (jointly with wife)				
	At the beginning of the year	500	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	500	0
	At the End of the year			500	0
11.	Mr. Sanjay Gupta (jointly with wife)				
	At the beginning of the year	200	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	200	0
	At the End of the year			200	0



DIRECTORS' REPORT

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	12,462.41	500.07	-	12,962.48
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.76	-	-	4.76
Total (i+ii+iii)	12,467.17	500.07	-	12,967.24
Change in indebtedness during the Financial year				
Addition	-	-	-	-
(Reduction)	(5,248.35)	(500.07)	-	(5,748.42)
Indebtedness at the end of the Financial year				
i) Principal Amount	7,215.93	-	-	7,215.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.89	-	-	2.89
Total (i+ii+iii)	7,218.82	-	-	7,218.82

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

(Rs. In Lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Modi	Mr. R. Ramamurthy	Mr. Samir Modi	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	480.00	168.00	240.00	888.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	147.83	148.63
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	360.00	0	100.00	460.00
	- others	0	0	0	0
5.	Others	0	0	0	0
	Total (A)	840.40	168.40	487.83	1496.63
Ceiling as per the Act Rs. 1804.67 Lakhs (being 10% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)					

DIRECTORS' REPORT



GODFREY PHILLIPS
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B. Remuneration to other Directors:

(Rs. In Lakhs)

Sl. No	Particulars of Remuneration	Name of Director						Total Amount
		Dr. Lalit Bhasin	Mr. Anup N. Kothari	Mr. Atul Kumar Gupta				
1.	Independent Directors							
	• Fee for attending board / committee meetings	14.00	14.00	10.00				38.00
	• Commission	0	0	0				0
	• Others	0	0	0				0
	Total (1)	14.00	14.00	10.00				38.00
2.	Other Non-Executive Directors				Mr. R.A. Shah	Mrs. Bina Modi	Mr. Ruchir Kumar Modi	
	• Fee for attending board / committee meetings				14.00	3.00	1.00	18.00
	• Commission				0	0	112.50	112.50
	• Others				0	0	0	0
	Total (2)				14.00	3.00	113.50	130.50
	Total (B)= (1+2)							168.50
Ceiling as per the Act Rs.180.46 Lakhs (being 1% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)								

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

(Rs. In Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Sunil Agrawal (CFO)	Mr. Sanjay Gupta (Company Secretary)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	129.01	89.14	218.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.07	4.13	7.20
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	0	0	0
	- others	0	0	0
5.	Others	0	0	0
	Total	132.08	93.27	225.35

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
Penalty					
Punishment		NONE			
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment		NONE			
Compounding					



Annexure 2

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A : Subsidiaries

Rupees in Lakhs

Particulars	International Tobacco Company Limited	Chase Investments Limited	Friendly Reality projects Limited	Unique Space Developers Limited	Gopal Krishna Infrastructure & Real Estate Limited	Rajputana Infrastructure Corporate Limited	Rajputana Developers Project	Flavors and More, Inc., USA	Godfrey Phillips Middle East, DMCC
Date since when subsidiary was acquired	30 - June-69	1 - Feb -94	31-Jan -91	12- Aug - 94	10 - Jan - 07	10 - Jan - 07	8 -Jan- 08	26-June -15	22-Mar-15
Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	US Dollars USD 1 = INR 64.84	US Dollars USD 1 = INR 64.84
Share Capital	300.00	280.46	16.85	81.96	5.00	77.00	6,746.05	968.25	35.50
Reserves and Surplus	4,250.06	6,768.75	3,207.39	(14.97)	(2.32)	802.86	(66.37)	(700.16)	(2.24)
Other Liabilities	1,396.20	1,311.48	1.92	0.14	0.12	2,325.12	0.11	27.98	2,536.24
Total Liabilities	5,946.26	8,360.68	3,226.17	67.13	2.79	3,204.98	6,679.79	296.07	2,569.50
Total Assets	5,946.26	8,360.68	3,226.17	67.13	2.79	3,204.98	6,679.79	296.07	2,569.50
Investments (other than in subsidiaries/fellow subsidiaries)	-	8,077.22	18.11	-	-	-	-	-	-
Turnover/ Total Income	5,257.63	522.77	17.34	2.84	0.19	10.24	0.36	14.77	15,148.78
Profit/(loss) before taxation	127.51	519.87	9.03	(2.58)	(0.04)	9.49	(65.66)	(531.67)	74.21
Provision for taxation	75.13	8.50	1.79	0.15	0.11	2.87	-	-	-
Profit/(loss) after taxation	52.38	511.37	7.25	(2.73)	(0.15)	6.62	(65.66)	(531.67)	74.21
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	84.57%	66.67%	66.67%	84.57%	49.90%	100.00%	100.00%

Remarks

- Gopal Krishna Infrastructure & Real Estate Limited is a 100% subsidiary of Unique Space Developers Limited.
- Rajputana Infrastructure Corporate Limited is a 100% subsidiary of Friendly Reality Projects Limited.
- Shares in Rajputana Developers Projects are held through Rajputana Infrastructure Corporate Limited.
- Shares in Unique Space Developers Limited are held through Chase Investments Limited and International Tobacco Company Limited.
- Shares in Friendly Reality Projects Limited are partly held through Chase Investments Limited.
- Transactions with the foreign subsidiaries have been translated to INR at the rates that closely approximate the rate on the date of transaction.

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

Part B : Associates and Joint Ventures

Rupees in Lakhs

Particulars	KKM Management Centre Pvt. Limited	Success Principles India Limited	IPM India Wholesale Trading Pvt. Limited
Latest audited Balance Sheet Date	31- Mar-17	31- Mar-17	31- Mar-17
Shares of Associate/ Joint Venture held by the Company on the year end			
Number of shares	1,102,500	199,673	4,960,000
Amount of Investment	110.25	19.97	496.00*
Extent of Holding %	36.75	48.89	24.80
Description of how there is significant influence	Since the Company holds more than 20% of voting power in these associates		
Reason why the associate is not consolidated	Not Applicable		
Networth attributable to Shareholding as per latest audited Balance Sheet#	313.99	60.38	-.**
Profit / (Loss) for the year	67.27	(1.14)	(3241.84)
Considered in consolidation	24.72	(0.56)	-.**
Not considered in consolidation	42.55	(0.58)	(3,241.84)

* provision made for diminution in the value for the entire amount in the standalone financial statements of the Company.

** since the share of losses have exceeded the value of investment made.

as reflected in the consolidated financial statements of the Company.

Notes on Part A and B

1. There are no subsidiaries/associates/joint ventures which are yet to commence operations.
2. There are no subsidiaries/associates/joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

BHISHAM WADHERA
Chief Executive Officer

SAMIR MODI
(DIN 00029554)
Executive Director

K.K. MODI
(DIN 00029407)
President & Managing Director

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

BINA MODI
(DIN 00048606)
DR. LALIT BHASIN
(DIN 00001607)

Directors

Place : New Delhi
Date : May 30, 2017

SANJAY GUPTA
Company Secretary

ANUP N. KOTHARI
(DIN 00294737)



Annexure - 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or activities proposed to be undertaken and a reference to the web-link to the CSR policy and projects or activities:

The CSR Policy of the Company was approved by the Board of Directors at its meeting held on July 5, 2014 and was further amended and approved by the Board in its meeting held on 30th May, 2017 and the same can be viewed at <http://www.godfreyphillips.com/social-consciousness>

Under the said policy, the Company has proposed to undertake or contribute for the activities relating to community development, woman empowerment, promotion of healthcare and education.

2. The Composition of the CSR Committee:

The CSR Committee comprises of Mr. R.A. Shah as its Chairman and Mr. K.K. Modi and Mr. Anup N Kothari as its members.

3. Average net profit of the Company for last three financial years: Rs. 25057 lakhs.
4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) :Rs.501.14 lakhs.
5. Details of CSR expenditure during the financial year:

(a) Total amount to be spent for the financial year : Rs.501.14 lakhs

(b) Amount unspent, if any : Rs.2.27 lakhs.

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity	Sector in which the project or activity is covered	Location of the project or activity	Amount outlay (budget) (Rs. Lakhs)	Amount spent on the project or activity Sub heads: (Rs. Lakhs)		Cumulative expenditure up to the reporting period (Rs. Lakhs)	Amount spent: Direct or through Implementing Agency
					Direct expenditure on projects/ activities	Project Overheads		
1.	Women empowerment program	Woman empowerment	Srinagar, Jammu and Kashmir	5.00	4.22	-	4.22	Implementing Agency - Help Foundation, J & K
2.	Promotion of education & healthcare	Education & Healthcare improvement	Khwabgah, Taimoor Nagar and Khijrabad, New Delhi	230.00	230.00	-	230.00	Implementing Agency - Modicare Foundation
3.	Community Development Initiative	Livelihood Improvement	Guntur/ (Ongole)	242.00	240.89	-	240.89	Implementing Agency - Assist
4.		Others (including 5% of the CSR expenditure towards Administrative expenditure)		25.00	-	23.76	23.76	Direct
	Total amount spent			502.00	475.11	23.76	498.87	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Directors' Report:-

The amount underspent is just Rs. 2.27 lakhs which amounts to mere 0.4% of the target amount.

7. Responsibility Statement:

The CSR Committee of Godfrey Philips India Limited, do confirm that the Company has implemented and monitored the CSR policy in compliance with its CSR objectives.

K.K. Modi
Managing Director

R.A. Shah
Chairman of the CSR Committee

Date: 12th August, 2017

DIRECTORS' REPORT

Annexure - 4

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	There are no such contracts or arrangements or transactions which are not at arm's length basis.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the resolution was passed in general meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	Please refer note 45 of the accompanying standalone financial statements for details of all related party transactions which, in the opinion of the Board, are in the ordinary course of business of the Company and are at arm's length basis.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board, if any	
(f)	Amount paid as advances, if any	

Date: 12th August, 2017

R.A. Shah
Chairman of the Board

Annexure 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

The Members

Godfrey Phillips India Limited
Macropolo Building, Ground Floor,
Next to Kala Chowky P.O.,
Dr. Babasaheb Ambedkar Road,
Lalbaug Mumbai-400033

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Godfrey Phillips India Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

(vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/ industry are:

1. Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the Rules made hereunder.
2. Tobacco Board Act, 1975 and the Rules made thereunder.
3. Food Safety and Standards Act, 2006 and the Rules made thereunder.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period the Company had no specific events/actions that had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Membership No. 16302
Certificate of Practice No.: 5673

Date : 28.7.2017
Place : New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and form forms an integral part of this report.

Annexure - A

The Members
Godfrey Phillips India Limited
Macropolo Building, Ground Floor,
Next to Kala Chowky P.O.,
Dr. Babasaheb Ambedkar Road,
Lalbaug Mumbai-400033

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Membership No. 16302
Certificate of Practice No.: 5673

Date : 28.7.2017
Place : New Delhi

DIRECTORS' REPORT

Annexure - 6

Information required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Ratio of remuneration of each Director to the median remuneration of all employees of your Company for the financial year ended 2016-17 is as follows:

Mr. K.K. Modi	133.25:1
Mr. Samir Modi	77.35:1
Mr. R. Ramamurthy	26.70:1
Mrs. Bina Modi*	0.48:1
Mr. R.A. Shah*	2.22:1
Dr. Lalit Bhasin*	2.22:1
Mr. Anup N. Kothari*	2.22:1
Mr. Atul Kumar Gupta*	1.59:1
Mr. Ruchir Kumar Modi	18.00:1

- * the ratio has been calculated based on Sitting fees paid.

- (ii) Percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2016-17 is as follows:

<u>DIRECTORS</u>	<u>DESIGNATION</u>	
Mr. K. K. Modi	Managing Director (MD)	16.99
Mr. Samir Modi	Executive Director (ED)	44.14
Mr. R. Ramamurthy	Whole-time Director (WTD)	11.73
Mrs. Bina Modi	Non-Independent and Non-executive Director	(57.14)
Mr. R. A. Shah	Non-Independent and Non-executive Director	(6.67)
Dr. Lalit Bhasin	Independent Director	(26.32)
Mr. Anup N. Kothari	Independent Director	(22.22)
Mr. Atul Kumar Gupta	Independent Director	100.00
Mr. Ruchir Kumar Modi	Non-Independent and Non-executive Director	N.A

KEY MANAGERIAL PERSONNEL (other than Directors).

Mr. Sunil Agrawal	Chief Financial Officer	7.68
Mr. Sanjay Gupta	Company Secretary	4.25

Note: Independent Directors are entitled to sitting fee only.

- (iii) The Percentage increase in the median remuneration of all employees in the financial year 2016-17 was (-)10.21%.
- (iv) The Company had 1005 permanent employees on its rolls as on 31st March, 2017.
- (v) The average percentile increase in salaries of employees other than managerial personnel in the financial year 2016-17 was 2.20% in comparison with 23.94% increase in managerial remuneration (MD, ED & WTD). The higher % increase in managerial remuneration is on account of full year impact of revision in their remuneration as approved by the Shareholders in the Annual General Meeting held in September, 2015.
- (vi) The Company confirms that remuneration paid during the year 2016-17, is as per the Remuneration Policy of the Company.



Annexure - 7

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

(A) CONSERVATION OF ENERGY

Several measures with regard to conservation of energy were taken during the year, details of which are given below:

1. Installed 68 cfm compressor in line with existing 500 cfm compressor for low production and partial running days and did synchronization of DG Set with UPPCL power supply line for optimum load sharing, at chewing products factory at Ghaziabad.
2. Installed LED lights on shop floor, new energy efficient pumps in chiller plant and VFD for vacuum pump motor on GD121 cigarette making machine at Ghaziabad cigarette factory.
3. Replaced sodium / florescent lights with LEDs in tea blending and packaging unit at Bazpur.
4. Installed online BOD/COD meter in compliance with Maharashtra Pollution Control Board's directives and thereby enhanced ETP performance.
5. Installed standalone vacuum system in place of centralized vacuum system on Mark 9 cigarette making machine at Rabale cigarette factory.
6. 100% usage of STP & ETP treated water in horticulture has resulted in water conservation & zero discharge at chewing products factory at Ghaziabad.

(B) TECHNOLOGICAL ABSORPTION, ADOPTION AND INNOVATION

Various new technologies and innovation were adopted and absorbed at various manufacturing units during the year. Details are listed below:

1. Developed and commissioned online inspection system on GD121 cigarette making machine to ensure manufacture of 'zero defect' products.
2. Installed high speed machines for packing pan masala and chewing tobacco at chewing products factories.
3. Installed static UPS of 1000 kVA capacity, having an efficiency of 97% at Ghaziabad cigarette factory.
4. Installed indigenously developed case packer and palletizer on X2NV cigarette packing machine.
5. Inkjet printers on packing machines have been replaced with state-of-art and environment friendly laser printers.
6. Developed in-house soap type bundler on two GD cigarette packing lines.
7. Implemented online perforation on 64mm cigarettes.

(C) RESEARCH & DEVELOPMENT

(i) New Product Development:

1. Carried out development work for differentiated an innovative products in all categories.
2. Carried out extensive work to develop in house the flavor for pan masala thereby eliminating dependence on outside vendors.
3. Work is on for smoke improvement to give superior smoking experience to consumers.
4. Worked to develop products suitable for newer geographies, both in domestic and international markets.

(ii) Benefits derived as result of these developments

1. Achieved product cost optimization through six sigma technique in chewing products.
2. Achieved process improvement in cut filler processing through six sigma project.
3. Created differentiated products in all categories.

(iii) Future plan of action:

1. To continue endeavors on product improvements under all categories.
2. To continue endeavors for creating innovative and differentiated products under all categories, thereby maintaining a healthy offer pipeline.
3. To equip the cigarette R & D with the capability to test new components / ingredients for meeting the future regulatory requirements.
4. To work on developing range of alternative and new generation products with reduced harm.

(iv) Expenditure incurred on Research & Development

(Rs. Lakhs)

	2016-17	2015-16
(a) Revenue Expenditure	1044.10	989.10
(b) Capital Expenditure	306.74	490.21
Total	1350.84	1479.31

AWARDS AND RECOGNITION

Our cigarette plants are ISO 50001, ISO 14001 and OSHAS 18001 certified. Ghaziabad cigarette factory received Gold Award from FICCI for Quality Systems and Green Tech Safety Award for outstanding achievement in safety management. Rabale cigarette factory received Green Tech Gold Award for Safety Performance and Green Tech Gold Award for Environment Performance.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings in foreign exchange during the year under report by way of exports and other income amounted to Rs.559 crores (previous year Rs. 618 crores) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 192 crores (previous year Rs. 223 crores).

Annexure - 8

DIVIDEND DISTRIBUTION POLICY

Background

As per Regulation 43A of SEBI (LODR) Regulations, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. Godfrey Phillips India Limited being one out of top 500 listed entities based on market capitalization has formulated a dividend distribution policy as approved by the Board of Directors of the Company.

The intent of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend. The policy will be broadly in line with the provisions of the Companies Act read with the relevant clauses in the Articles of Association of the Company and also take into consideration, guidelines issued by the SEBI, to the extent applicable.

Factors considered while declaring Dividend :

The Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs. 2 each currently. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth. Clause 149A of the Articles of Association of the Company reads as under:

"Notwithstanding anything contained in these Articles at least twenty- five per cent of the Company's profits available for distribution in respect of each financial year shall be distributed by the Company to its equity shareholders:

- a. by way of interim dividends declared by the Board from time to time during that financial year; and/or
- b. by way of an annual dividend within thirty (30) days from the Annual General Meeting at which such dividend is declared, (the above, being the "Dividend Policy")."

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend.

The profits being retained in the business shall be continued to be deployed in various business segments of the Company and thus contributing to the growth to the business and operations of the Company. The Company stands committed to deliver sustainable value to all its stakeholders.

Information on dividends paid in the last 10 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website and will also be disclosed in the Company's annual report.

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as “SEBI Listing Regulations, 2015”) the Directors present the Company’s Report on Corporate Governance

1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance initiatives of the Company are dedicated towards 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 managerial personnel ample freedom to operate and secure the Company’s objectives by putting in their best efforts. It aims to offer superior value to consumers by meeting their specific preferences with quality products and services delivered at competitive prices by using best in class systems and processes. A good corporate governance is, therefore, a key to sustainable growth of the business.

The Board of Directors of the Company 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. Thus, there is a robust system of structures, rights, duties and obligations by which the Company is directed and controlled.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS

i) Composition of the Board

The Board consists of an optimal combination of Executive and Non-Executive Directors, including Independent Non-executive Directors, representing a judicious mix of business acumen, professionalism, knowledge and experience.

The Directors bring in expertise in the fields of strategy, management, finance and law, among others. They provide leadership, strategic guidance, objective and independent view to the Company’s management while discharging their fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and compliance.

As at 31st March, 2017, the Board comprised three independent directors, three executive directors and three non-executive & non-independent directors (including a woman director).

The Chairman of the Board is a non-executive and non-independent director and the minimum requirement of one-third of the Board consisting of independent directors is duly complied with.

The independent directors of the Company, have already submitted their declarations affirming their status as independent directors as on March 31, 2017.



ii) **Details of the Board of Directors, their attendance at the Board Meetings/ last Annual General Meeting and their directorships/memberships/chairmanships in Board/Board Committees, respectively of other companies are as under:**

S. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM	Directorship/ Chairmanship of Board of other Companies* as at March 31, 2017	Membership/ Chairmanship of other Board Committees** as at March 31, 2017
1.	Mr. R.A. Shah DIN 00009851	Non-Executive & Non-Independent	5	Yes	9 (includes 2 as Chairman and 1 as Vice- Chairman)	7 (includes 4 as Chairman)
2.	Mr. K.K. Modi DIN 00029407	Executive	5	Yes	6	1 (as a Chairman)
3.	Mr. R. Ramamurthy DIN 00030463	Executive	5	Yes	8	Nil
4.	Dr. Lalit Bhasin DIN 00001607	Non-Executive & Independent	5	No	9	8 (includes 3 as Chairman)
5.	Mr. Anup N. Kothari DIN 00294737	Non-Executive & Independent	5	Yes	2	Nil
6.	Mr. Samir Modi@ DIN 00029554	Executive	4	Yes	6	Nil
7.	Mrs. Bina Modi@@ DIN 00048606	Non-Executive & Non-Independent	3	Yes	1	Nil
8.	Mr. Atul Kumar Gupta DIN 01734070	Non-Executive & Independent	5	Yes	2	1
9.	Mr. Ruchir Kumar Modi DIN 07174133	Non-Executive & Non-Independent	5	Yes	5	Nil

* Excludes directorships in private limited companies, foreign companies, section 8 companies, alternate directorships and memberships of managing committees of various chambers/bodies.

** Represents memberships/chairmanships of only Audit and Stakeholder Relationship Committees (excluding private companies and other non corporate entities).

@ Son of Mr. K. K. Modi and Mrs. Bina Modi.

@@Wife of Mr. K.K. Modi and mother of Mr. Samir Modi.

iii) **Board Meetings held during the year**

5 (Five) Board Meetings were held during the financial year 2016-17. They were held on May 30, 2016, August 16, 2016, September 13, 2016, November 11, 2016 and February 2, 2017. The necessary quorum was present at all the meetings.

All information mentioned in Part A of Schedule II to Regulation 17(7) of SEBI Listing Regulations, 2015, was made available to the Board in addition to the regular business items.

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

S. No.	Name(s) of the director	Amount involved (Rs. in Lakhs)	Nature of transactions
1	Mr. R.A. Shah (Senior Partner of Crawford Bayley & Co.)	0.25	Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates
2	Dr. Lalit Bhasin (Proprietor of Bhasin & Co.)	4.69	Payment for professional services to Bhasin & Co., Advocates



v) Brief resume, experience and other directorships/board committee memberships of the Directors being appointed/re-appointed

Mr. R. Ramamurthy, being the non-independent director, shall retire at the ensuing AGM but he has expressed his unwillingness to be re-elected at the ensuing AGM.

However Mr. Samir Modi, being the other non-independent director, shall be retiring by rotation and being eligible, has offered himself for reappointment in the ensuing AGM in accordance with the provisions of Section 152(6) of the Companies Act, 2013.

Mr. Sharad Aggarwal has been recommended for appointment as a Whole-time Director of the Company with effect from 1st October, 2017 and he shall be liable to retire by rotation.

Brief profile of Mr. Samir Modi and Mr. Sharad Aggarwal is given as under.

Name of the Director	Samir Modi
Director Identification Number	00029554
Date of joining the Board	11/01/1994
Qualification	B.A. from Delhi University. Owner / President Management - Programme from Harvard.
Profile of the Director	During initial years of his career, he worked with Phillip Morris Inc. for 2 years. He has been associated with the Company as Whole - time/ Executive Director since January, 1994. Apart from supervising various business initiatives of the Company, he has been instrumental in setting up businesses in the field of multi-level marketing, cosmetics, etc. and also actively associated with an NGO working towards prevention of spread of HIV/AIDS and empowerment of marginalized sections of the society. He is known for Innovative, leadership and marketing skills.
Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 1. Indian Cricket League Limited 2. Indofil Industries Limited 3. MEN Interactive Network Limited 4. Modern Home Care Products Limited 5. Modicare Limited 6. Success Principles India Limited
Number of Shares held in the Company	2000
Mr. Samir Modi is the son of Mr. K. K. Modi and Mrs. Bina Modi.	
Name of the Director	Sharad Aggarwal
Director Identification Number	07438861
Date of joining the Board	01/10/2017
Qualification	B.E. (Electronics) PGDBM, IMT Ghaziabad (Gold Medalist) Advanced Management Programme, Harvard University



Profile of the Director	He is currently designated as Executive Vice President - Operations and is responsible for manufacturing, engineering, research & development, innovation & supply chain functions in the Company. He is also one of the directors on the Board of subsidiary company, International Tobacco Company Limited.
Directorships and Committee memberships in other companies*	International Tobacco Company Limited
Number of Shares held in the Company	None

* Directorships and Committee memberships in the Company and its Committees are not included in the aforesaid disclosure. Also, alternate directorship, directorships in Private Limited Companies, Foreign Companies and Section 8 Companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committees and Stakeholders' Relationship Committees of only Public Companies have been included in the aforesaid table.

vi) Legal Compliances

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

vii) Familiarisation Programme for Directors

The Company encourages and supports its Directors to update themselves with the rapidly changing regulatory environment.

In case of newly appointed Directors, the Chairman of the Board and Managing Director of the Company have one to one discussion with them in order to familiarize the new inductees, with the Company's business operations. Upon appointment, Directors also receive a formal letter of appointment describing their roles, functions, duties and responsibilities as a Director and the same is uploaded on the Company's web-site at <http://reports.godfreyphillips.com/Letter-of-appointment-of-Independent-Director.pdf>

From time to time the senior management personnel make presentations at the Board/Committee meetings about the Company's business and performance updates, strategy, operations, products, regulatory changes, opportunities, threats, etc.

Recently the Independent Directors were familiarized with the latest initiatives taken and challenges faced by the Company.

viii) Code of Conduct

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

All the directors and senior management team personnel who are associated with the Company as on date of this report, have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2017. 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 Regulation 18 of SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee cover all the areas specified in Section 177 of the Companies Act, 2013 as well as those specified in Part C of Schedule II to SEBI Listing Regulations, 2015, as amended from time to time and inter-alia include overseeing financial reporting process, reviewing the financial statements before submission to the Board for approval, reviewing internal control systems and procedures, approval or any subsequent modification of transactions of the Company with related parties, etc. The Audit Committee also reviews from time to time the information relating to management discussion and analysis of financial condition and result of operations, letters of internal



control weaknesses, if any, issued by the statutory auditors and the reports issued by the internal auditors of the Company.

All the members of the Audit Committee are financially literate and the Chairman Dr. Lalit Bhasin, possesses the required accounting and financial management expertise. Mr. Sanjay Gupta, the Company Secretary acts as the Secretary to the Committee.

Dr. Lalit Bhasin, Chairman of the Committee, was absent at the Annual General Meeting held on 26th September, 2016 due to his ill health. However, Mr. R.A. Shah, Chairman of the Board who presided over the meeting, answered the shareholders' queries in the absence of Dr. Lalit Bhasin.

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

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

Audit Committee met 5 (five) times during the financial year 2016-17 i.e. on May 30, 2016, August 16, 2016, September 13, 2016, November 11, 2016 and February 2, 2017.

S. No.	Name	Category of directors	No. of Meetings attended
1	Dr. Lalit Bhasin	Non-Executive & Independent	5
2	Mr. Anup N. Kothari	Non-Executive & Independent	5
3	Mr. R. A. Shah	Non-Executive & Non-Independent	5
4	Mr. Atul Kumar Gupta	Non-Executive & Independent	5

4. SUBSIDIARY COMPANIES

- i) The Company has formulated a policy on material subsidiaries and updated the same on the website of the Company with web link: <http://www.godfreyphillips.com/web/guest/policy-for-determining-material-subsiary-company>
- ii) Since the Company does not have any material unlisted subsidiary, the requirement for appointment of an independent director on the Board of such subsidiary is not applicable.
- iii) The Audit Committee of the Company has reviewed the financial statements in respect of the investments made by its unlisted subsidiaries at its meeting held on May 30, 2017.
- iv) Copies of the minutes of the board meetings of all the unlisted subsidiaries held during the year 2016-17 were placed at the board meeting of the Company held on May 30, 2017.
- v) The requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiaries 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 45 to the financial statements for the year ended March 31, 2017 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meetings held on August 16, 2016, November 11, 2016, February 2, 2017 and May 30, 2017. The said transactions have no potential conflict with the interests of the Company at large. All details of such transactions are provided to the Audit Committee and Board, if required. It is also ensured that interested directors neither participate in the discussion nor do they vote on such matters.

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, 2017, whose terms and conditions are not in the ordinary 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, 2017, whose terms and conditions are not on an arm's length basis.

iv) Policy on dealing with related party transactions:

The Company has formulated a policy on dealing with related party transactions and the same is available on the website of the Company at web link : <http://www.godfreyphillips.com/web/guest/policy-on-related-party-transactions>

(B) Disclosure of accounting treatment

The Company has adopted Indian Accounting Standard ("Ind AS") from April 1, 2016 with transition date of April 1, 2015. Accordingly, the financial results for the year have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

Upto the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under 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 the risk environment and taking the necessary steps to effectively mitigate the identified risks. The functional heads are reasonably alive to 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 initiated to shift/reduce/eliminate the same in a structured manner, the Company has formulated a Risk Profile and Risk Register for listing out various risks, risk mitigating factors and risk mitigation plans and the same is periodically reviewed by respective businesses and put up before the Board.

The Company follows a policy of natural hedging to take care of any forex risk as forex inflows are more than outflows.

The Company is not required to constitute a separate Risk Management Committee in terms of SEBI circular No.CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 and in pursuance of Regulation 21(5) of SEBI Listing Regulations, 2015.

(D) Whistle Blower Policy

The Company has formulated and communicated the Whistle Blower Policy to all its directors and employees and the same is posted on the Company's Website <http://www.godfreyphillips.com/corporate-governance>. It provides opportunity to the directors and employees to report in good faith to the management about the unethical and improper practices, fraud or violation of Company's Code of Conduct. The vigil mechanism under the Policy provides for adequate safeguard against victimization of employees and directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. The Company affirms that none of the personnel of the Company has been denied access to the Audit Committee.

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

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

(F) Strictures and penalties

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

(G) Adoption of discretionary requirements

The Company has complied with all applicable mandatory requirements of Corporate Governance as specified in Regulations 17 to 27 and 46(2) of SEBI Listing Regulations, 2015. The Company has not adopted any discretionary requirements as prescribed in Part E of Schedule II to SEBI Listing Regulations, 2015.



6. REMUNERATION TO DIRECTORS

i) Remuneration policy

The appointment and remuneration of Executive Directors including Managing Director and Whole-time Director is governed by the recommendations of Nomination and Remuneration Committee and then decided by the Board subject to approval of the Shareholders.

A Non-executive Director including a Non-independent Director can be paid remuneration by way of commission either by way of quarterly payments or at a specified percentage of net profits of the Company or partly by one way and partly by the other, as per recommendations of Nomination and Remuneration Committee and then decided by the Board subject to approval of the Shareholders.

In accordance with the provisions of the Articles of Association of the Company and the Companies Act, 2013, sitting fees @ Rs. 1,00,000 per meeting is paid to the directors who are not drawing any remuneration, for attending meetings of the Board or of any Committee thereof.

The Company does not have any stock option scheme.

ii) Details of remuneration paid/payable to the directors

(Amount in Rs.)

Name of the Director	Salary and Other Allowances *	Perquisites	Commission	Sitting Fees for Board/ Committee Meetings \$	Total
Mr. R.A. Shah	Nil	Nil	Nil	14,00,000	14,00,000
Mr. K.K. Modi ¹	4,80,00,000	39,600	3,60,00,000	Nil	8,40,39,600
Mr. R. Ramamurthy ²	1,68,00,000	39,600	Nil	Nil	1,68,39,600
Dr. Lalit Bhasin	Nil	Nil	Nil	14,00,000	14,00,000
Mr. Anup N. Kothari	Nil	Nil	Nil	14,00,000	14,00,000
Mr. Atul Kumar Gupta	Nil	Nil	Nil	10,00,000	10,00,000
Mr. Samir Modi ³	2,40,00,000	1,47,83,598	1,00,00,000	Nil	4,87,83,598
Mrs. Bina Modi	Nil	Nil	Nil	3,00,000	3,00,000
Mr. Ruchir Kumar Modi ⁴	Nil	Nil	1,12,50,000	1,00,000	1,13,50,000
Total	8,88,00,000	1,48,62,798	5,72,50,000	56,00,000	16,65,12,798

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

\$ Excluding service tax paid under reverse charge.

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

¹The Company has service contract with Mr. K.K. Modi, Managing Director for a period of three years with effect from 14th August, 2015. The notice period is six calendar months by either party. No severance fees is payable to him. However, the Board has approved alteration in terms of remuneration of Mr. Modi w.e.f. 1st April, 2017, whereby he will cease to draw any salary and/or commission from the Company nor shall he be entitled to any sitting fee during the remaining period of his current tenure. However, he shall continue to be eligible for certain benefits and perquisites from the Company. The subject matter of alteration in terms of remuneration forms part of the agenda for the ensuing AGM.

²The Company has service contract with Mr. R. Ramamurthy, Whole-time Director for a period of three years with effect from 14th August, 2015. The notice period is three calendar months by either party. No severance fee is payable to him. Since Mr. Ramamurthy is not seeking re-election as a director in the ensuing AGM, the said service contract shall cease to be operative on conclusion of the ensuing AGM.

³The Company has service contract with Mr. Samir Modi, Executive Director for a period of three years with effect from 1st October, 2015. The notice period is three calendar months by either party. No severance fees is payable to him. However, the Board has approved alteration in terms of remuneration of Mr. Samir Modi w.e.f. 1st April, 2017, for the remaining period of his current tenure. Such alteration will be subject to approval of shareholders during the ensuing AGM. The subject matter of alteration



in terms of remuneration forms part of the agenda for the ensuing AGM. Mr. Samir Modi is the son of Mr. K.K. Modi and Mrs. Bina Modi.

⁴Mr. Ruchir Kumar Modi is entitled for a remuneration by way of commission of Rs. 1,50,00,000/- (Rupees One crore fifty Lakhs only) per annum (payable quarterly) for 3 years w.e.f. 1st July, 2016 in accordance with provisions of Section 197 of the Companies Act, 2013.

iv) Details of shares/convertible instruments held in the Company by the non-executive directors.

S . No.	Name of the non-executive director	No. of shares held as on March 31, 2017
1.	Mr. R. A. Shah	20000
2.	Dr. Lalit Bhasin	2000
3.	Mr. Anup N Kothari	6000
4.	Mrs. Bina Modi	Nil
5.	Mr. Atul Kumar Gupta	Nil
6.	Mr. Ruchir Kumar Modi	2000

v) Performance evaluation

The performance evaluation of the Board, its Committees and individual Directors was carried out on the basis of duly filled-in self-evaluation questionnaire which was prepared under the guidance of Chairman of the Board and then circulated amongst the Directors.

The Nomination and Remuneration Committee in its meetings held on February 2, 2017 and Independent Directors in their separate meeting held on March 29, 2017 evaluated the replies/feedbacks received in response to the questionnaire circulated and expressed their satisfaction with the evaluation process.

7. MANAGEMENT

As required under Regulation 26(5) of SEBI Listing Regulations, 2015, all members of the senior management team shall disclose their interest in all the material financial and commercial transactions, which may have a potential conflict with the interests of the Company at large.

The senior management team comprising of top executives of the Company and who have been associated with the Company as on date of this report, have disclosed to the Board of Directors about all the material financial and commercial transactions that have taken place during the financial year ended March 31, 2017 in which they had personal interest. These include dealing in/holding of shares of the Company by them/their relatives, 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 at the Board Meeting held on 12th August, 2017.

8. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Dr. Lalit Bhasin, as its Chairman and Mr. R.A. Shah and Mr. Anup N. Kothari, as its members.

The terms of reference of the Committee are as under:

- (i) To identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board of Directors their appointment and removal.
- (ii) To carry out evaluation of every director's performance.
- (iii) To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (iv) To recommend to the Board a policy, relating to the remuneration for the directors, key management personnel and the employees in senior management.
- (v) Any other matter as may be assigned by the Board from time to time.



The Committee met three times during the financial year 2016-17 i.e. on May 30, 2016, June 25, 2016, and February 2, 2017.

S.No.	Name	Category of directors	No. of meetings attended
1.	Dr. Lalit Bhasin	Non-Executive & Independent	3
2.	Mr. R. A. Shah	Non-Executive & Non-Independent	3
3.	Mr. Anup N. Kothari	Non-Executive & Independent	3

The Nomination and Remuneration Committee has formulated a criteria for evaluation of every Director's performance including Independent Directors. Various parameters of evaluation included level of participation of the members in the Board / Committee thereof, awareness about their roles, responsibilities, timelines of various declarations, etc.

9. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of Dr. Lalit Bhasin, as its Chairman and Mr. K.K. Modi and Mr. R. Ramamurthy as its members.

This Committee, besides sanctioning share transfers/transmissions and other related matters, also looks into the redressal of shareholders' and other investors' complaints. Mr. Sanjay Gupta, Company Secretary, is designated as Compliance Officer.

The Committee met twice during the financial year 2016-17 i.e. on May 30, 2016 and March 29, 2017. 46 (forty six) complaints were received during the year from the shareholders/investors and all were redressed to their satisfaction. No complaint was pending for redressal as on March 31, 2017.

S.No.	Name	Category of directors	No. of meetings attended
1.	Dr. Lalit Bhasin	Non-Executive and Independent	2
2.	Mr. K.K. Modi	Executive	1
3.	Mr. R. Ramamurthy	Executive	2

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee comprises of Mr. R.A. Shah, as its Chairman and Mr. K.K. Modi and Mr. Anup N. Kothari, as its members.

The terms of reference of the Committee are as under:

- (i) To formulate and recommend to the Board of Directors, the Corporate Social Responsibility Policy (CSR Policy) indicating the activities/programs to be undertaken by the Company in line with those specified in Schedule VII to the Companies Act, 2013.
- (ii) To recommend the amount of expenditure to be incurred on each of such activities/programs.
- (iii) To monitor the CSR activities/programs undertaken by the Company from time to time.
- (iv) Any other function as may be assigned by the Board from time to time.

During the year, the Committee met once i.e. on June 25, 2016 and Mr. R.A. Shah and Mr. Anup N. Kothari were present at the meeting.

11. INDEPENDENT DIRECTORS' MEETING

All the Independent Directors met on 29th March, 2017, inter - alia, to evaluate the:

- (i) Performance of Non-Independent Directors and the Board as a whole;
- (ii) Performance of the Chairman of the Board, taking into account the views of the Executive and Non-Executive Directors;
- (iii) Quality, content, and timeliness of flow of information between the Management and the Board that is necessary for the Board to act effectively and reasonably perform its duties.



12. GENERAL BODY MEETINGS

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

Financial year	Date of the AGM	Time	Location	Particulars of special resolutions passed
2013-14	23.09.2014	3:00 PM	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	(1) Sub-division of equity shares of Rs. 10 each into 5 equity shares of Rs. 2/- each fully paid up and carrying out consequential amendments in the Memorandum of Association of the Company. (2) Alteration in the Articles of Association of the Company consequent to the subdivision of equity shares as above. (3) Alteration in the Articles of Association of the Company to increase the amount of sitting fees payable to non-executive directors.
2014-15	29.09.2015	3:00 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	(1) Re-appointment of Mr. K.K. Modi as Managing Director for a period of three years w.e.f. 14.08.2015. (2) Re-appointment of Mr. R. Ramamurthy as Whole-time Director for a period of three years w.e.f. 14.08.2015. (3) Alteration in the Articles of Association of the Company in accordance with the provisions of the Companies Act, 2013.
2015-16	26.09.2016	3:00 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	For keeping the Register of Members of the Company and the respective Register of Debenture holders and other security holders, if any, maintained under Section 88 of the Companies Act, 2013 together with the Index of Members and/or Debenture holders/ other security holders, and copies of Annual Returns of the Company filed under Section 92 of the Companies Act, 2013, at the office of the Registrar and Share Transfer Agents of the Company, viz., M/s. LINK INTIME INDIA PVT. LTD.

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

No resolution was put through postal ballot during the financial year 2016-17.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 15th September, 2017.

13. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published by the Company in 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 results 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 forms part of the Directors' Report.



14. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting

Date and Time	: 15 th September, 2017 at 3:30 P.M.
Venue	: Rama Watumull Auditorium K.C College, Dinshaw Wacha Road, Churchgate, Mumbai-400 020

ii) Financial Calendar for 2017-18

First Quarter Results	: Latest by 14 th August, 2017
Second Quarter Results	: Latest by 14 th November, 2017
Third Quarter Results	: Latest by 14 th February, 2018
Annual Results	: Latest by 30 th May, 2018

iii) Date of Book Closure

: 9th September, 2017 to 15th September, 2017
(both days inclusive)

iv) Dividend Payment Date

: Dividend payment shall be made from 20th September, 2017 to those shareholders whose names shall appear on the Members' Register as on 15th September 2017.

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).

The Company has paid the listing fees to the above Stock Exchange(s) for the financial year 2017-18.

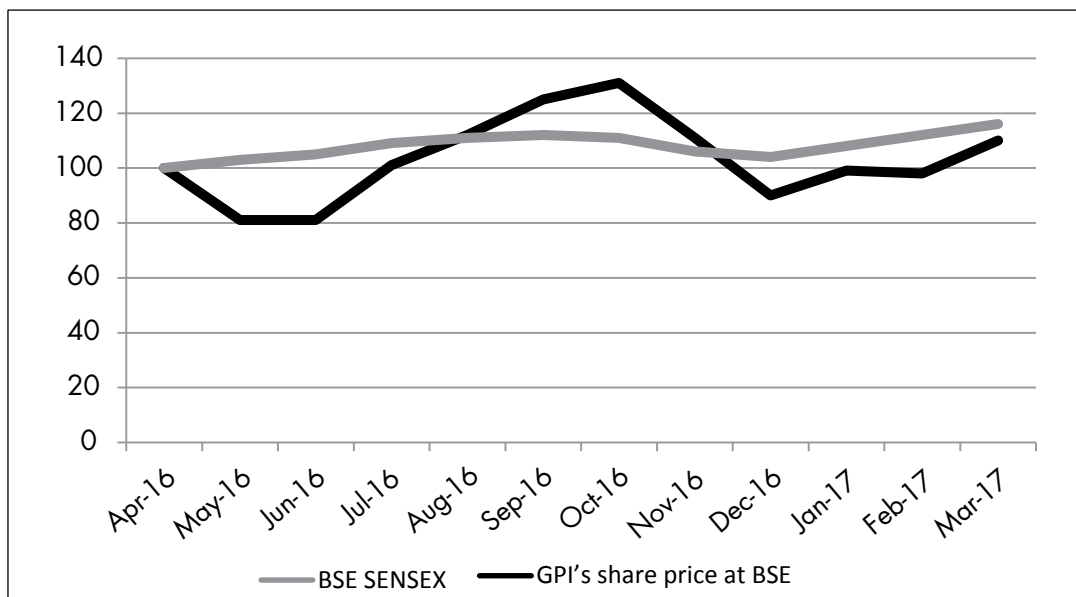
vi) Market Price Data of equity shares of the Company

The High and Low prices of the equity shares of the Company at BSE Limited (BSE) and National Stock Exchange (NSE) for the year ended 31st March, 2017 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
Apr-16	1253.00	878.75	1252.00	879.00
May-16	924.00	795.00	924.90	800.10
Jun-16	914.00	807.15	914.00	804.25
Jul-16	1296.00	861.00	1295.00	860.10
Aug-16	1303.00	1082.00	1304.95	1082.00
Sep-16	1525.00	1136.90	1525.00	1129.00
Oct-16	1542.00	1260.00	1542.50	1278.00
Nov-16	1488.00	870.30	1491.00	871.15
Dec-16	1102.00	823.15	1103.30	822.95
Jan-17	1097.80	1006.65	1097.00	1006.25
Feb-17	1119.00	978.00	1118.00	975.60
Mar-17	1345.50	989.90	1345.00	992.00



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



Note: The chart above has average of high & low of the share price vis a vis average of high & low of Sensex indexed to 100 of each month for the financial year 2016-17.

viii) Registrar and Share Transfer Agents

Link Intime India Pvt. Ltd.
C-101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai – 400083
Telephone No: 022-49186270
Fax: 022-49186060
E-mail id: rnt.helpdesk@linkintime.co.in

ix) Share Transfer System

The Company's share transfer and related operations are currently being handled by Link Intime India Private Limited, Registrar and Share Transfer Agents (RTA) who are registered with the SEBI as a Category 1 Registrar.

The shares for transfer received in physical mode by the Company/RTA, are transferred expeditiously, provided the documents are complete in all respect 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, 2017

Range of Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1-5000	19774	98.87	57,01,086	10.96
5001-10000	122	0.61	8,62,564	1.66
10001-20000	42	0.21	6,11,947	1.18
20001-30000	19	0.09	4,87,185	0.94
30001-40000	2	0.01	68,400	0.13
40001-50000	3	0.02	1,45,000	0.28
50001-100000	18	0.09	13,61,884	2.62
100001 and above	20	0.10	4,27,55,854	82.23
TOTAL	20000	100.00	5,19,93,920	100.00



xi) Categories of shareholding as on March 31, 2017

Category of Shareholder	Number of Shares	Percentage of Shares
A. Promoter and Promoter Group	3,75,34,786	72.19
B. Public Shareholding		
Foreign Institutional Investors	1,61,059	0.31
Foreign Banks	1500	0.00
Foreign Portfolio Investors – Corp.	54,46,470	10.48
Mutual Funds/UTI	1,24,510	0.24
Financial Institutions/Banks	68,699	0.13
Bodies Corporate	10,61,322	2.04
Individuals	70,39,847	13.54
Central Government/ State Government(s)	24,000	0.05
NRIs and OCBs	1,44,449	0.28
Other Directors & Relatives	28,500	0.05
Others	3,58,778	0.69
Total Public Shareholding	1,44,59,134	27.81
Total Shareholding (A+B)	5,19,93,920	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, 2017, a total of 5,04,15,339 equity shares of the Company, which forms 96.96% of the share capital, stood dematerialised.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares of face value of Rs.2/- each is INE260B01028.

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 Rabale (Navi Mumbai), Bazpur, Kolkata, Ongole, Mumbai (Metro), Ghaziabad & Faridabad and the cigarette plant located at Guldhar (Ghaziabad) is owned by the Company's wholly owned subsidiary, International Tobacco Company Limited.

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

Rabale (Cigarette) : Plot No. 19, MIDC, TTC Industrial Area, Rabale, Navi Mumbai - 400 701.



Mumbai (Metro) (Cigarette)	: 1st Floor, Suvarna House, Ramkrishna Chembur Marg, Behind BPCL Refineries, Mahul, Chembur, Mumbai - 400 074.
Ghaziabad (Chewing Products)	: B-19, Meerut Road, Site No. 3, Ghaziabad.
Faridabad (Chewing Products)	: Industrial Plot No. 120, Sector-59, Industrial Estate, Tehsil Ballabgarh, District Faridabad, Haryana.
Bazpur (Tea Blending & Packaging)	: Plot No. C-9, Bazpur - 1, UPSIDC Industrial Area, Distt- Udham Singh Nagar, Uttrakhand- 262 123.
Kolkata (Tea Blending & Packaging-operated by a contractor)	: Landys + GYR Compound, Diamond Harbour Road, Joka, Kolkata – 700104.
Ongole (Reconstituted Tobacco)	: Plot No. 289 to 300, APIIC Growth Centre, Gundlapally Ongole, Prakasam Dist., Andhra Pradesh - 523 001

xv) Address for Correspondence

Shareholders are requested to address all their correspondence concerning shares to the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited at the following addresses mentioned below:

Link Intime India Pvt Limited
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400083
Telephone No: 022-49186270
Fax: 022-49186060
E-mail id: rnt.helpdesk@linkintime.co.in

Or at

Link Intime India Private Limited
Unit: Godfrey Phillips India Limited
44, Community Centre, 2nd Floor, Naraina Ind. Area, Phase I,
Near PVR Naraina, New Delhi – 110 028.
Telephone No. : 011- 41410592/93/94
Fax No : 011- 41410591
E-mail : delhi@linkintime.co.in

xvi) Corporate Identity Number (CIN): L16004MH1936PLC008587

15. DETAILS OF UNCLAIMED SHARES

Presently 3,08,335 unclaimed shares are lying in the Company's unclaimed suspense account. The process of facilitating the transfer of unclaimed shares to unclaimed suspense account was floated in April, 2017 and the unclaimed shares were dematerialized in the month of June, 2017. Reminders have already been sent to the shareholders for claiming the unclaimed shares issued by the Company post split of face value of shares from Rs. 10/- per share to Rs. 2/- per share.

The Members who have not claimed the shares still from the above returned undelivered cases are requested to contact the RTA - Link Intime India Private Limited at the address given above with full details.



16. CEO/CFO CERTIFICATION

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

17. REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Report forms part of the Annual Report.

The Company is regularly filing the Quarterly Compliance Report on Corporate Governance with the Stock Exchanges as per the format specified in Regulation 27(2) of SEBI Listing Regulations, 2015.

18. COMPLIANCE

Certificate from the Statutory Auditors with respect to compliance with the conditions of Corporate Governance as stipulated in Part E of Schedule V to SEBI Listing Regulations, 2015 forms part of the Annual Report.

For and on behalf of the Board

Place : New Delhi
Date : August 12, 2017

R.A. SHAH
Chairman

**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 - 110025**

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, 2017.

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

Place : New Delhi
Date : May 30, 2017

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 - 110025**

We, K.K. Modi, Managing Director being the Chief Executive Officer and Sunil Agrawal, Executive Vice President - Finance being the Chief Financial Officer of Godfrey Phillips India Limited, to the best of our knowledge and belief, do hereby confirm that:

- a. We have reviewed the financial statements for the year ended March 31, 2017 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue or misleading statement nor omit any material fact;
 - 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 ended March 31, 2017 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. Deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies have been disclosed to the Auditors and the Audit Committee.
- d. We have indicated to the Auditors and the Audit Committee that during the year ended March 31, 2017 there has not been any significant change in internal control over financial reporting and in accounting policies and that there is no instance of any fraud involving management or other employees having significant role in the Company's internal control system over financial reporting.

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

SUNIL AGRAWAL
Executive Vice President - Finance
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2017



REF: MB/2017/024

**TO THE MEMBERS OF
GODFREY PHILLIPS INDIA LIMITED**

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated 20 October, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Godfrey Phillips India Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2017.
9. We 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 DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Manjula Banerji
Partner
(Membership No. 086423)

Place : GURUGRAM
Date : 12 August, 2017

{Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015}

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L16004MH1936PLC008587
2.	Name of the Company	GODFREY PHILLIPS INDIA LIMITED
3.	Registered address	'Macropolo Building', Ground Floor, Next to Kala Chowky Post office, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra – 400033
4.	Website	www.godfreyphillips.com
5.	E-mail id	isc-gpi@modi.com
6.	Financial Year reported	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Cigarettes (12003) and Pan Masala (12008) and trading of Unmanufactured tobacco (46202)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	(a) Cigarettes (b) Unmanufactured tobacco (c) Retail
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	International: Thru subsidiary company/branch :United Arab Emirates, United States of America and Singapore National: Across the country. Details of the office & plant locations are disclosed under the corporate information page of Annual Report.
10.	Markets served by the Company – Local/State/National/International	National & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital	Rs. 1039.88 Lakhs
2.	Total turnover	Rs. 439658.99 Lakhs
3.	Total profit after taxes	Rs. 13225.51 Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	2 %
5.	List of activities in which expenditure in 4 above has been incurred	(a) Promoting education, healthcare and women empowerment. (b) Undertaking community development initiatives.

SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary company/ companies.	Yes
2.	Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Yes, All of them are aligned to the parent to ensure efficient conduct of business.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company.	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

No.	Particulars	Details
1.	DIN Number	00029407
2.	Name	Mr. K.K. Modi
3.	Designation	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	-
2	Name	Mr. Bhasham Wadhwa
3	Designation	Chief Executive Officer
4	Telephone number	011-26832155
5	e-mail id	bhasham-gpi@modi.com

2.

<p>The operating principles adopted by the Company to supplement the requirements under the National Voluntary Guidelines (NVGs)</p>	<p>The National Voluntary Guidelines provide for the following nine principles:</p> <ul style="list-style-type: none"> Principle 1: Ethics, Transparency and Accountability (P1) Principle 2: Products Lifecycle Sustainability (P2) Principle 3: Employees Well-being (P3) Principle 4: Stakeholders Engagement (P4) Principle 5: Human Rights (P5) Principle 6: Environment (P6) Principle 7: Policy Advocacy (P7) Principle 8: Inclusive Growth (P8) Principle 9: Customer Value (P9)
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3. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Yes/No)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								



3	Does the policy conform to any national/international standards? If yes, specify.	Yes. The policies conform to the relevant standards as per the national /international legal requirements.
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Policies that are mandated under the Companies Act/SEBI Regulations are approved/noted by the Board from time to time. Other policies are approved / reviewed by the senior management of the Company.
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation of relevant policies covering various principles is the responsibility of respective functions in the Company. There may be more than one principle which may be a part of a policy and various functions in hands to ensure their implementation. There are specific committees of the Board to oversee implementation of CSR policies, Stakeholder relationships and Senior Management employees nomination & remuneration.
6	Indicate the link for the policy to be viewed online?	Internal policies which are available on the Company's internal network, Other policies are available on the website of the company (www.godfreyphillips.com) through various web links.
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes
8	Does the Company have in-house structure to implement the policy/ policies.	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The implementation of the relevant policies is periodically looked at by the internal audit team. However no independent audit/evaluation has been carried out.

4. Governance related to BR	As a statutory requirement this report has been compiled for the 1 st time and is annexed to the duly approved report of the Board of Directors. This will henceforth be the annual feature and various policies and the same will be disclosed on the Company's website www.godfreyphillips.com . Various policies and procedures are already aligned to this endeavor on continuous basis.
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SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 – Ethics, Transparency & Accountability

The Code of Business Conduct of your company outlines the values and expected behavior which is required to be followed by its Board of directors and senior management personnel and their subordinates while dealing with internal or external customers. By virtue of their direct responsibilities associated with all major subsidiaries/associates, this principle is expected to be followed in relation to the subsidiaries/associates also. Employees involved in potential conflict of interests are subjected to appropriate action by the Company. The Company has adopted 'Whistle Blower Policy' which provides mechanism to highlight any unethical behavior through protected disclosures to competent authority. Code on Insider Trading restricts possibility of any unethical dealing in Company's securities by any insider or connected person whether inside the Company or outside.

There were 46 complaints received during the year from the shareholders/investors and all were redressed to their satisfaction. No complaint was pending for redressal as on March 31, 2017.

Principle 2 – Sustainable Services

The Company has adopted life cycle approach in order to ensure product sustainability across its value chain. Your Company is committed to provide goods that address social and environmental concerns which lead to sustainability. Accordingly it focuses on controlling quality of air emissions, maximizing reuse of treated water and optimizing utilization of natural resources. Treated water is being reused in all the factories be it in horticulture or elsewhere. Tobacco contained in rejected cigarettes is retrieved and used back, plastic core bobbins and filter trays are reused and rejected pouches are ripped and recycled to conserve resources. Various measures are taken to save energy at factory locations.

Sustainable sourcing policies are followed by the Company, including in vendor selection and vendor evaluation mechanism. We encourage our vendors to follow applicable laws, rules & regulations apart from adhering to fair work practices. All major suppliers of raw materials are ISO 14000 certified. The Company encourages procurement of certain items from vendors in close vicinity of its factory locations. This also helps in optimizing transportation cost by using local transporter.

Principle 3 – Employees Well being

The Company ensures to keep its employees motivated through various health and safety measures, performance based compensation mechanism and training interventions at all levels in the organization. Some of the statistics on employees in the organization are as given below:

1. Total number of employees: 1005
2. Total number of employees hired on temporary/contractual/casual basis: 288
3. The Number of permanent women employees: 49
4. The Number of permanent employees with disabilities: None
5. Any employee association that is recognized by management.: No
6. Percentage of permanent employees being members of this recognized employee association: Not Applicable



7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	Number of complaints filed during the financial year	Number of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	-	-
2.	Sexual harassment	-	-
3.	Discriminatory employment	-	-

8. Percentage of under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent employees: 40%
- (b) Permanent women employees: 24%
- (c) Casual/Temporary/Contractual employees: 85%
- (d) Employees with disabilities: Not Applicable

Principle 4 – Responsiveness to Stakeholders

The Company has identified stakeholders across its value chain and there are internal and external stakeholders. These include consumers, distributors, civil society organisations, local communities, regulatory bodies, suppliers, investors and employees.

The external stakeholders are mapped through various, sales & marketing meets, channel partner meets, trade shows, trainings, consumer contact programs etc, including through use of technology. Internal stakeholders are responded through town hall meets, feedbacks and other personal interactions. The Company participates with various trade associations and contributes with various inputs in furtherance of the objectives for which the said association is working. The Company acts like a responsible corporate citizen in abiding by rules and regulations formulated by the regulators as an external stakeholder of the Company.

The Company also engages with marginalized sections of the society like small farmers, women working in rural areas, children and adolescents in slum areas for their general well being, empowerment, education, health and nutritional support as part of its CSR initiatives, directly or through external agencies.

Principle 5 – Respect for Human Rights

The Code of Business Conduct of the Company not only covers the employees but also the others who are directly or indirectly working with it. Similarly, the policy on Prohibition of Sexual Harassment at work place is applicable to all employees, suppliers, contractors and vendors working with it. No complaints of sexual harassment, gender or caste based discrimination or child labour were received in the financial year under the report.

Principle 6 – Environmental Responsibility

Your Company believes in following best practices in the field of environment, health and safety. As a responsible corporate citizen, Company realizes its responsibility towards the conservation of the environment and has adopted policies to use methods that have been proven environment friendly. The policy also extends to suppliers and contractors as it encourages them to get ISO 14000 certification.

In terms of environment-friendly manufacturing, Company's facilities comply with some of the highest international quality standards like ISO 9001:2015 and OHSAS 18001: 2007. The ISO 50001: 2011 (for Energy Management Systems) and ISO 14001:2004 (for Environment Management Systems) certification of the plants is further proof of the Company's commitment towards the environment.

The Company understands the critically and consequences of global environmental issues. Wide range of initiatives such as plantation, use of energy efficient technologies, rainwater harvesting, use of solar power etc. are the steps in this direction.



There are no show cause /legal notices received from CPSB/SPCB which were pending unresolved at the end of the financial year.

Principle 7 – Public Policy Advocacy

The Company is a member of various trade bodies and chamber of associations for the advancement of public good. We do not engage in lobbying activities but actively participate in forums that impact the interest of stakeholders in general in the broad areas of governance, sustainable business development, taxes, food security, etc. Some of the trade associations with which we are associated are; Confederation of Indian Industry, PHDCCI, ASSOCHAM, Tobacco Institute of India, Thane Belapur Industrial Association.

Principle 8 – Support for Inclusive Growth

The Company is committed to support inclusive growth and equitable development. The Board of Directors have formulated a Corporate Social Responsibility policy and its impact is contained in annual report separately. The initiatives like development of small and marginalized farmers, empowerment of women, development of education facilities, health and nutritional support to AIDS impacted children, needful support to school dropout children in slum areas are some of the initiatives undertaken in partnership with some external agencies. The Company constantly assesses the impact of various initiatives taken and strives towards maximizing the benefit accruing out of such initiatives.

Principle 9 – Engagement with Customers

There is a proper mechanism in place to receive and resolve customer complaints as quickly as possible. Consumer surveys and regular engagement with them is part and parcel of the normal business. Your Company ensures to display all the requisite information on product labels as is mandatory as per applicable laws governing product packaging and labelling. There are no cases pending against the Company regarding any unfair trade practice or anti-competitive behavior. Your Company adheres to all applicable rules and regulations with responsibility.

INDEPENDENT AUDITOR'S REPORT

To the Members of Godfrey Phillips India Limited



Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **GODFREY PHILLIPS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 37 (a) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 38 (b) to the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer Note 37 (e) to the financial statements.
 - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - Refer Note 48 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.015125N)

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : GURUGRAM
Date : May 30, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)



Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Godfrey Phillips India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.015125N)

Place : GURUGRAM
Date : May 30, 2017

Manjula Banerji
(Partner)
(Membership No. 086423)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) As explained to us, the Company has a system of physical verification of property, plant and equipment which is designed to cover all property, plant and equipments once in a period of three years and in accordance therewith, no physical verification was due in current year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as other assets - non current /current in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than goods in transit for which subsequent receipts have been verified in most of the cases.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for tea. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Customs Duty and Cess which have not been deposited on account of any dispute. The details of dues of Sales Tax, Value Added Tax, Excise Duty, Service tax and Income-tax which have not been deposited as on March 31, 2017, on account of disputes are given below:



Name of the statute	Nature of the dues	Amount of dues* (Rs. Lakhs)	Amount deposited (Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Acts	Sales tax	263.09	159.68	1995-96, 2001-02, 2006-07, 2007-08, 2012-13, 2014-15	Sales Tax Tribunal
		307.98	123.61	2008-09 to 2015-16	Upto Commissioners' Level
		11.88	6.03	2006-07	High Court
Central Excise Act, 1944	Excise duty and Service tax	39.51	-	2008-09 to 2016-17	Upto Commissioners' Level
		1118.76	85.63	2002-03 to 2006-07, 2008-09 to 2015-16	Customs, Excise & Service Tax Appellate Tribunal
		895.06	244.09	2007-08 to 2011-12	High Court
Income Tax Act, 1961	Income tax	244.00	244.00	1979 to 1982, 1995-96 to 1997-98	High Court
		127.17	127.98	2009-10, 2010-11	Income Tax Appellate Tribunal
		373.82	298.84	1999-00, 2005-06 to 2008-09, 2010-11, 2011-12 to 2012-13	Upto Commissioners' Level

* amount as per demand orders, including interest and penalty, wherever 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	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where department has preferred appeal
Income Tax Act, 1961	Income tax	340.54	1969, 1974 to 1977, 1991-92, to 1994-95 2001-02 to 2003-04	High Court
U.P. Krishi Utpadan Mandi Adhinyam	Mandi Cess	108.20	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty	28.39	2013-14	Upto Commissioners' Level
		130.84	2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither raised any amount from the financial institutions and government nor has issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.



- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Place : GURUGRAM
Date : May 30, 2017

Manjula Banerji
(Partner)
(Membership No. 086423)



BALANCE SHEET

as at March 31, 2017

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
ASSETS				
Non-current assets				
Property, plant and equipment	6	66094.59	66182.59	61096.63
Capital work-in-progress	6	1270.49	4853.76	6515.74
Investment property	7	484.13	496.01	507.89
Intangible assets	8	635.79	418.07	538.05
Financial assets				
- Investments	9	40972.19	34109.71	37250.20
- Loans	10	647.07	705.89	730.92
- Other financial assets	15	780.18	802.37	1637.68
Deferred tax assets (Net)	11	179.88	1185.52	1514.87
Other non-current assets	16	2347.85	2694.94	3130.79
Total non-current assets		113412.17	111448.86	112922.77
Current assets				
Inventories	12	57731.73	66632.70	73826.34
Financial assets				
- Investments	9	9034.12	5478.09	447.51
- Trade receivables	13	17536.94	10361.46	12981.75
- Cash and cash equivalents	14	587.03	930.29	904.62
- Other bank balances	14	2134.70	1665.64	1609.62
- Loans	10	143.98	352.36	215.44
- Other financial assets	15	132.95	269.62	127.47
Current tax assets (Net)	24	2014.03	1260.45	820.67
Other current assets	16	5043.35	5244.08	5800.45
		94358.83	92194.69	96733.87
Assets classified as held for sale	17	215.45	434.03	0.14
Total current assets		94574.28	92628.72	96734.01
Total assets		207986.45	204077.58	209656.78
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	1039.88	1039.88	1039.88
Other equity	19	158143.13	149923.91	137983.47
Total equity		159183.01	150963.79	139023.35
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	20	-	2650.40	2110.46
- Other financial liabilities	21	43.03	28.10	26.15
Provisions	22	5698.71	5235.41	4745.81
Total non-current liabilities		5741.74	7913.91	6882.42
Current liabilities				
Financial liabilities				
- Borrowings	20	4621.93	5273.40	17530.39
- Trade payables	23	16332.93	12597.86	15531.36
- Other financial liabilities	21	4752.81	8603.84	10621.78
Provisions	22	938.31	1230.35	861.92
Current tax liabilities (Net)	24	494.43	494.43	542.32
Other current liabilities	25	15921.29	17000.00	18663.24
Total current liabilities		43061.70	45199.88	63751.01
Total liabilities		48803.44	53113.79	70633.43
Total equity and liabilities		207986.45	204077.58	209656.78
Notes forming part of the financial statements	1-52			

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR MODI
(DIN 00029554)
Executive Director

K.K. MODI
(DIN 00029407)
President & Managing Director

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

BINA MODI
(DIN 00048606)
DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)

Directors

Place : New Delhi
Date : May 30, 2017

SANJAY GUPTA
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2017	Year ended 31.3.2016
I. Revenue from operations	26	439658.99	426195.55
II. Other income	27	4622.20	3680.78
III. Total income (I+II)		444281.19	429876.33
IV. Expenses			
Cost of materials consumed	28	59857.51	55150.77
Purchases of stock-in-trade	29	55326.08	49584.50
Changes in inventories of finished goods, Stock in-trade and work-in-process	30	(346.57)	213.01
Excise duty on sale of goods		213127.08	193669.14
Employee benefits expenses	31	23407.29	23829.20
Finance costs	32	345.00	1011.62
Depreciation and amortisation expenses	6,7 & 8	9412.82	10220.49
Other expenses	33	63374.50	71635.45
Total expenses		424503.71	405314.18
V. Profit before tax (III-IV)		19777.48	24562.15
VI. Tax expense:	11		
- Current tax		5136.50	7066.38
- Deferred tax charge		1005.64	329.35
		6142.14	7395.73
VII. Profit for the year (V-VI)		13635.34	17166.42
VIII. Other comprehensive income			
Items that will not to be reclassified to profit or loss			
(i) (Loss) on remeasurements of the defined benefit plans		(626.73)	(335.96)
(ii) Income tax relating to items that will not be reclassified to profit or loss		216.90	116.27
Total other comprehensive income, net of tax (i+ii)		(409.83)	(219.69)
IX. Total comprehensive income for the year (VII+VIII)		13225.51	16946.73
Basic and diluted earnings per equity share (Face value of share - Rs. 2 each)	35	Rs. 26.22	Rs. 33.02
Notes forming part of the financial statements	1-52		

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

SAMIR MODI
(DIN 00029554)
Executive Director

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

K.K. MODI
(DIN 00029407)
President & Managing Director

BINA MODI
(DIN 00048606)
DR. LAIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)

Directors

For and on behalf of the Board of Directors

Place : New Delhi
Date : May 30, 2017

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

Rupees in Lakhs

(a) Equity share capital	Amount
Balance at April 1, 2015	1039.88
Changes in equity share capital during the year	-
Balance at March 31, 2016	1039.88
Changes in equity share capital during the year	-
Balance at March 31, 2017	1039.88

(b) Other equity

Reserves and surplus

	General reserves	Capital redemption reserve	Retained earnings	Total
Balance at April 01, 2015	27930.72	30.00	110022.75	137983.47
Profit for the year	-	-	17166.42	17166.42
Other comprehensive income for the year, net of income-tax	-	-	(219.69)	(219.69)
Total comprehensive income	-	-	16946.73	16946.73
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	(4159.51)
Corporate dividend tax	-	-	(846.78)	(846.78)
Transfer to general reserve from retained earnings	2000.00	-	(2000.00)	-
Balance at March 31, 2016	29930.72	30.00	119963.19	149923.91
Profit for the year	-	-	13635.34	13635.34
Other comprehensive income for the year, net of income-tax	-	-	(409.83)	(409.83)
Total comprehensive income	-	-	13225.51	13225.51
Payment of dividends (Rs. 8 per share)	-	-	(4159.51)	(4159.51)
Corporate dividend tax	-	-	(846.78)	(846.78)
Transfer to general reserve from retained earnings	2000.00	-	(2000.00)	-
Balance at March 31, 2017	31930.72	30.00	126182.41	158143.13

Notes forming part of the financial statements 1-52

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For and on behalf of the Board of Directors

Place : New Delhi
Date : May 30, 2017

CASH FLOW STATEMENT

for the year ended March 31, 2017



GODFREY PHILLIPS
—INDIA LIMITED—

Particulars	Rupees in Lakhs	
	For the year ended 31.3.2017	For the year ended 31.3.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	19777.48	24562.15
Adjustments for:		
Depreciation and amortisation expenses	9412.82	10220.49
Interest income from:		
- Debts, deposits, loans and advances, etc.	(391.18)	(330.17)
- Non-current investments	(34.80)	(34.80)
Net gain on sale/redemption/fair value of non-current investments	(3396.16)	(1359.26)
Net gain on sale/redemption/fair value of current investments	(646.73)	(1436.31)
Exchange loss on foreign currency bank balance	0.69	0.56
Exchange loss on non-current foreign currency borrowings	31.65	460.00
Interest expenses		
- On borrowings	216.18	506.62
- Others	64.73	60.83
Bad debts and advances written off	53.54	19.97
Investments written off	0.25	-
Property, plant and equipment written off	12.92	159.39
Loss on sale of property, plant and equipment	37.23	68.85
Write down in the value of assets classified as held for sale	217.01	434.03
	5578.15	8770.20
Operating profit before working capital changes	25355.63	33332.35
Adjustments for:		
Trade receivables, loans, other financial assets and other assets	(6434.83)	3870.01
Inventories	8900.97	7193.64
Trade payables, other financial liabilities, other liabilities and provisions	2474.33	(4638.61)
	4940.47	6425.04
Cash generated by operating activities	30296.10	39757.39
Interest received	308.42	283.01
Income taxes paid (net of tax deducted at source)	(5673.18)	(7437.78)
	(5364.76)	(7154.77)
Net cash generated by operating activities	24931.34	32602.62
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6587.54)	(13694.14)
Proceeds from sale of property, plant and equipment	119.91	189.57
Purchase of current and non-current investments	(261938.90)	(203014.86)
Proceeds from sale of current and non-current investments	255563.04	203920.33
Interest received	34.80	34.80
Bank balances not considered as cash and cash equivalents	(469.06)	(56.02)
Net cash (used) in investing activities	(13277.75)	(12620.32)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	-	5300.80
Repayment of non-current borrowings	(6063.88)	(7362.60)
Repayment of current borrowings (Net)	(651.47)	(12256.99)
Interest paid	(282.78)	(635.55)
Dividend paid	(4151.25)	(4154.95)
Corporate dividend tax paid	(846.78)	(846.78)
Net cash used in financing activities	(11996.16)	(19956.07)
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(342.57)	26.23
Cash and cash equivalents at the beginning of the year	930.29	904.62
	587.72	930.85
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(0.69)	(0.56)
Cash and cash equivalents at the end of the year	587.03	930.29
Notes forming part of the financial statements 1-52		

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For and on behalf of the Board of Directors

Place : New Delhi
Date : May 30, 2017

1. Corporate information

Godfrey Phillips India Limited ('the Company') is a public limited company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is engaged in manufacturing of cigarettes and chewing products and in trading of tobacco products, tea and other retail products.

The address of its registered office is 'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai - 400033 and the address of its corporate office is Omaxe Square, Plot No.14, Jasola District Centre, Jasola, New Delhi - 110025.

2. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note No.51 for the details of first time adoption exemptions availed by the Company. The financial statements are presented in rupees and all values are rounded to the nearest lakhs except when otherwise indicated.

3. Basis of preparation and presentation

3.1. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies mentioned below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3.2. Use of estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent assets and contingent liabilities.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may differ from these estimates. Any revision to the accounting estimates or difference between the estimates and the actual results are recognised in the periods in which the results are known/materialise or the estimates are revised and future periods affected.

4. Significant accounting policies

4.1. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes excise duty and excludes value added tax, estimated customer returns, trade discounts, sales incentive and other similar allowances.

4.1.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



4.1.2. **Income from services**

Revenue from service contracts priced on a time basis is recognised when services are rendered and related costs are incurred.

4.1.3. **Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.2. **Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary to sale of such asset and its sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

4.3. **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.3.1. **Operating lease**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss.

4.3.2. **Finance lease**

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

4.4. **Finance costs**

Finance costs comprise interest expense on loans and borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit and loss using effective interest rate (EIR). Borrowing costs may include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

4.5. **Foreign currencies**

4.5.1. **Functional and presentational currency**

The Company's financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

4.5.2. **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated



using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

4.6. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.6.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated in accordance with the Income-tax Act, 1961, using tax rates that have been enacted or substantially enacted by the end of the reporting period.

4.6.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4.7. Employee benefits

4.7.1. Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.7.2. Long term employee benefits

Long term employee benefits include compensated absences. The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.



4.7.3. **Defined contribution plan**

Provident fund, superannuation fund and employee's state insurance are the defined contribution schemes offered by the Company. The contributions to these schemes are charged to the statement of profit and loss of the year in which contribution to such schemes becomes due on the basis of services rendered by the employees.

4.7.4. **Defined benefit plan**

Gratuity liability is provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or losses arising from such valuation are charged to revenue in the year in which they arise.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

4.7.5. **Termination benefits**

Termination benefit is recognised as an expense at earlier of when the Company can no longer withdraw the offer of termination benefit and when the expense is incurred.

4.8. **Property, plant and equipment**

4.8.1. **Recognition and measurement**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and any recognised impairment losses, and include interest on loans attributable to the acquisition of qualifying assets upto the date they are ready for their intended use. Freehold land is measured at cost and is not depreciated.

4.8.2. **Capital work in progress**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4.8.3. **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.8.4. **Depreciation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets (other than freehold land and properties under construction) is recognised on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the Plant and Machinery pertaining to retail business, in which case the life of the assets has been assessed as 5 years, taking into account their nature, their estimated usage, their operating conditions, past history of their replacement and maintenance support, etc.

Estimated useful lives of the assets are as follows:

Buildings	30 - 60 years
Plant and machinery	7.5 - 15 years
Electrical installation and equipments	10 years
Computers and information technology equipments	3 - 6 years
Furniture, fixtures and office equipments	5 -10 years
Motor vehicles	8 years

Freehold land is not amortised.

The residual values, useful lives and methods of depreciation of property, plant and equipment



are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.9. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

No depreciation is charged in case of freehold land being designated as an investment property. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.10. Intangible assets

4.10.1. Recognition and measurement of intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

4.10.2. Derecognition of intangible asset

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4.10.3. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.10.4. Amortisation method and useful life

Intangible assets are amortised on straight line method over their estimated useful life as follows:
Computer software – 5 years

4.11. Impairment of tangible and intangible assets

The management periodically assesses whether there is any indication that an asset may have been impaired. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss (if any). An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life.

Impairment losses recognized in prior years are reversed when there is an indication that the impairment losses recognized earlier no longer exist or have decreased. Such reversals are



recognized as an increase in the carrying amount of the asset to the extent that does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years.

4.12. Inventories

Inventories are stated at lower of cost and net realisable value. 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. Net realisable value is the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

4.13. Provisions and contingencies

4.13.1. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of time value is material, the amount is determined by discounting the expected future cash flows.

4.13.2. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount can not be made.

4.14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.14.1. Financial assets

4.14.1.1. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4.14.1.2. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company classifies its financial assets in the following measurement categories:

- those measured at amortized cost,
- those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)

Financial assets at amortised cost:

A financial assets is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



Financial assets at FVTOCI:

A financial asset is classified as at the FVTOCI if both of the following criteria are met unless the asset is designated at fair value through profit or loss under fair value option.

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset, and
- (b) The asset's contractual cash flows represent SPPI.

Financial assets at FVTPL:

FVTPL is a residual category for financial assets. Any asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

4.14.1.3. Equity investment in subsidiaries, associates and joint ventures

Investments representing equity interest in subsidiaries, associates and joint ventures are carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

4.14.1.4. Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.14.1.5. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company believes that, considering their nature of business and past history, the expected credit loss in relation to its trade receivables and other financial assets is non-existent or grossly immaterial. Thus, the Company has not recognised any provision for expected credit loss. The Company reviews this policy annually, if required.

4.14.2. Financial liabilities

4.14.2.1. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

4.14.2.2. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.



Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

4.14.2.3. **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

4.14.2.4. **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

4.14.2.5. **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

4.15. **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.16. **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.17. **Earnings per share (EPS)**

Basic and diluted earnings per share has been computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

4.18. **Derivative financial instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

4.19. **Embedded derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics



and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

4.20. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

5. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management of the Company to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements and estimates

In the process of applying the accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the financial statements:

Defined benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature,



a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note No.42.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note No.43 for further disclosures.

Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Provisions and contingent liabilities

The Company has ongoing litigations with various regulatory authorities and others. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability.

6. Property, plant and equipment and capital work in progress

Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015							
Carrying amount of:										
Property, plant and equipment	66094.59	66182.59	61096.63							
Capital work-in-progress	1270.49	4853.76	6515.74							
	Land-freehold	Buildings*	Leasehold building improvements	Plant and machinery**	Electrical installation and equipments	Computers & information technology equipments	Furnitures fixtures and office equipments	Motor vehicles	Total	
Cost or deemed cost										
Balance at April 1, 2015	942.41	15108.47	548.62	39131.00	322.17	1474.92	1400.30	2168.74	61096.63	
Additions	-	2422.79	1814.59	10166.64	182.54	517.76	945.74	369.79	16419.85	
Disposals***	-	39.44	548.62	393.69	29.62	26.51	161.86	295.16	1494.90	
Balance at March 31, 2016	942.41	17491.82	1814.59	48903.95	475.09	1966.17	2184.18	2243.37	76021.58	
Additions	16.70	3887.96	117.22	3888.88	107.70	101.40	547.76	610.50	9278.12	
Disposals	-	-	-	3.25	0.67	11.31	13.93	194.75	223.91	
Balance at March 31, 2017	959.11	21379.78	1931.81	52789.58	582.12	2056.26	2718.01	2659.12	85075.79	
Accumulated depreciation										
Balance at April 1, 2015	-	-	-	-	-	-	-	-	-	
Depreciation expense	-	1227.29	70.43	7337.91	59.11	455.09	445.54	452.65	10048.02	
Eliminated on disposals of assets***	-	9.11	19.44	77.55	4.69	1.95	31.44	64.85	209.03	
Balance at March 31, 2016	-	1218.18	50.99	7260.36	54.42	453.14	414.10	387.80	9838.99	
Depreciation expense	-	693.47	109.87	7064.42	67.98	426.11	422.18	412.03	9196.06	
Eliminated on disposals of assets	-	-	-	1.96	0.09	3.99	3.06	44.75	53.85	
Balance at March 31, 2017	-	1911.65	160.86	14322.82	122.31	875.26	833.22	755.08	18981.20	
Net book value										
Balance at March 31, 2017	959.11	19468.13	1770.95	38466.76	459.81	1181.00	1884.79	1904.04	66094.59	
Balance at March 31, 2016	942.41	16273.64	1763.60	41643.59	420.67	1513.03	1770.08	1855.57	66182.59	
Balance at April 1, 2015	942.41	15108.47	548.62	39131.00	322.17	1474.92	1400.30	2168.74	61096.63	

Notes

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

** Exclusive charge has been created over specific plant and machinery to secure foreign currency borrowings from banks (Refer Note No.20).

*** Includes adjustments on account of property, plant and equipment held for sale and classified as assets held for sale under Note No.17.



Rupees in Lakhs

	Freehold Land	Building	Total
7. Investment Property			
Cost or deemed cost			
Opening balance as at April 1, 2015	1.60	506.29	507.89
Additions	-	-	-
Disposals	-	-	-
Closing balance as at March 31, 2016	1.60	506.29	507.89
Additions	-	-	-
Disposals	-	-	-
Closing balance as at March 31, 2017	1.60	506.29	507.89
Accumulated depreciation and impairment			
Opening balance as at April 1, 2015	-	-	-
Additions	-	11.88	11.88
Disposals	-	-	-
Closing balance as at March 31, 2016	-	11.88	11.88
Additions	-	11.88	11.88
Disposals	-	-	-
Closing balance as at March 31, 2017	-	23.76	23.76
Carrying amount			
Balance at March 31, 2017	1.60	482.53	484.13
Balance at March 31, 2016	1.60	494.41	496.01
Balance at April 1, 2015	1.60	506.29	507.89

Information regarding income and expenditure of investment property

The Company's investment properties comprise of certain land and buildings presently held by the Company for an undetermined purpose and these are located in Mumbai, Maharashtra.

Fair valuation of the properties

The following table provides an analysis of investment properties and their fair values:

Fair Valuation of the properties	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Located in Maharashtra	27646.20	25443.22	27939.25

The above values are based on valuation performed by an accredited independent valuer and the valuation has been carried out in accordance with the valuation model recommended by the International Valuation Standards Council.

The Company has no restrictions on the realisability of its investment properties.

Presently, no rental income is derived from these investment properties.

On freehold land, no amortisation has been charged. On buildings, depreciation has been charged as per Schedule II of the Companies Act, 2013.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
8. Intangible assets			
Carrying amount of			
- Computer software	635.79	418.07	538.05
	635.79	418.07	538.05
	Computer Software		
Cost or deemed cost			
Balance at April 1, 2015	538.05		
Additions	40.61		
Disposals	-		
Balance at March 31, 2016	578.66		
Additions	422.60		
Disposals	-		
Balance at March 31, 2017	1001.26		
Accumulated amortisation			
Balance at April 1, 2015	-		
Additions	160.59		
Disposals	-		
Balance at March 31, 2016	160.59		
Additions	204.88		
Disposals	-		
Balance at March 31, 2017	365.47		
Net book value			
Balance at March 31, 2017	635.79		
Balance at March 31, 2016	418.07		
Balance at April 1, 2015	538.05		
9. Investments			
Non-current			
Investment in equity instruments			
- Subsidiary Companies	7627.90	6589.00	5824.15
- Associate Companies	130.22	130.22	130.22
- Others	-	0.25	0.25
Investment in debt mutual funds	32779.06	26955.23	30860.57
Investment-others	435.01	435.01	435.01
	40972.19	34109.71	37250.20
Current			
Investment in debt mutual funds	9034.12	5478.09	447.51
	9034.12	5478.09	447.51
Aggregate value of unquoted investments non-current	8689.13	7650.48	6885.63
Aggregate value of unquoted investments current	-	-	-
Aggregate value of quoted investments non-current	32779.06	26955.23	30860.57
Aggregate value of quoted investments current	9034.12	5478.09	447.51
Market value of quoted investments non-current	32779.06	26955.23	30860.57
Market value of quoted investments current	9034.12	5478.09	447.51
Aggregate value of diminution other than temporary in value of investments non-current	496.00	496.00	496.00
Classification of investments as per Ind AS 109			
Financial assets carried at fair value through profit or loss (FVTPL)	41813.18	32433.32	31308.08
Financial assets carried at amortised cost	435.01	435.01	435.01
	42248.19	32868.33	31743.09



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9.1 Investment in subsidiaries			
Break-up of investment in subsidiaries (carrying amount at cost)			
Unquoted investment			
International Tobacco Company Limited 3,00,000 Equity shares of Rs.100 each fully paid up	3250.00	3250.00	3250.00
Godfrey Phillips Middle East DMCC 200 (March 31, 2016- 200; April 1, 2015- Nil) Equity shares of AED 1000 each fully paid up	35.50	35.50	-
Flavors And More, Inc. 725 (March 31, 2016- 250; April 1, 2015- Nil) Ordinary shares with no par value	968.25	329.35	-
Chase Investments Limited 2,01,210 Equity shares of Rs.100 each fully paid up	360.26	360.26	360.26
1,58,490 Equity shares of Rs.100 each Rs.50 paid up	79.24	79.24	79.24
Friendly Reality Projects Limited 6,650 Equity shares of Rs. 100 each fully paid up	2134.65	2134.65	2134.65
5,000 Shares of Rs.100 each Rs.50 paid up (March 31, 2016 Rs. 25 paid up; April 1, 2015 Rs. Nil)	800.00	400.00	-
	7627.90	6589.00	5824.15
9.2 Investment in associates			
Break-up of investment in associates (carrying amount at cost)			
Unquoted investment			
IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs. 10 each fully paid up	496.00	496.00	496.00
Less: Provision for diminution in the value	496.00	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	110.25
Success Principles India Limited 1,99,673 Equity shares of Rs.10 each fully paid up	19.97	19.97	19.97
	130.22	130.22	130.22
	7758.12	6719.22	5954.37
9.3 Other equity instruments			
Investments in equity investments valued at fair value			
Unquoted investment			
Molind Engineering Limited 3,500 Equity shares of Rs.10 each fully paid up	0.25	0.25	0.25
Less: Written-off	0.25	-	-
Investment in other equity instruments	-	0.25	0.25
9.4 Investment in debt mutual funds			
Non-current investment in debt mutual funds (valued at fair value)	32779.06	26955.23	30860.57
Current investment in debt mutual funds (valued at fair value)	9034.12	5478.09	447.51
Break-up of non-current investment in debt mutual funds			
Franklin Templeton Mutual Fund Nil (March 31, 2016- Nil; April 1, 2015- 1,43,75,356) Units of Franklin India Income Opportunities Fund-Growth of Rs. 10 each	-	-	2318.66
ICICI Prudential Mutual Fund Nil (March 31, 2016- Nil; April 1, 2015- 70,50,405) Units of ICICI Prudential Income Opportunities Fund-Regular Plan-Growth of Rs.10 each	-	-	1370.46
13,88,808 Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each	726.03	644.48	609.57
41,57,762 Units of ICICI Prudential Short Term-Direct Plan-Growth of Rs.10 each	1456.50	1311.47	1205.35
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	1452.09	1297.92	1193.69



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Break-up of non-current investment in debt mutual funds (Continued)			
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- 1,00,00,000) Units of ICICI Prudential Interval Fund Series VII Annual Interval Plan C-Direct Plan of Rs.10 each	-	1207.20	1110.24
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each	-*	590.10	541.68
29,21,824 Units of ICICI Prudential Banking & PSU Debt Fund-Direct-Growth of Rs.10 each (purchased during the year)	553.08	-	-
38,32,196 Units of ICICI Prudential Corporate Bond Fund Direct Growth of Rs. 10 each (purchased during the year)	1008.31	-	-
Birla Mutual Fund			
19,53,831 Units of Birla Sun Life Income Plus-Growth-Regular Plan of Rs.10 each Nil (March 31, 2016- Nil; April 1, 2015- 1,00,00,000)	1431.91	1290.66	1232.88
Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each Nil (March 31, 2016- Nil; April 1, 2015- 1,00,00,000)	-	-*	1130.48
Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000)	-	-*	1106.09
Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs. 10 each	-*	588.58	542.00
8,72,520 Units of Birla Sun Life Short Term Fund-Growth-Direct Plan of Rs. 10 each (purchased during the year)	545.70	-	-
5,00,000 Units of Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each (purchased during the year)	500.45	-	-
IDFC Mutual Fund			
52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan-Growth-(Direct Plan) of Rs.10 each Nil (March 31, 2016 Nil; April 1, 2015- 50,00,000) Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	2209.24	1941.50	1836.76
Nil (March 31, 2016 Nil; April 1, 2015- 50,00,000) Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	-*	566.80
Nil (March 31, 2016 Nil; April 1, 2015- 50,00,000) Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	-*	561.05
HDFC Mutual Fund			
Nil (March 31, 2016- Nil; April 1, 2015- 80,90,484) Units of HDFC Medium Term Opportunities Fund-Growth of Rs.10 each Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000)	-	-	1229.19
Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs. 10 each 60,89,466 (March 31, 2016- 60,89,466; April 1, 2015- Nil)	-*	588.15	540.94
Units of HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option of Rs.10 each	1106.91	1007.01	-
76,71,948 Units of HDFC Banking & PSU Debt Fund Direct Growth Plan of Rs. 10 each (purchased during the year)	1018.66	-	-
SBI Mutual Fund			
1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000)	2185.44	1923.47	1822.02
SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each 57,40,759 (March 31, 2016- 57,40,759; April 1, 2015- Nil)	-*	603.63	556.98
Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs.10 each. 26,27,375 Units of SBI Short Term Debt Fund-Direct-Growth Plan of Rs. 10 each (Purchased during the year)	1104.02	1006.24	-
	505.28	-	-
AXIS Mutual Fund			
79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	1423.02	1270.06	1174.17
DSP BlackRock Mutual Fund			
1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	2164.51	1953.61	1831.98



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Break-up of non-current investment in debt mutual funds (Continued)			
DHFL Pramerica Mutual Fund			
47,24,290 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs.10 each	1458.97	1320.41	1211.96
1,62,327 (March 31,2016-1,62,327; April 1, 2015- 1,57,703) Units of DHFL Pramerica Insta Cash Plus Fund-Bonus of Rs.10 each	233.85	217.94	201.33
16,30,710 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	503.60	-	-
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AC - Direct Plan-Growth of Rs. 1000 each (Purchased during the year)	503.55	-	-
Reliance Mutual Fund			
1,00,00,000 Units of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	1383.33	1284.22	1186.27
Nil (March 31, 2016- Nil; April 1, 2015- 1,00,00,000) Units of Reliance Fixed Horizon Fund-XXV-Series 14-Direct Plan Growth Plan of Rs.10 each	-	-*	1114.24
33,73,190 (March 31, 2016- 33,73,190; April 1, 2015- Nil) Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	532.17	475.58**	-
32,66,543 Units of Reliance Short Term Fund-Direct Growth Plan of Rs. 10 each (Purchased during the year)	1032.25	-	-
1,00,00,000 Units of Reliance Fixed Horizon Fund XXXIII-Series 5-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	1000.00	-	-
UTI Mutual Fund			
70,99,046 Units of UTI- Short Term Income Fund- Institutional Option-Direct Plan-Growth of Rs. 10 each	1442.74	1308.35	1205.03
76,42,438 Units of UTI- Dynamic Bond Fund- Direct Plan-Growth of Rs.10 each	1503.70	1303.21	1220.16
54,40,667 (March 31, 2016- 54,40,667; April 1, 2015- Nil) Units of UTI- Short Term Income Fund-Institutional Option-Direct Plan-Growth of Rs.10 each	1105.71	1002.71	-
26,12,890 Units of UTI Short Term Income Fund Institutional Option-Direct Growth Plan of Rs. 10 each (Purchased during the year)	531.02	-	-
Sundaram Mutual Fund			
Nil (March 31, 2016- 1,00,00,000; April 1, 2015-1,00,00,000) Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	-*	1226.70	1129.18
TATA Mutual Fund			
Nil (March 31, 2016- Nil; April 1, 2015- 50,00,000) Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each	-	-*	569.41
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	-*	589.24	542.00
34,85,851 (March 31, 2016- 34,85,851; April 1, 2015- Nil) Units of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	1097.50	1002.79	-
KOTAK Mutual Fund			
33,48,603 Units of Kotak Bond (Short Term)-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	1059.52	-	-
Total aggregate non-current investment in debt mutual funds	32779.06	<u>26955.23</u>	<u>30860.57</u>
* Transferred from non current to current investments.			
**Transferred from current to non current investments.			
Break-up of current investment in debt mutual funds #			
Reliance Mutual Fund			
Nil (March 31, 2016- Nil; April 1, 2015- 33,73,190) Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	-	-**	447.51



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Break-up of current investment in debt mutual funds# (Continued)			
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- Nil) Units of Reliance Fixed Horizon Fund -XXV-Series 14-Direct Plan Growth Plan of Rs.10 each	-	1210.53*	-
Birla Mutual Fund			
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- Nil) Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each	-	1225.13*	-
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- Nil) Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each	-	1200.69*	-
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil) Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs. 10 each	635.62*	-	-
IDFC Mutual Fund			
Nil (March 31, 2016- 50,00,000; April 1, 2015- Nil) Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	608.83*	-
Nil (March 31, 2016- 50,00,000; April 1, 2015- Nil) Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	-	615.51*	-
TATA Mutual Fund			
Nil (March 31, 2016- 50,00,000; April 1, 2015- Nil) Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each	-	617.40*	-
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil) Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	637.17*	-	-
Sundaram Mutual Fund			
1,00,00,000 (March 31, 2016- Nil; April 1, 2015- Nil) Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	1333.78*	-	-
SBI Mutual Fund			
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil) SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	651.23*	-	-
HDFC Mutual Fund			
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil) Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs. 10 each	635.38*	-	-
ICICI Prudential Mutual Fund			
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil) Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each	639.75*	-	-
UTI Mutual Fund			
1,69,011 Units of UTI- Liquid Cash Plan Growth Fund- Direct Plan-Growth (purchased during the year)	4501.19	-	-
Total aggregate current investment in debt mutual funds	9034.12	5478.09	447.51
9.5 Investment-others			
Investments in bonds valued at amortised cost			
Indian Railway Finance Corporation Limited			
43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up	435.01	435.01	435.01
	435.01	435.01	435.01

#Investments having a maturity of less than 12 months from the balance sheet date.

*Transferred from non current to current investments.

**Transferred from current to non current investments.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
10. Loans (carried at amortised cost)			
(unsecured considered good unless otherwise stated)			
Non-current			
Loans to employees	647.07	705.89	730.92
	647.07	705.89	730.92
Current			
Loans to related parties (Refer Note No.45)			
- Loan to officers	14.83	19.46	-
- Loan to subsidiary companies	2.29	94.42	-
- Loan to other related parties	0.01	2.90	1.68
Loans to employees	126.85	235.58	213.76
	143.98	352.36	215.44
Total	791.05	1058.25	946.36

11. Income taxes

Income tax expense in the statement of profit and loss comprises:

	Year ended 31.3.2017	Year ended 31.3.2016
Current income tax		
In respect of the current year	5136.50	7066.38
Deferred tax		
In respect of the current year	1005.64	329.35
Total income tax expense recognised in the statement of profit and loss	6142.14	7395.73
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	19777.48	24562.15
Income tax expense calculated at corporate tax rate of 34.608%	6844.59	8500.47
Investment allowance on plant and machinery	(195.65)	(484.04)
Differential tax rate on long term capital gain on sale of investments and fair value gain on investments	(677.39)	(635.42)
Effect of expenses that are not deductible in determining taxable profit	183.95	29.49
Effect of exempt non-operating income	(12.04)	(12.04)
Others	(1.32)	(2.73)
Income tax expenses recognised in statement of profit and loss	6142.14	7395.73

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.608% (previous year 34.608%) payable by corporate entities in India on taxable profits under the Indian tax laws.



Deferred tax balances

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

	Rupees in Lakhs		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Deferred tax asset			
Provisions for compensated absences	2134.59	2075.32	1778.38
Straight lining of lease rentals	200.28	213.27	141.23
Accrued expenses deductible on payment	944.64	895.79	866.13
Foreign currency fluctuation relating to borrowings and recognition of derivative liability	71.00	487.86	886.12
Voluntary retirement scheme payments deductible in instalments	244.90	489.81	734.72
Long term capital loss on investments sold*	154.52	265.93	291.11
Total deferred tax assets	3749.93	4427.98	4697.69
Deferred tax liability			
Investment in debt mutual funds fair valued through profit or loss	(1031.13)	(625.19)	(501.97)
Other financial assets	(5.18)	(11.34)	(12.74)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2533.74)	(2605.93)	(2668.11)
	(3570.05)	(3242.46)	(3182.82)
Deferred tax assets after set off	179.88	1185.52	1514.87

Movement in deferred tax assets and liabilities during the year are as follows:

	Opening Balance	Recognised in profit & loss	Closing Balance
For the year ended March 31, 2016			
Deferred tax assets in relation to:			
Provisions for compensated absences	1778.38	296.95	2075.33
Straight lining of lease rentals	141.23	72.04	213.27
Accrued expenses deductible on payment	866.13	29.66	895.79
Foreign currency fluctuation relating to borrowings and recognition of derivative liability	886.12	(398.26)	487.86
Voluntary retirement scheme payments deductible in instalments	734.72	(244.91)	489.81
Long term capital loss on investments sold*	291.11	(25.19)	265.92
	4697.69	(269.71)	4427.98
Deferred tax liabilities in relation to:			
Investment in debt mutual funds fair valued through profit or loss	(501.97)	(123.22)	(625.19)
Other financial assets	(12.74)	1.40	(11.34)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2668.11)	62.18	(2605.93)
	(3182.82)	(59.64)	(3242.46)
Net deferred tax assets	1514.87	(329.35)	1185.52



Rupees in Lakhs

	Opening Balance	Recognised in profit & loss	Closing Balance
For the year ended March 31, 2017			
Deferred tax assets in relation to:			
Provisions for compensated absences	2075.33	59.27	2134.60
Straight lining of lease rentals	213.27	(12.99)	200.28
Accrued expenses deductible on payment	895.79	48.85	944.64
Foreign currency fluctuation relating to borrowings and recognition of derivative liability	487.86	(416.86)	71.00
Voluntary retirement scheme payments deductible in instalments	489.81	(244.91)	244.90
Long term capital loss on investments sold*	265.92	(111.41)	154.51
	4427.98	(678.05)	3749.93
Deferred tax liabilities in relation to:			
Investment in debt mutual funds fair valued through profit or loss	(625.19)	(405.94)	(1031.13)
Other financial assets	(11.34)	6.16	(5.18)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2605.93)	72.19	(2533.74)
	(3242.46)	(327.59)	(3570.05)
Net deferred tax assets	1185.52	(1005.64)	179.88

There is no deferred tax charge/credit recognised through OCI.

*Deferred tax asset on such long term capital loss has been recognised as it is probable that future taxable profit will be available on gain on investment in debt mutual funds, against which tax losses can be utilised.

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
12. Inventories			
(Lower of cost and net realisable value)			
Raw and packing materials	34327.46	31245.66	40374.48
Work-in-process	832.43	575.76	591.73
Finished goods			
- Cigarettes	13256.99	27548.36	25010.97
- Chewing products	1726.04	1042.47	341.94
Traded goods	6198.21	4704.64	5886.50
Stores and spare parts	1390.60	1515.81	1620.72
	57731.73	66632.70	73826.34
Inventories include in-transit inventory of:			
Raw and packing materials	1595.37	129.89	1628.26
Finished goods			
- Cigarettes	138.23	67.98	35.07
Traded goods	-	-	205.32
Stores and spare parts	9.58	-	14.77

The cost of inventories recognised as an expense include Rs. 67.71 lakhs (previous year Rs. 23.42 lakhs) in respect of write-downs of inventory to net realisable value.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
13. Trade receivables			
Unsecured - considered good			
Trade receivables	17536.94	9165.07	12981.75
Receivables from subsidiary (Refer Note No.45)	-	1196.39	-
Total trade receivables	17536.94	<u>10361.46</u>	<u>12981.75</u>
The average credit period on sale of goods ranges upto 90 days. No interest is charged on trade receivables.			
Age of receivables			
1-30 days past due	3106.81	2782.02	4507.00
30-60 days past due	588.07	534.71	755.08
61-90 days past due	401.35	442.96	392.31
91-180 days past due	440.32	497.77	331.26
More than 180 days past due	535.67	602.21	107.53
14. Cash and bank balances			
Cash and cash equivalents (as per cash flow statements)			
Cash on hand	42.10	50.59	63.85
Cheques, drafts on hand	23.80	52.93	38.04
Balances with banks			
- In current accounts	521.13	826.77	802.73
Cash and cash equivalents as per cash flow statement	587.03	<u>930.29</u>	<u>904.62</u>
Other bank balances:			
In earmarked accounts for			
- Margin money*	1938.60	1477.90	1426.54
- Unpaid dividend	194.23	185.97	181.41
- Fixed deposit receipts lodged with government authorities	1.87	1.77	1.67
	2134.70	<u>1665.64</u>	<u>1609.62</u>
Cash and bank balances	2721.73	<u>2595.93</u>	<u>2514.24</u>
*The Company has given margin money to fulfil collateral requirements.			
15. Other financial assets (at amortised cost)			
(unsecured considered good unless otherwise stated)			
Non-current			
Security deposits	780.18	802.37	1637.68
	780.18	<u>802.37</u>	<u>1637.68</u>
Current			
Security deposits	76.41	223.37	44.31
Interest accrued on bank and other deposits	56.54	42.39	45.34
Others	-	3.86	37.82
	132.95	<u>269.62</u>	<u>127.47</u>



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
16. Other assets			
(unsecured considered good unless otherwise stated)			
Non-current			
Capital advances	223.99	483.23	1301.76
Prepaid expenses	427.95	479.59	527.42
Leasehold land under operating lease	1695.55	1731.76	1301.25
Others	0.36	0.36	0.36
	2347.85	2694.94	3130.79
Current			
With excise and customs on current/CENVAT accounts	322.93	640.38	450.22
Prepaid expenses	318.21	521.35	1003.95
Leasehold land under operating lease	36.92	36.92	33.89
Export incentives accrued/available	509.47	1001.13	1937.97
Others	3855.82	3044.30	2374.42
	5043.35	5244.08	5800.45
17. Assets classified as held for sale			
Property, plant and equipment held for sale-carrying value	434.03	868.06	0.35
Less: Write down in the value	217.01	434.03	0.21
Less: Disposal	1.57	-	-
	215.45	434.03	0.14
18. Equity share capital			
Authorised			
60,000 preference shares of Rs. 100 each	60.00	60.00	60.00
12,20,00,000 equity shares of Rs. 2 each	2440.00	2440.00	2440.00
	2500.00	2500.00	2500.00
Issued, subscribed and fully paid up			
5,19,93,920 equity shares of Rs. 2 each	1039.88	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. 2 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	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
a) Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%	13,050,475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	15,196,660	29.23%	15,196,660	29.23%	15,196,660	29.23%
c) Good Investment (India) Ltd.	4,309,220	8.29%	4,309,220	8.29%	4,095,220	7.88%



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
19. Other equity			
Capital redemption reserve	30.00	30.00	30.00
General reserve	31930.72	29930.72	27930.72
Retained earnings	126182.41	119963.19	110022.75
	158143.13	149923.91	137983.47
General reserve			
Opening balance	29930.72	27930.72	
Add: Transfer from surplus in statement of profit and loss	2000.00	2000.00	
Closing balance	31930.72	29930.72	
Retained earnings			
Balance at beginning of year	119963.19	110022.75	
Profit for the current year	13635.34	17166.42	
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax*	(409.83)	(219.69)	
Payment of dividend on equity shares (Rs.8 per share; previous year Rs.8 per share)	(4159.51)	(4159.51)	
Corporate dividend tax	(846.78)	(846.78)	
Transfer to general reserve	(2000.00)	(2000.00)	
Balance at end of year	126182.41	119963.19	

* Net of income tax of Rs. 216.90 lakhs (previous year Rs.116.27 lakhs)

Capital redemption reserve:

This was created on redemption of preference shares in accordance with the requirements of the Companies Act, 1956.

General reserve:

The amount transferred to the general reserve is Rs.2000 lakhs (previous year Rs.2000 lakhs). As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Retained earnings:

Retained earnings is the amount that can be distributed by the Company as dividends to its equity shareholders subject to the requirements of the Companies Act, 2013. The amount reported above are not distributable in entirety.

In respect of the year ended March 31, 2017, the directors have, in the board meeting held on May 30, 2017, proposed a dividend of Rs.8 per fully paid equity share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liability in the financial statements. The proposed equity dividend is payable to all the holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.4159.51 lakhs apart from Rs.846.78 lakhs towards corporate dividend tax.

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
20. Borrowings			
Non-current borrowings-carried at amortised cost			
Secured			
Term loans			
- Foreign currency term loans from banks	-	-	2110.46
- Foreign currency non-repatriable borrowing	-	2650.40	-
Total non current borrowings	-	2650.40	2110.46



Summary of borrowing arrangements

1. Foreign currency term loans from banks

These loans carry floating interest rates based on JPY LIBOR plus an agreed premium and are repayable in half yearly / quarterly instalments ranging between 3 to 5 years. Further, these loans are secured by way of exclusive charge over specific plant and machinery.

2. Foreign currency non-repatriable borrowing

This borrowing carries a floating interest charge based on USD LIBOR and is repayable in two equal semi-annual instalments starting from the 18th month from the date of its disbursement. This borrowing is secured by way of the exclusive charge over specific plant and machinery.

Breach of loan agreement

There have been no breach of covenants mentioned in the loan agreements during the reporting periods.

Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Current borrowings-carried at amortised cost			
Secured			
Loans from banks repayable on demand*	4621.93	4773.33	8029.55
Unsecured			
- Demand loan from banks	-	500.00	9500.00
- Loans from banks repayable on demand	-	0.07	0.84
Total current borrowings	4621.93	5273.40	17530.39

Details of security and terms of above loans:

*Secured against hypothecation of stocks (Refer Note No.12) and book debts (Refer Note No.13) and second charge on all movable fixed assets of the Company.

The above current borrowings carry interest ranging between 7.95% to 11.90% per annum.

Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
21. Other financial liabilities			
Non-current			
Security deposits - at amortised cost	43.03	28.10	26.15
	43.03	28.10	26.15
Current			
Current maturities of non-current borrowings (Refer Note No.20)	2594.00	5038.68	5083.45
Derivatives liabilities* (at FVTPL)	-	941.92	3062.06
Interest accrued but not due on borrowings	2.89	4.76	33.79
Unclaimed dividends	194.23	185.97	181.41
Payable to gratuity fund	1253.37	994.79	1580.90
Payables for fixed assets	691.11	1420.43	667.19
Security deposits - at amortised cost	17.21	17.29	12.98
	4752.81	8603.84	10621.78

*The Company had a currency option and an interest rate swap agreement whereby the Company received a variable rate of interest and paid interest at a fixed rate. The swap was being used to hedge the exposure to changes in the fair value of its variable rate secured loan. Additionally, the Company had also taken a currency swap arrangement where the Company received JPY and paid USD for the purpose of repayment of loan at each repayment date. The changes in fair value of the interest rate swap have been recognised in the statement of profit and loss.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
22. Provisions			
Non-current			
Provision for employee benefits			
- provision for compensated absences	5698.71	5235.41	4745.81
	5698.71	5235.41	4745.81
Current			
Provision for employee benefits			
- provision for compensated absences	938.31	1230.35	861.92
	938.31	1230.35	861.92
Total	6637.02	6465.76	5607.73

23. Trade payables			
Micro and small enterprises (Refer Note No.39)	100.22	183.91	192.74
Other than Micro and small enterprises	14331.76	10704.34	13026.74
Trade payables to subsidiary	1026.31	811.32	661.33
Employee payables	874.64	898.29	1650.55
	16332.93	12597.86	15531.36

The Company generally pays its vendors within 30-60 days and interest, if any, payable under the terms of the Micro, Small and Medium Enterprises Development Act, 2006 is recognised.

24. Current tax assets and liabilities			
Current tax assets (net)			
Income tax recoverable	2014.03	1260.45	820.67
Total current tax assets	2014.03	1260.45	820.67
Current tax liabilities (net)			
Income tax payable (net of payments)	494.43	494.43	542.32
Total current tax liabilities	494.43	494.43	542.32

25. Other liabilities			
Current			
Statutory dues	14499.66	13627.36	15454.46
Advances from customers	1275.63	3299.73	3117.66
Others	146.00	72.91	91.12
	15921.29	17000.00	18663.24

Liabilities are non-interest bearing and have a term upto one year.

	Year ended 31.3.2017	Year ended 31.3.2016
26. Revenue from operations		
Sale of products (including excise duty)	435944.17	420477.49
Other operating revenues		
Export incentives	623.56	885.36
Receipts from secondment of services	1545.94	2757.25
Scrap sales	486.86	592.31
Others	1058.46	1483.14
	3714.82	5718.06
Total revenue from operations	439658.99	426195.55



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
27. Other income		
Interest income (gross) from:		
- Debts, deposits, loans and advances, etc. *	391.18	330.17
- Non-current investments valued on amortised cost	34.80	34.80
Rent and hire charges (gross) from:		
- Subsidiary companies	4.80	4.80
- Others	148.53	268.90
Net gain on sale/redemption/fair valuation of:		
- Non-current investments fair valued through profit or loss	3396.16	1359.26
- Current investments fair valued through profit or loss	646.73	1436.31
Profit on sale of assets classified as held for sale	-	0.14
Foreign currency fluctuation (net)	-	246.40
	4622.20	3680.78
*includes interest income calculated in relation to financial assets valued on amortised cost basis.	68.61	50.11
28. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	21431.47	21458.08
Cigarette paper	773.84	784.94
Cardboard (shells, slides and others)	8799.02	9114.30
Filter rods	7752.53	6955.46
Aluminium foil/metallised paper	1387.79	1331.60
Cellulose paper	897.39	896.43
Flavours for chewing products	1642.99	1901.70
Betel nut	5687.27	3624.81
Katha, lime and bulking agent	2244.78	1000.87
Paper/Laminate pouches for chewing products	3091.77	1703.52
Miscellaneous	6148.66	6379.06
	59857.51	55150.77
29. Purchases of traded goods		
Unmanufactured tobacco (transferred from raw and packing materials)	24352.06	25385.32
Cigarettes	542.73	128.05
Other goods-Tea, etc. (including packing materials and processing charges)	30431.29	24071.13
	55326.08	49584.50



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
30. Changes in Inventories of finished goods, work-in-process and traded goods		
Opening stock:		
Work-in-process	575.76	591.73
Finished goods		
- Cigarettes	27548.36	25010.97
- Chewing products	1042.47	341.94
Traded goods	4704.64	5886.50
	33871.23	31831.14
Less: Excise duty in opening stock	20802.85	18549.75
Opening stock net of excise duty	13068.38	13281.39
Closing stock:		
Work-in-process	832.43	575.76
Finished goods		
- Cigarettes	13256.99	27548.36
- Chewing products	1726.04	1042.47
Traded goods	6198.21	4704.64
	22013.67	33871.23
Less: Excise duty in closing stock	8598.72	20802.85
Closing stock net of excise duty	13414.95	13068.38
(Increase)/Decrease	(346.57)	213.01
31. Employee benefits expenses		
Salaries and wages	19830.11	20142.63
Contribution to provident and other funds	1364.08	1414.58
Workmen and staff welfare expenses	1420.52	1440.18
Contribution to gratuity and superannuation fund	792.58	831.81
	23407.29	23829.20
32. Finance costs		
Interest expenses on:		
- Borrowings	216.18	506.62
- Others*	64.73	60.83
Other borrowing costs	32.37	84.19
Exchange differences regarded as an adjustment to borrowing costs	31.72	359.98
	345.00	1011.62

*including Rs. 41.58 lakhs (Previous year Rs. 41.58 lakhs) towards interest on entry tax.



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
33. Other Expenses		
Manufacturing charges paid to a subsidiary company for cigarette/tobacco manufactured on our behalf	5231.66	5164.18
Consumption of stores and spare parts*	62.27	79.05
Power and fuel	2297.43	2078.09
Rent	2863.81	3391.93
Repairs and maintenance		
- Buildings	397.70	303.49
- Plant and machinery	907.85	847.78
- Others	1183.46	1041.50
Insurance	542.47	476.72
Rates and taxes	3634.24	4217.41
Freight and cartage	3851.23	3611.27
Legal and professional expenses	5744.46	10893.78
Auditors' Remuneration (net of cenvatable service tax)		
- Audit fees	82.00	74.00
- For tax audit	20.05	18.04
- For limited review of unaudited financial statements	53.61	47.98
- For corporate governance, consolidated financial statements and other certificates	7.25	6.63
- For other services	2.59	1.53
- Reimbursement of expenses	9.06	10.66
Commission paid to other than sole selling agents	355.07	381.38
Advertising and sales promotion	13138.04	15389.93
Selling and distribution expenses	6779.97	7048.17
Travelling and conveyance	2834.47	3458.83
Donations	558.96	77.22
Contributions/expenses towards Corporate social responsibility (Refer Note No.34)	498.87	496.31
Bad debts and advances written off	53.54	19.97
Investments written off	0.25	-
Property, plant and equipment written off	12.92	159.39
Loss on sale of property, plant and equipment	37.23	68.85
Foreign currency fluctuation (net)	124.26	-
Technical services fee and royalty	1052.64	1144.58
Consumer research activity	400.45	818.89
Machine and material handling expenses	88.02	129.44
Write down in the value of assets classified as held for sale	217.01	434.03
Miscellaneous expenses	10331.66	9744.42
	63374.50	71635.45

*Excludes consumption of spare parts charged to repairs and maintenance-machinery.



Rupees in Lakhs

34. Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and woman economic empowerment, providing disaster relief and undertaking rural development projects.

Gross amount required to be spent by the Company during the year is Rs. 501.00 lakhs (Previous year Rs. 496.00 lakhs) and the details of amount spent are as under:

	Year ended 31.3.2017	Year ended 31.3.2016
a) By way of contribution for the above mentioned activities	475.11	472.68
b) Administrative expenses incurred (restricted to 5%)	23.76	23.63
	498.87	496.31

35. Earnings per share

Profit for the year attributable to owners of the Company [A]	13635.34	17166.42
Weighted average number of equity shares for the purpose of basic earning per share and diluted earning per share [B]	51993920	51993920
Basic and diluted earnings per share (Rs.) [A/B] (Face value of Rs. 2 each)	26.22	33.02

36. Managerial remuneration

a) Included in expenses are:		
Salaries*	888.00	697.93
Monetary value of benefits	148.63	97.23
Commission**	572.50	443.53
Sitting fees (excluding service tax paid under reverse charge)	56.00	64.00
	1665.13	1302.69

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

** includes Rs.112.50 lakhs (previous year Rs. 31.18 lakhs) payable to a non-working director.

b) Computation of directors' commission and net profit in accordance with Section 197 of the Companies Act, 2013:

Profit before tax	19777.48	24562.15
Add/(less):		
Directors' remuneration	1665.13	1302.69
Net gain on sale/redemption/fair valuation of non-current investments	(3396.16)	(1359.26)
Profit on sale of fixed assets held for sale	-	(0.14)
Investments written off	0.25	-
	18046.70	24505.44
Maximum remuneration to working directors @ 10% of above	1804.67	2450.54
Restricted to	1496.63	1207.51
Maximum remuneration to non-working directors @ 1% of above	180.47	245.05
Restricted to	112.50	31.18



Rupees in Lakhs

As at 31.3.2017 As at 31.3.2016 As at 1.4.2015

37. Contingent liabilities not provided for

a) Demands from excise, income tax, sales tax and other authorities disputed by the Company @	4350.19*	3926.03*	3679.74*
b) Uncalled liability on shares partly paid (including share premium)	879.24	1279.24	79.24
c) Guarantee given to a bank on behalf of subsidiary company:			
– International Tobacco Company Limited	52.60	46.47	81.18
– Godfrey Phillips Middle East DMCC (AED 34.36 lakhs)	608.50@@	622.66@@	-

*includes Rs. 1828.95 lakhs (March 31, 2016 - Rs. 1825.39 lakhs; March 31, 2015 - Rs. 1809.72 lakhs) 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.

@@this is to secure overdraft limit given by the bank. The actual overdrawn balance as on March 31, 2017 was Rs. 123.09 lakhs (AED 6.97 lakhs); (previous year Rs.196.54 lakhs) (AED 10.94 lakhs)

- d) The following are the particulars of dues on account of sales tax, value added tax, excise duty and income-tax as at March 31, 2017 that have been disputed by the Company in appeals pending before the appellate authorities:

Nature of the statute	Nature of the dues	Amount of dues*(Rs.)	Amount deposited (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Acts	Sales tax	263.09	159.68	1995-96, 2001-02, 2006-07, 2007-08, 2012-13, 2014-15	Sales Tax Tribunal
		307.98	123.61	2008-09 to 2015-16	Upto Commissioners' Level
		11.88	6.03	2006-07	High Court
Central Excise Act, 1944	Excise duty and Service tax	39.51**	-	2008-09 to 2016-17	Upto Commissioners' Level
		1118.76**	85.63	2002-03 to 2006-07, 2008-09 to 2015-16	Customs, Excise & Service Tax Appellate Tribunal
		895.06**	244.09	2007-08 to 2011-12	High Court
Income-tax Act, 1961	Income tax	244.00***	244.00	1979 to 1982, 1995-96 to 1997-98	High Court
		127.17***	127.98	2009-10 to 2010-11	Income Tax Appellate Tribunal
		373.82***	298.84	1999-00, 2005-06 to 2008-09, 2010-11, 2011-12 to 2012-13	Upto Commissioners' Level

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

** provided for in the accounts amounting to Rs.213.35 lakhs.

***provided for in the accounts amounting to Rs.556.01 lakhs.



37. Contingent liabilities not provided for (continued)

Further, there are no dues of customs duty 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.)	Period to which the amount relates	Forum where department has preferred appeal
Income-tax Act, 1961	Income tax	340.54	1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
U.P. Krishi Utpadan Mandi Adhiniyam	Mandi cess	108.2	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty and service tax	28.39	2013-14	Upto Commissioners' Level
		130.84	2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.4	2007-08	High Court

- e) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the requirements of the Companies Act.
- f) The Company and its contract manufacturers 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.

Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
38. Commitments			
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	1866.31	2239.24	7767.74

- b) 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 contracts including derivative contracts for which there will be any material foreseeable losses.

39. Dues to micro and small enterprises

The amount due to micro, small and medium enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED") has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to the micro, small and medium enterprises as at March 31, 2017 are as under:

Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016	Year ended 31.3.2015
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of Year are as under:			
- Principal amount	100.22	183.91	192.74
- Interest due thereon	0.04	0.08	2.12
Amount of payments made to suppliers beyond the appointed day during the year are as under:			
- Principal amount	7.77	11.53	112.88
- Interest actually paid under section 16 of MSMED	-	0.19*	-
*out of interest outstanding at the beginning of the year			
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED are as under:			
- Interest accrued during the year	0.04	0.08	2.12
- Interest remaining unpaid as at the end of the year	2.05	2.01	2.12
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961.	0.04	0.08	2.12



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016	Year ended 1.4.2015
40. Expenditure on scientific research and development			
Revenue expenditure	1044.10	989.10	1056.25
Capital expenditure	306.74	490.21	532.53

41. Operating lease arrangements

The Company as a lessee

Leasing arrangements

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 Company has also entered into operating lease arrangements for various lands. These are non-cancellable in nature and range between forty five years to ninety nine years.

The aggregate rentals under such agreements/arrangements have been charged as rent in Note No.33.

Non-cancellable operating lease commitments

Within one year	384.60	821.60	1176.61
Later than one year but not later than five years	110.42	311.54	5341.51
Later than five years	93.85	94.95	1910.83

The Company as a lessor

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 No.27.

42. Employee benefit plans

(a) Defined contribution plans and amounts recognised in the statement of profit and loss

	Year ended 31.3.2017	Year ended 31.3.2016
Contribution towards provident fund	1364.08	1415.84
Contribution towards superannuation fund	165.93	172.99
Employers' contribution to employee's state insurance scheme	5.14	6.17
	1535.15	1595.00

(b) Other long term employee benefits (based on actuarial valuation)

	Year ended 31.3.2017	Year ended 31.3.2016
Compensated absences – amount recognized in the statement of profit and loss	1595.07	1435.89

(c) Defined benefit plans

Gratuity

The Company makes annual contributions to gratuity fund established as a trust, for the defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per provisions of the Payment of Gratuity Act or the Company Scheme, whichever is beneficial.

The plan typically exposes the Company to actuarial risks such as: loss of investment risk, interest rate risk, mortality rate risk and salary rate risk.

Loss of investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.



Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the plan's liability.

Mortality rate risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary rate risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The following tables summarises the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for defined benefit plan:

Net employee benefit expense recognized in employee cost:

Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
Current service cost	564.80	548.86
Net interest cost	39.77	97.03
	<u>604.57</u>	<u>645.89</u>
(Shortfall)/excess of fair value over book value of plan assets	22.08	12.93
Net employee benefit expense recognized in employee cost	<u>626.65</u>	<u>658.82</u>
Amount recognised in other comprehensive income:		
Actuarial loss on obligations arising from change in financial assumptions	722.71	72.71
Actuarial (gain)/loss on obligations arising on account of experience adjustments	(81.38)	456.46
Return on plan assets (excluding amounts included in net interest expense)	(14.61)	(193.20)
Net expense for the year recognized in other comprehensive income	<u>626.72</u>	<u>335.97</u>
(I) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined obligation	8060.61	6912.57
Current service cost	564.80	548.86
Interest cost	614.45	504.84
Benefits paid	(1304.56)	(434.82)
Actuarial loss on obligations arising from change in financial assumptions	722.71	72.71
Actuarial (gain)/loss on obligations arising on account of experience adjustments	(81.38)	456.46
Closing defined benefit obligation	<u>8576.63</u>	<u>8060.61</u>
(II) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	7081.48	5334.39
Interest income	574.68	407.81
Return on plan assets (excluding amounts included in net interest expense)	14.61	193.20
Contribution by employer	994.79	1580.90
Benefits paid	(1304.56)	(434.82)
Closing fair value of plan assets	<u>7361.00</u>	<u>7081.48</u>
(III) (Shortfall)/excess of fair value over book value of plan assets	<u>37.74</u>	<u>15.66</u>
(IV) Net liability recognised in the balance sheet (I - II + III)	<u>1253.37</u>	<u>994.79</u>



Rupees in Lakhs

(c) Defined benefit plans - Gratuity (continued)

	Amount	% of total plan assets
The major categories of plan assets of the fair value of the total plan assets are as follows:		
As at March 31, 2017		
Government debt securities	563.75	7.66%
Other debt instruments	485.41	6.60%
Insurer managed funds	6232.81	84.67%
Others	79.03	1.07%
	7361.00	100.00%
As at March 31, 2016		
Government debt securities	613.55	8.66%
Other debt instruments	730.82	10.32%
Insurer managed funds	5733.04	80.96%
Others	4.07	0.06%
	7081.48	100.00%
As at April 1, 2015		
Government debt securities	673.80	12.63%
Other debt instruments	837.68	15.70%
Insurer managed funds	3812.69	71.48%
Others	10.22	0.19%
	5334.39	100.00%

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Discount rate (in %)	7.35%	8.30%	7.90%
Salary escalation rate (in %)	8.00%	8.00%	7.50%
Expected rate of return on plan assets	7.50%	7.50%	7.50%
Expected average remaining working lives of employees	12.49 years	11.44 years	12.02 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumption	Impact on defined benefit obligation	
	As at 31.3.2017	As at 31.3.2016
Impact of increase in 0.5% in discount rate	- 4.58%	- 4.31%
Impact of decrease in 0.5% in discount rate	4.94%	4.65%
Impact of increase in 0.5% in salary escalation rate	4.88%	4.64%
Impact of decrease in 0.5% in salary escalation rate	- 4.57%	- 4.34%

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



The following payments are expected as contributions to the defined benefit plan in future years:

Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
Within the next 12 months (next annual reporting period)	1141.02	1315.21
Between 2 and 5 years	1873.00	1681.29
Between 5 and 10 years	2787.98	3160.66
Beyond 10 years	14493.91	14895.29
Total expected payments	20295.91	21052.45

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.51 years.

43. Financial instruments and risk management

43.1. Fair value measurements

The fair value of financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

i) The fair value of cash and cash equivalents, trade receivables, trade payables, security deposits received, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii) The financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by using valuation techniques that are appropriate in the circumstances and for which sufficient data are available.

Level 1: This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of quoted equity shares and/or debt based mutual fund investments.

Level 2: This level hierarchy includes items measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly. This category consists of over the counter (OTC) derivative contracts.

Level 3: This level of hierarchy includes items measured using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main items in this category are unquoted equity instruments.



43.2. Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2017	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Financial instruments at FVTPL:				
Investment in				
- in debt mutual funds	41813.18	41813.18	-	-
Financial instruments at amortised cost:				
Investment in				
- others (IRFC Bonds)	435.01			
Trade receivables	17536.94			
Cash and cash equivalents	587.03			
Other bank balances	2134.70			
Loans	791.05			
Other financial assets				
- Security deposits	856.59			
- Interest accrued on bank and other deposits	56.54			
Total financial assets	64211.04	41813.18	-	-
As at March 31, 2016				
Financial liabilities				
Financial instruments at amortised cost:				
Borrowings	4621.93			
Trade payables	16332.93			
Other financial liabilities				
- Security deposits	60.24			
- Current maturities of long-term borrowings	2594.00			
- Interest accrued but not due on borrowings	2.89			
- Unclaimed dividends	194.23			
- Payable to gratuity fund	1253.38			
- Payables for fixed assets	691.10			
Total financial liabilities	25750.70			
As at March 31, 2016				
Financial assets				
Financial instruments at FVTPL:				
Investment in				
- in debt mutual funds	32433.32	32433.32	-	-
- equity instruments	0.25	-	-	0.25
Financial instruments at amortised cost:				
Investment in				
- others (IRFC Bonds)	435.01			
Trade receivables	10361.46			
Cash and cash equivalents	930.29			
Other bank balances	1665.64			
Loans	1058.25			
Other financial assets				
- Security deposits	1025.74			
- Interest accrued on bank and other deposits	42.39			
- Others	3.86			
Total financial assets	47956.21	32433.32	-	0.25



Rupees in Lakhs

43.2. Fair value hierarchy (continued)				
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities				
Financial instruments at FVTPL:				
- Derivative liabilities	941.92	-	941.92	-
Financial instruments at amortised cost:				
Borrowings	7923.80			
Trade payables	12597.86			
Other financial liabilities				
- Security deposits	45.39			
- Current maturities of long-term borrowings	5038.68			
- Interest accrued but not due on borrowings	4.76			
- Unclaimed dividends	185.97			
- Payable to gratuity fund	994.79			
- Payables for fixed assets	1420.43			
Total financial liabilities	29153.60	-	941.92	-
As at April 1, 2015				
Financial assets				
Financial instruments at FVTPL:				
Investment in				
- in debt mutual funds	31308.08	31308.08	-	-
- equity instruments	0.25	-	-	0.25
Financial instruments at amortised cost:				
Investment in				
- others (IRFC Bonds)	435.01			
Trade receivables	12981.75			
Cash and cash equivalents	2514.24			
Other bank balances	904.62			
Loans	1609.62			
Other financial assets				
- Security deposits	1681.99			
- Interest accrued on bank and other deposits	45.34			
- Others	37.82			
Total financial assets	51518.72	31308.08	-	0.25
Financial liabilities				
Financial instruments at FVTPL:				
- Derivative liabilities	3062.06	-	3062.06	-
Financial instruments at amortised cost:				
Borrowings	19640.85			
Trade payables	15531.36			
Other financial liabilities				
- Security deposits	39.13			
- Current maturities of long-term borrowings	5083.45			
- Interest accrued but not due on borrowings	33.79			
- Unclaimed dividends	181.41			
- Payable to gratuity fund	1580.90			
- Payables for fixed assets	667.19			
Total financial liabilities	45820.14	-	3062.06	-



Note for Financial assets

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in debt mutual funds: Fair value is determined by reference to net asset values (NAVs) declared by the respective mutual fund houses for the relevant schemes.

Note for Financial liabilities

Fair value of currency and interest rate swap derivatives has been determined using valuation techniques based on information derived from observable market data.

Investment property

The following table provides an analysis of investment properties, their fair values and fair value hierarchy grouped into Level 1, Level 2 and Level 3:

		Rupees in Lakhs		
	Carrying amount	Level 1	Level 2	Level 3
As at March 31, 2017				
Properties located in Maharashtra	482.53	-	-	27704.20
As at March 31, 2016				
Properties located in Maharashtra	494.41	-	-	25382.22
As at April 1, 2015				
Properties located in Maharashtra	506.29	-	-	28102.25

43.3. Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by its Senior Management.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, deposits and foreign currency receivables, payables, loans and borrowings.

The Company manages market risk through its finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest in order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, the finance department undertakes the interest rate risk management exercise from time to time.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas markets and purchases from suppliers in various foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of trade receivables.



The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss in the subsequent reporting period. The management believes that there is no significant exposure of credit risk due to the nature of company's business.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by Senior Management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(A) Maturities of financial liabilities

The table below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant

	Rupees in Lakhs		
Contractual maturities of financial liabilities	Less than 1 Year	More than 1 Year	Total
As at March 31, 2017			
Borrowings	4621.93	-	4621.93
Trade payables	16332.93	-	16332.93
Other financial liabilities	4752.81	43.03	4795.84
	25707.67	43.03	25750.70
As at March 31, 2016			
Borrowings	5273.40	2650.40	7923.80
Trade payables	12597.86	-	12597.86
Other financial liabilities	8603.84	28.10	8631.94
	26475.10	2678.50	29153.60
As at April 1, 2015			
Borrowings	17530.39	2110.46	19640.85
Trade payables	15531.36	-	15531.36
Other financial liabilities	10621.78	26.15	10647.93
	43683.53	2136.61	45820.14

(B) Foreign currency risk exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting periods expressed in Rupees in Lakhs, are as follows:

Currency of exposure	USD	GBP	EURO	SGD	AED	JPY	HKD	NPR
As at March 31, 2017								
Financial Assets								
Trade Receivables	11734.74	-	88.02	-	-	-	-	-
Net exposure to foreign currency risk (assets)	11734.74	-	88.02	-	-	-	-	-
Financial Liabilities								
Borrowings	2594.00	-	-	-	-	-	-	-
Trade payables	1252.90	21.56	108.83	26.47	-	58.02	-	8.58
Net exposure to foreign currency risk (liabilities)	3846.90	21.56	108.83	26.47	-	58.02	-	8.58



Rupees in Lakhs

As at March 31, 2016	USD	GBP	EURO	SGD	AED	JPY	HKD	NPR
Financial Assets								
Trade Receivables	4186.98	285.60	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	4186.98	285.60	-	-	-	-	-	-
Financial Liabilities								
Borrowings	8613.80	-	-	-	-	-	-	-
Trade payables	1334.93	48.25	327.55	41.82	-	2.62	9.09	3.52
Net exposure to foreign currency risk (liabilities)	9948.73	48.25	327.55	41.82	-	2.62	9.09	3.52
As at April 1, 2015								
Financial Assets								
Trade Receivables	5660.80	409.23	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	5660.80	409.23	-	-	-	-	-	-
Financial Liabilities								
Borrowings	10125.81	-	-	-	-	-	-	-
Trade payables	1226.65	731.66	87.94	25.96	3.75	111.83	6.75	51.36
Net exposure to foreign currency risk (liabilities)	11352.46	731.66	87.94	25.96	3.75	111.83	6.75	51.36

Foreign currency exposures that are not hedged by derivative instruments or otherwise are as follows:

Particulars	Currency	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
		Amount in in foreign currency (Lakhs)	Amount in Rs. (Lakhs)	Amount in foreign currency (Lakhs)	Amount in Rs. (Lakhs)	Amount in foreign currency (Lakhs)	Amount in Rs. (Lakhs)
Borrowings	USD	40.00	2594.00	130.00	8613.80	162.00	10125.81
Trade receivables	USD	180.98	11734.74	63.20	4186.98	90.58	5660.80
	EURO	1.27	88.02	-	-	-	-
	GBP	-	-	2.99	285.60	4.41	409.23
Current liabilities	USD	19.32	1252.90	20.15	1334.93	19.62	1226.65
	EURO	1.57	108.83	4.35	327.55	1.31	87.94
	GBP	0.27	21.56	0.51	48.25	7.88	731.66
	SGD	0.57	26.47	0.85	41.82	0.57	25.96
	AED	-	-	-	-	0.22	3.75
	JPY	100.00	58.02	4.43	2.62	214.58	111.83
	HKD	-	-	1.06	9.09	0.84	6.75
	NPR	13.84	8.58	5.59	3.52	82.17	51.36

Derivative instrument outstanding as at year end:

Currency option and interest rate swap to hedge exposure in foreign currency loan and interest thereon	JPY	-	-	4050.00	3313.00	13839.00	10125.81
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Note: The borrowing in JPY with floating rate of interest was swapped into USD at fixed rate of interest at the inception itself since the Company had export realisations in USD. Accordingly, the foreign currency exposure has been disclosed in USD.



Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives:

Currency of exposure	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease
USD	394.39	(394.39)	(288.09)	288.09	(284.58)	284.58
Impact on profit before tax as at the end of the reporting year	394.39	(394.39)	(288.09)	288.09	(284.58)	284.58

(C) Exposure in mutual fund investments

The Company manages its surplus funds majorly through investments in debt based mutual fund schemes. The fair value of these investments is reflected through net asset values (NAVs) declared by the Asset Management Company on daily basis with regard to the invested schemes. The Company is exposed to market price risk on such investments.

Sensitivity analysis of mutual fund investments

Had the NAVs been higher/lower by 1% at the end of the reporting period, profit for the year ended 31.3.2017 would have increased/decreased by Rs.418.13 lakhs (for the year ended 31.3.2016 by Rs. 324.33 lakhs).

44. Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

Rupees in Lakhs

Gearing ratio

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Borrowings	4621.93	7923.80	19640.85
Trade payables	16332.93	12597.86	15531.36
Other financial liabilities	4795.84	8631.94	10647.93
Other current liabilities	15921.29	17000.00	18663.24
Less : Cash and cash equivalents as per cash flow	587.03	930.29	904.62
: Current investments	9034.12	5478.09	447.51
Net debt	32050.84	39745.22	63131.25
Total equity	159183.01	150963.79	139023.35
Capital and net debt	191233.85	190709.01	202154.60
Gearing Ratio	16.76%	20.84%	31.23%



45. Related party transactions

45.1 Disclosure of related parties	Principal Activities	Place incorporation and operation	Proportion of ownership interest/voting rights held by the parent entity		
			As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
(a) Subsidiaries					
International Tobacco Company Limited	Manufacturing of cigarette & India tobacco products	India	100%	100%	100%
Chase Investments Limited	Investment activities	India	100%	100%	100%
Godfrey Phillips Middle East DMCC	Trading of cigarette, tobacco & other retail products	U.A.E.	100%	100%	100%
Flavors And More, Inc.	Trading & distribution of vaping devices	U.S.A.	100%	100%	100%
(b) Subsidiaries through the subsidiary companies:					
Friendly Reality Projects Limited		India	84.57%	83.33%	81.88%
Unique Space Developers Limited		India	66.67%	66.67%	66.67%
Rajputana Infrastructure Corporate Limited (subsidiary of Friendly Reality Projects Limited)		India	84.57%	83.33%	81.88%
Gopal Krishna Infrastructure & Real Estate Limited (subsidiary of Unique Space Developers Limited)		India	66.67%	66.67%	66.67%
Rajputana Developers Projects (AOP)		India	49.90%	45.41%	40.94%
(c) Associates:					
Success Principles India Limited		India	48.89%	48.89%	48.89%
IPM India Wholesale Trading Private Limited		India	24.80%	24.80%	24.80%
KKM Management Centre Private Limited		India	36.75%	36.75%	36.75%
(d) Entities of which the Company is an associate:					
K K Modi Investment & Financial Service Private Limited		India			
Philip Morris Global Brands Inc.		U.S.A.			



(e) Key management personnel and their relatives:

Mr. K.K.Modi	President and Managing Director
Mr. Samir Modi	Executive Director
Mr. Lalit Kumar Modi	Ordinary Director (upto May 28, 2015) and a relative of Mr.K.K.Modi, Mrs. Bina Modi and Mr.Samir Modi
Mrs. Bina Modi	Ordinary Director, and a relative of Mr. K.K.Modi, Mr. Lalit Kumar Modi and Mr. Samir Modi
Mr. Ruchir Kumar Modi	Ordinary Director, and a relative of Mr. K.K.Modi, Mr. Lalit Kumar Modi, Mr. Samir Modi and Mrs. Bina Modi
Mr. R.Ramamurthy	Whole-time Director
Mr. Bhisham Wadhera	Chief Executive Officer
Mr. Sunil Agrawal	Chief Financial Officer
Mr. Sanjay Gupta	Company Secretary

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

Modicare Limited
Beacon Travels Private Limited
Indofil Industries 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
International Research Park Laboratories Limited
Rajputana Fertilizers Limited
Rajputana Developers Limited



45.2 Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end

Rupees in Lakhs

A Nature of transactions	Subsidiary companies		Associates		Key management personnel and their relatives		Enterprises over which significant influence exists	
	Year ended 31.3.2017	Year ended 31.3.2016	Year ended 31.3.2017	Year ended 31.3.2016	Year ended 31.3.2017	Year ended 31.3.2016	Year ended 31.3.2017	Year ended 31.3.2016
ii) Trading transactions								
Sale of goods, spare parts, etc.	14120.84#	7830.97#	60331.44*	54631.56*	-	-	342.63	231.79
Purchase of goods/services/spare parts	3.62*	7.55*	542.71*	128.05*	-	-	1264.17\$	1743.83\$
Receipts from secondment of services	-	-	1382.70**	2610.71**	-	-	163.24	146.54
Interest income	-	-	134.29*	61.26*	-	-	-	-
Miscellaneous income	-	-	240.43*	114.56*	-	-	-	-
Rent and hire charges received	4.80*	4.80*	43.15	128.28	-	-	92.74	76.71
Manufacturing charges paid	5231.66*	5164.18*	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	-	18.98
Payments for professional services availed	-	-	1982.60**	3960.13**	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-
Donation given \$\$\$	-	38.19***	-	-	-	-	-	-
Expenses recovered	77.01#	44.55##	6409.43**	4054.50**	-	-	764.96	284.50
Expenses reimbursed	110598.75###	115184.65###	10.93	308.83	-	-	0.56	0.89
ii) Other related party transactions								
Subscription to share capital	400.00	400.00	-	-	-	-	-	-
- Friendly Reality Projects Limited	-	35.50	-	-	-	-	-	-
- Godfrey Phillips Middle East DMCC	-	329.35	-	-	-	-	-	-
- Flavors And More, Inc.	638.90	-	-	-	-	-	-	-
Dividend payment (gross)	-	-	1044.04	1044.04	-	-	-	-
- Philip Morris Global Brands Inc.	-	4.03***	-	-	-	-	-	-
Deposits given on behalf of	-	-	-	-	-	-	-	-
iii) Short term benefits to key management personnel \$								
- K.K.Modi	-	-	-	-	840.40	718.35	-	-
- Lalit Kumar Modi	-	-	-	-	-	31.18	-	-
- Samir Modi	-	-	-	-	487.84	338.44	-	-
- R.Ramamurthy	-	-	-	-	168.40	150.72	-	-
- Bina Modi	-	-	-	-	3.00	7.00	-	-
- Ruchir Kumar Modi (includes sitting fee Rs.1 lakh)	-	-	-	-	113.50	-	-	-
- Bhisham Wadhwa	-	-	-	-	259.34	190.38	-	-
- Sunil Agrawal	-	-	-	-	132.08	122.82	-	-
- Sanjay Gupta	-	-	-	-	93.81	90.17	-	-



45.2 Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end Rupees in Lakhs

B Outstanding balance	Subsidiary companies			Associates			Key management personnel and their relatives			Enterprises over which significant influence exists		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Trade receivables	2050.34***	1196.39***	-	519.19*	2786.38*	3505.41*	-	-	-	41.40	76.66	61.31
Loans and advances	2.29***	94.42***	-	-	-	-	14.83	19.46	-	0.05	2.90	1.68
Trade payables	-	-	-	524.68*	999.08*	1399.21*	-	-	-	158.42	180.25	122.60
Dues payable	1026.31*	811.32*	661.33*	124.43	325.32	123.25	1.61	5.56	3.73	4.95	8.06	-
Commission payable	-	-	-	-	-	-	460.00	443.53	472.00	-	-	-
Other recoverable	-	-	-	86.87	-	-	-	-	-	-	-	-
Guarantees given by the Company to a bank on behalf of - International Tobacco Company Limited	52.60	46.47	81.18	-	-	-	-	-	-	-	-	-
- Godfrey Phillips Middle East DMCC	608.50	622.66	-	-	-	-	-	-	-	-	-	-

* related to transaction with wholly owned subsidiary International Tobacco Company Limited.

** relates to transactions with Friendly Reality Projects Limited.

*** relates to transaction with wholly owned subsidiary Godfrey Phillips Middle East DMCC.

includes Rs. 14109.69 lakhs (previous year Rs. 7817.37 lakhs) to Godfrey Phillips Middle East DMCC and Rs. 11.15 lakhs (previous year Rs. 13.60 lakhs) to International Tobacco Company Limited.

includes Rs. 39.17 lakhs (previous year Rs. 27.03 lakhs) from International Tobacco Company Limited and Rs. 37.84 lakhs (previous year Rs. 17.52 lakhs) from Godfrey Phillips Middle East DMCC.

includes Rs. 110598.75 lakhs (previous year Rs. 115183.46 lakhs) to International Tobacco Company Limited and Rs. Nil (previous year Rs. 1.19 lakhs) to Godfrey Phillips Middle East DMCC.

® relates to transactions with IPM India Wholesale Trading Private Limited.

®® relates to KKM Management Centre Private Limited.

®® includes Rs. 6409.36 lakhs (Previous year Rs. 4051.53 lakhs) from IPM India Wholesale Trading Private Limited and Rs. 0.07 lakhs (previous year Rs. 2.97 lakhs) from KKM Management Centre Private Limited.

\$ includes Rs. 1047.33 lakhs (previous year Rs. 1616.20 lakhs) from Beacon Travels Private Ltd.

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

\$\$\$ including for CSR activities.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Nil, April 1, 2015: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.



46. Segment Information

a) Products from which reportable segments derive their revenues

The Company's reportable segments under Ind AS 108 are as follows:

- i) Cigarette and tobacco products; and
- ii) Tea and other retail products

Segment information for the year ended March 31, 2017 and March 31, 2016 is as follows:

	Year ended March 31, 2017			Year ended March 31, 2016		
	Cigarette and tobacco products	Tea and other retail products	Total	Cigarette and tobacco products	Tea and other retail products	Total
1. Segment revenue						
- External sales (gross)	404291.56	31652.61	435944.17	390048.95	30428.54	420477.49
- Other operating income	3185.90	528.92	3714.82	5140.00	578.06	5718.06
- Total	407477.46	32181.53	439658.99	395188.95	31006.60	426195.55
Unallocable income			4622.20			3680.78
Total revenue			444281.19			429876.33
2. Segment result	20481.22	(3810.48)	16670.74	26697.42	(4242.65)	22454.77
Unallocable income/(expenses) net of unallocable (expenses)/income			3451.74			3119.00
Profit before finance costs and tax			20122.48			25573.77
Less: Finance costs			345.00			1011.62
Less: Tax expense			6142.14			7395.73
Profit after tax			13635.34			17166.42
3. Other information						
Capital expenditure including capital work in progress	5135.88	722.33	5858.21	13827.30	152.65	13979.95
Depreciation and amortization	9029.97	382.85	9412.82	9820.42	400.07	10220.49
Non cash expenditure other than depreciation	416.34	22.34	438.68	1404.80	115.50	1520.30

46. Segment Information (continued)
Rupees in Lakhs
Segment information as at March 31, 2017, March 31, 2016 and April 1, 2015 is as follows:

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Cigarette and tobacco products	Tea and other retail products	Total	Cigarette and tobacco products	Tea and other retail products	Total	Cigarette and tobacco products	Tea and other retail products	Total
a) Segment assets									
Allocable assets	141519.39	12647.05	154166.44	151181.91	9040.66	160222.57	156227.46	11588.27	167815.73
Unallocable assets			53820.01			43855.01			41841.05
Total assets			207986.45			204077.58			209656.78
b) Segment liabilities									
Allocable liabilities	38030.43	2865.53	40895.96	36314.72	2209.51	38524.23	39746.43	2343.12	42089.55
Share capital and other equity			159183.01			150963.79			139023.35
Unallocable liabilities			7907.48			14589.56			28543.88
Total liabilities			207986.45			204077.58			209656.78
c) Entity wide information									
The Company operates in two principle geographical areas - Domestic and Overseas.									
The Company's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:									

	Revenue from external customers		Non-current assets*	
	Year ended	As at	As at	As at
	31.3.2017	31.3.2017	31.3.2016	1.04.2015
Domestic	383186.99	71016.17	74824.31	72796.70
Overseas	56472.00	-	-	-
Total	439658.99	71016.17	74824.31	72796.70

* Non current assets include assets allocable to business.

d) Segment accounting policies for the purpose of monitoring segment performance and allocating resources between segments:

In addition to the significant accounting policies applicable to the business segments as set out in Note No.4, the accounting policies in relation to segment accounting are as under:

i) 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 loans given, dividend income, profit or loss on sale/redemption/fair valuation 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.

ii) 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 trade payables and other financial liabilities. Segment assets and liabilities do not include investments, loans given, bank balances for unclaimed dividend and fixed deposits' unclaimed interest, share capital, reserves and surplus, loan funds, dividends payable and income-tax (current and deferred tax).



Rupees in Lakhs

			Year ended 31.3.2017		Year ended 31.3.2016
47. Turnover and stocks					
a) Particulars of sales (gross)**					
Cigarettes	Million	13566	347818.81	13104	338151.99
Unmanufactured tobacco*	Tonne	14479	30440.60	17120	33700.96
Chewing products#	Tonne	2340	22586.02	1022	14235.92
Manufactured tobacco	Tonne	1556	3299.22	1449	3695.79
Traded goods			31799.52		30692.83
			435944.17##		420477.49##

*transferred from raw and packing materials

#includes chewing tobacco purchased for resale

**excludes samples, write-off, etc.

##includes sale to a subsidiary for the year ended March 31, 2017 Rs. 14109.68 lakhs (USD 218.07 lakhs) and for the year ended March 31, 2016 Rs. 7817.37 Lakhs (USD 118.53 Lakhs).

b) Details of stock-in-trade

Opening stocks					
- Cigarettes	Million	1162	27548.36	1165	25010.97
- Chewing products	Tonne	84	1042.47	22	341.94
- Traded goods			4704.64		5886.50
Closing stocks					
- Cigarettes	Million	596	13256.99	1162	27548.36
- Chewing products	Tonne	176	1726.04	84	1042.47
- Traded goods			6198.21		4704.64

48. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 is as per the following details;

Amount in Rupees

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	10563500	1813389	12376889
(+) Permitted receipts	-	81693975	81693975
(-) Permitted payments	-	6617386	6617386
(-) Amount deposited in Banks	10563500	72180933	82744433
Closing cash in hand as on December 30, 2016	-	4709045	4709045

49. Applicability of new and revised Ind AS

Ind AS 7 has been amended in March 2017 to require an entity to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company will adopt the amended standard from the effective date which is still to be notified. The Company is in the process of performing a detailed analysis of the changes to understand the impact. Further, amendment in Ind AS 102 which deals with share based payments, is not applicable to the Company.



50. Disclosures required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 186(4) of the Companies Act, 2013:

Investments: Full particulars of investments made by the Company have been disclosed in Note No.9.

Guarantees: Full particulars of guarantees given by the Company have been disclosed in Note No.37. Further, these guarantees have been given to the banks to secure financial facilities provided by them to the subsidiaries of the Company.

51. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The effect of the Company's transition to Ind AS is summarised in the following notes:

- (i) Transition elections
- (ii) Reconciliation of equity, total comprehensive income, balance sheet, profit and loss and cash flows as reported as per Ind AS in this statement with as reported in previous years as per previous Indian GAAP.

51.1. Transition elections

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions:

Deemed cost of property, plant and equipment, investment properties and other intangibles assets

The Company has opted to consider previous GAAP carrying value of property, plant and equipment, investment properties and other intangible assets as deemed cost on transition date.

Leases

The Company has opted to determine whether an arrangement existing at the date of transition contains a lease, on the basis of facts and circumstances existing at the date of transition rather than at the inception of the arrangement.

Investments in subsidiaries and associates in separate financial statements

The Company has opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries and associates in separate financial statements.

51.2. Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Rupees in Lakhs

Particulars	Notes to first time adoption	As at April 1, 2015 (Date of transition)	As at March 31, 2016 (End of last period presented under previous GAAP)
Total equity (shareholders' funds) reported under previous GAAP		129261.79	140753.86
Increase/(Decrease) due to Ind AS Adjustments			
Dividend not recognised as liability until approved under Ind AS	(i)	5006.29	5006.29
Impact of measuring investments at fair value through profit and loss	(ii)	5459.65	6160.63



Rupees in Lakhs

Particulars	Notes to first time adoption	As at April 1, 2015 (Date of transition)	As at March 31, 2016 (End of last period presented under previous GAAP)
Impact of amortization of leasehold land	(iii)	(98.02)	(131.91)
Impact of measuring derivative financial instruments at fair value	(iv)	(115.07)	(12.87)
Impact of amortisation of upfront fees as per the tenure of loan	(v)	17.60	1.70
Change in lease rentals due to straight lining	(vi)	(408.08)	(616.24)
Impact of measuring security deposits and loan to employee at amortized cost	(vii)	36.82	32.78
Deferred tax adjustments on above	(viii)	(137.63)	(230.45)
Total adjustment to equity		9761.56	10209.93
Total equity under Ind AS		139023.35	150963.79

Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes to first time adoption	Year ended March 31, 2016
Profit after tax as reported under Previous GAAP		16498.36
Effects of transition to Ind AS:		
- Impact of measuring investments at fair value through profit and loss	(ii)	700.98
- Change in lease rentals due to straight lining	(vi)	(208.16)
- Impact of measuring derivative financial instruments at fair value	(iv)	102.19
- Impact of amortization of leasehold land	(iii)	(33.88)
- Actuarial gain or loss on defined benefit plan transferred to other comprehensive income	(ix)	335.96
- Others	(v & vii)	(19.95)
- Tax adjustments	(viii & ix)	(209.08)
Profit after tax as reported under Ind AS		17166.42
Other comprehensive income		
- Actuarial gain or loss on defined benefit plan	(ix)	(335.96)
- Income tax on above	(ix)	116.27
Total Other comprehensive income		(219.69)
Total comprehensive income as reported under Ind AS		16946.73



First-time IND AS adoption reconciliation
51.3. Effect of Ind AS adoption on the balance sheet as at April 1, 2015 and March 31, 2016

Rupees in Lakhs

Particulars	Notes to first time adoption	Opening Balance Sheet as at April 1, 2015 (Date of Transition)			Balance sheet as at March 31, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of Transition to Ind AS	Ind AS
Non-current assets							
Property, plant and equipment	(iii & xi)	63037.68	(1941.05)	61096.63	68579.19	(2396.60)	66182.59
Capital work-in-progress		6515.74	-	6515.74	4853.76	-	4853.76
Investment property	(x)	-	507.89	507.89	-	496.01	496.01
Intangible assets		538.05	-	538.05	418.07	-	418.07
Financial assets							
- Investments	(ii & xi)	31863.42	5386.78	37250.20	28927.54	5182.17	34109.71
- Loans	(vii)	879.65	(148.73)	730.92	892.24	(186.35)	705.89
- Other financial assets	(vii)	1639.43	(1.75)	1637.68	1132.89	(330.52)	802.37
Deferred tax assets (Net)	(viii)	1652.50	(137.63)	1514.87	1415.96	(230.44)	1185.52
Other non-current assets	(iii, vii & xi)	1692.03	1438.76	3130.79	533.90	2161.04	2694.94
Total non-current assets		107818.50	5104.27	112922.77	106753.55	4695.31	111448.86
Current assets							
Inventories		73826.34	-	73826.34	66632.70	-	66632.70
Financial assets							
- Investments	(ii)	375.00	72.51	447.51	4500.00	978.09	5478.09
- Trade receivables		12981.75	-	12981.75	10361.46	-	10361.46
- Cash and cash equivalents		904.62	-	904.62	930.29	-	930.29
- Other bank balances		1609.62	-	1609.62	1665.64	-	1665.64
- Loans		184.97	30.47	215.44	287.42	64.94	352.36
- Other financial assets	(vii & xi)	105.80	21.67	127.47	232.28	37.34	269.62
Current tax assets (Net)	(xi)	820.67	-	820.67	986.31	274.14	1260.45
Other current assets	(iii, vii, xi & xi)	5768.55	31.90	5800.45	5188.71	55.37	5244.08
Total current assets		96577.32	156.55	96733.87	90784.81	1409.88	92194.69
Asset classified as held for sale		0.14	-	0.14	434.03	-	434.03
Total current assets		96577.46	156.55	96734.01	91218.84	1409.88	92628.72
Total assets		204395.96	5260.82	209656.78	197972.39	6105.19	204077.58



Rupees in Lakhs

**First-time IND AS adoption reconciliation
51.3.Effect of Ind AS adoption on the balance sheet as at April 1, 2015 and March 31, 2016 (continued)**

Particulars	Notes to first time adoption	Opening Balance Sheet as at April 1, 2015 (Date of Transition)		Effect of transition to Ind AS	Opening Ind AS balance sheet	Balance sheet as at March 31, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS			Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet
EQUITY AND LIABILITIES								
Equity								
Equity share capital		1039.88	-		1039.88	1039.88	-	1039.88
Other equity	(j) to (viii)	128221.91	9761.56		137983.47	139713.98	10209.93	149923.91
Total equity		129261.79	9761.56		139023.35	140753.86	10209.93	150963.79
Liabilities								
Non-current liabilities								
Financial liabilities								
- Borrowings	(iv & v)	3125.25	(1014.79)		2110.46	2650.40	-	2650.40
- Other financial liabilities		26.15	-		26.15	28.10	-	28.10
Provisions		4745.81	-		4745.81	5235.41	-	5235.41
Total non-current liabilities		7897.21	(1014.79)		6882.42	7913.91	-	7913.91
Current liabilities								
Financial liabilities								
- Borrowings		17530.39	-		17530.39	5273.40	-	5273.40
- Trade payables	(vi)	15123.28	408.08		15531.36	11981.62	616.24	12597.86
- Other financial liabilities	(iv & v)	9509.52	1112.26		10621.78	8592.67	11.17	8603.84
Provisions	(i)	5868.21	(5006.29)		861.92	6236.64	(5006.29)	1230.35
Current tax liabilities (Net)	(xi)	542.32	-		542.32	220.29	274.14	494.43
Other current liabilities		18663.24	-		18663.24	17000.00	-	17000.00
Total current liabilities		67236.96	(3485.95)		63751.01	49304.62	(4104.74)	45199.88
Total liabilities		75134.17	(4500.74)		70633.43	57218.53	(4104.74)	53113.79
Total equity and liabilities		204395.96	5260.82		209656.78	197972.39	6105.19	204077.58



Rupees in Lakhs

51.4. Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

			Year ended 31/3/2016 (Latest period presented under previous GAAP)		
	Particulars	Notes to first time adoption	Previous GAAP	Effect of Transition to Ind AS	Ind AS
I	Revenue from operations	(xii)	434827.91	(8632.36)	426195.55
II	Other income	(ii, iv & vii)	2839.90	840.88	3680.78
III	Total income (I+II)		<u>437667.81</u>	<u>(7791.48)</u>	<u>429876.33</u>
IV	Expenses				
	Cost of materials consumed		55150.77	-	55150.77
	Purchases of stock-in-trade		49584.50	-	49584.50
	Changes in inventories of finished goods, stock in-trade and work-in-process		213.01	-	213.01
	Excise duty on sale of goods		193669.14	-	193669.14
	Employee benefits expenses	(vii & ix)	24126.69	(297.49)	23829.20
	Finance costs	(iv & v)	1008.12	3.50	1011.62
	Depreciation and amortisation expenses	(iii)	10220.49	-	10220.49
	Other expenses	(iii, vi, vii & xii)	80010.08	(8374.63)	71635.45
	Total expenses (IV)		<u>413982.80</u>	<u>(8668.62)</u>	<u>405314.18</u>
V	Profit before tax (III-IV)		23685.01	877.14	24562.15
VI	Tax expense:				
	- Current tax	(ix)	6950.11	116.27	7066.38
	- Deferred tax charge	(viii)	236.54	92.81	329.35
			<u>7186.65</u>	<u>209.08</u>	<u>7395.73</u>
VII	Profit for the year (V-VI)		<u>16498.36</u>	<u>668.06</u>	<u>17166.42</u>
VIII	Other comprehensive income				
	Items that will not to be reclassified to profit or loss				
	(i) (Loss) on remeasurement of the defined benefit plan	(ix)	-	(335.96)	(335.96)
	(ii) Income tax relating to above that will not be reclassified to profit and loss	(ix)	-	116.27	116.27
	Total other comprehensive income (i+ii)		-	<u>(219.69)</u>	<u>(219.69)</u>
IX	Total comprehensive income for the year (VII+VIII)		<u>16498.36</u>	<u>448.37</u>	<u>16946.73</u>



51.5 Effect of Ind AS adoption of the statement of cash flows for the year ended March 31, 2016:

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

51.6. Effect of Ind AS adoption of the other comprehensive income for the year ended March 31, 2016:

Under previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled previous GAAP profit and loss to profit and loss as per Ind AS. Further, previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

Notes to first time adoption

- (i) Under the previous GAAP, dividend proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend and related corporate dividend tax were recognised as a liability. Under Ind AS, such dividends and related corporate dividend tax are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs. 5006.29 lakhs (including corporate dividend tax of Rs. 846.78 lakhs) as at April 1, 2015 and Rs. 5006.29 lakhs (including corporate dividend tax of Rs. 846.78 lakhs) as at March 31, 2016 included under provisions as per previous GAAP has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by the amount of Rs. 5006.29 lakhs as at April 1, 2015 and by Rs. 5006.29 lakhs as at March 31, 2016 and the amount of provisions decreased by the same amounts.
- (ii) Under the previous GAAP, investment in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments aggregating to Rs. 5459.65 lakhs have been recognised in retained earnings as at the date of transition and Rs. 700.98 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change, the amount of investments increased by Rs. 5459.65 lakhs as at April 1, 2015 (non-current investments by Rs. 5387.14 lakhs and current investments by Rs. 72.51 lakhs) and by Rs. 6160.63 lakhs as at March 31, 2016 (non-current investments by Rs. 5182.54 lakhs and current investments by Rs. 978.09 lakhs).
- (iii) The Company in line with previous GAAP, had been recognizing lands obtained on lease at its cost under property, plant and equipments (PPE) since AS -19 specifically excluded lands obtained on lease from its ambit. However, in line with Ind AS -17, the Company has assessed and treated these lands as operating lease and is thus measuring the same at the aggregate value of upfront payments and other charges under other non-current/current assets. The resulting cumulative amortization of leasehold land aggregating to Rs. 98.02 lakhs has been recognised in retained earnings as at the date of transition and Rs. 33.88 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change, the amount of PPE decreased by Rs. 1433.16 lakhs as at April 1, 2015 and by Rs. 1900.59 lakhs as at March 31, 2016 with a corresponding increase in other assets by Rs. 1335.14 lakhs as at April 1, 2015 (other non current assets by Rs. 1301.65 lakhs and other current assets by Rs. 33.88 lakhs) and by Rs. 1768.68 lakhs as at March 31, 2016 (other non current assets by Rs. 1731.75 lakhs and other current assets by Rs. 36.93 lakhs).
- (iv) The Company entered into a currency swap and interest rate swap agreement to hedge its exposure in foreign currency loan liability (in JPY) and interest thereon, whereby the Company converted the loan from JPY to USD and similarly the interest rate was swapped from floating interest to fixed interest. Consequently, under the previous GAAP, the JPY borrowing was treated as denominated in USD. Further, under the previous GAAP, the fair value of currency and interest rate swap derivative was not recognised. Under Ind AS, all financial instruments are required to be recognised at fair value. Accordingly, the resulting impact (net) due to fair valuation of currency and interest rate swap derivative, change of loan currency from USD to JPY and change in interest from fixed to floating, aggregating to Rs. 115.07 lakhs has been recognised in retained earnings as at the date of transition and Rs. 102.19 lakhs subsequently in profit and loss for the year ended March 31, 2016. Consequent to this change, the amount of borrowings increased by Rs. 97.47 lakhs (non-current decreased by Rs. 1014.79 lakhs and current increased by Rs. 1112.26 lakhs) as at April 1, 2015 and by Rs. 11.18 lakhs (current) as at March 31, 2016.



- (v) Under previous GAAP, upfront fees paid for processing of loans was expensed out in the year of payment itself. As per Ind AS, the processing fees paid for avilment of loan needs to be amortised over the tenure of the loan. The resulting change due to amortisation of upfront fees aggregating to Rs. 17.60 lakhs has been recognised in retained earnings as at transition date and Rs. 15.90 lakhs subsequently in finance costs in profit and loss for the year ended March 31, 2016.
- (vi) Under the previous GAAP, rent expenses were recognised as per terms of the agreement entered into with the lessor. Under Ind AS, lease rentals are recognised as an expense on a straight-line basis over the lease term (including rent free period). The resulting impact of straight lining of lease rentals over the lease term (including rent free period) aggregating to Rs. 408.08 lakhs has been recognised in retained earnings as at the date of transition and Rs. 208.16 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change, the amount of trade payables increased by Rs. 408.08 lakhs as at April 1, 2015 and by Rs. 616.24 lakhs as at March 31, 2016.
- (vii) Under previous GAAP, the employee loans (given on concessional interest rates) and security deposits were measured at cost. Under Ind AS, the same are initially measured at fair value using effective interest rate and subsequently measured at amortised cost. The resulting fair value changes of these employee loans and security deposits aggregating to Rs. 36.82 lakhs have been recognised in retained earnings as at the transition date and Rs. 4.04 lakhs subsequently in the profit and loss for the year ended March 31, 2016. Consequent to this change, there is an increase in loans (financial assets) and other assets by Rs. 36.82 lakhs as at April 1, 2015 and by Rs. 32.78 lakhs as at March 31, 2016.
- (viii) Deferred tax has been recognised on the adjustments made on transition to Ind AS. The resulting amount of deferred tax liabilities (net of deferred tax assets) recognised on the adjustments due to Ind AS aggregating to Rs. 137.63 lakhs has been recognised in retained earnings as at the date of transition and Rs. 92.81 lakhs in profit and loss for the year ended March 31, 2016. Consequent to this change, the amount of deferred tax assets (net) decreased by Rs. 137.63 lakhs as at April 1, 2015 and by Rs. 230.44 lakhs as at March 31, 2016.
- (ix) Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss aggregating to Rs. 335.96 lakhs (tax effect of this Rs. 116.27 lakhs). Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity.
- (x) Under previous GAAP, there was no requirement to present investment property seperately. Under Ind AS investment property is required to be presented seperately in balance sheet. Consequent to this change, the amount of PPE decreased by Rs. 507.89 lakhs as at April 1, 2015 and by Rs. 496.01 lakhs as at March 31, 2016 due to reclassification of PPE into investment property.
- (xi) Ind AS requires assets and liabilities to be classified into financial assets/liabilities and other assets/liabilities and accordingly, certain reclassifications have been carried out.
- (xii) The decrease in revenue is on account of cash discount (Rs. 110.68 lakhs) and customer loyalty programs (Rs. 8521.68 lakhs) netted off from revenue in accordance with revenue recognition policy under Ind AS.

52. Approval of financial statements

The financial statements were approved for issue by the board of directors on May 30, 2017.

For and on behalf of the Board of Directors

BHISHAM WADHERA
Chief Executive Officer

SAMIR MODI
(DIN 00029554)
Executive Director

K.K. MODI
(DIN 00029407)
President & Managing Director

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

BINA MODI
(DIN 00048606)
DR. LALIT BHASIN
(DIN 00001607)

Directors

Place : New Delhi
Date : May 30, 2017

SANJAY GUPTA
Company Secretary

ANUP N. KOTHARI
(DIN 00294737)



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GODFREY PHILLIPS INDIA LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **GODFREY PHILLIPS INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associates referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements / financial information of eight subsidiaries viz, Chase Investments Limited, Friendly Reality Projects Limited, Unique Space Developers Limited, Gopal Krishna Infrastructure & Real Estate Limited, Rajputana Infrastructure Corporate Limited, Rajputana Developers Projects, Godfrey Phillips Middle East DMCC and Flavors and More, Inc., whose financial statements/ financial information reflect total assets of Rs.18798.60 Lakhs as at March 31, 2017, total revenues of Rs. 15717.31 Lakhs and net cash outflows amounting to Rs. 87.51 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 24.16 Lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of viz., Success Principles India Limited, IPM India Wholesale Trading Private Limited and KKM Management Centre Private Limited, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on



the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors

- (b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of eight subsidiaries and 3 associates included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's, subsidiary company's and its associate company's incorporated in India internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates -Refer Note 38(a) to the consolidated financial statements.
 - The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer Note 39 (b) to the consolidated financial statements.
 - There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India - Refer Note 38 (d) to the consolidated financial statements.
 - The Holding Company has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable (Refer Note 48 to the consolidated financial statement). Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 015125N)

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : GURUGRAM
Date : May 30, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **GODFREY PHILLIPS INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to five subsidiary companies and three associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 015125N)

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : GURUGRAM
Date : May 30, 2017



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
ASSETS				
Non-current assets				
Property, plant and equipment	6	68852.89	69055.44	64212.33
Capital work-in-progress	6	1324.19	4876.21	6542.09
Investment property	7	507.04	518.92	530.80
Intangible assets	8	635.79	418.07	538.05
Financial assets				
- Investments	9	41500.50	34820.26	36002.92
- Loans	10	703.22	736.40	766.42
- Other financial assets	15	940.97	960.59	1795.50
Deferred tax assets (Net)	11	-	20.17	947.88
Other non-current assets	16	2584.84	2933.11	3371.69
Total non-current assets		117049.44	114339.17	114707.68
Current assets				
Inventories	12	65170.26	73786.49	81027.45
Financial assets				
- Investments	9	9217.38	5646.34	608.12
- Trade receivables	13	17897.63	10793.05	12981.75
- Cash and cash equivalents	14	911.67	1333.12	1053.86
- Other bank balances	14	2234.96	1785.71	1719.88
- Loans	10	174.24	298.08	224.67
- Other financial assets	15	158.21	291.09	147.31
Current tax assets (Net)	25	2259.23	1623.75	1139.93
Other current assets	16	5477.89	5597.74	6046.64
		103501.47	101155.37	104949.61
Assets classified as held for sale	17	215.45	434.03	0.14
Total current assets		103716.92	101589.40	104949.75
Total assets		220766.36	215928.57	219657.43
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	1039.88	1039.88	1039.88
Other equity	19	165004.84	156550.10	142693.97
Equity attributable to owners of the Company		166044.72	157589.98	143733.85
Non-controlling interests	20	4045.89	4413.54	4783.10
Total equity		170090.61	162003.52	148516.95
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	21	-	2650.40	2110.46
- Other financial liabilities	22	43.43	28.50	26.55
Provisions	23	6341.58	5798.16	5264.04
Deferred tax liabilities (Net)	11	988.52	-	-
Total non-current liabilities		7373.53	8477.06	7401.05
Current liabilities				
Financial liabilities				
- Borrowings	21	4745.01	5469.94	17530.39
- Trade payables	24	15692.68	12117.69	15173.53
- Other financial liabilities	22	4992.30	8726.43	10773.04
Provisions	23	1026.10	1325.21	969.67
Current tax liabilities (Net)	25	495.20	494.43	544.62
Other current liabilities	26	16350.93	17314.29	18748.18
Total current liabilities		43302.22	45447.99	63739.43
Total liabilities		50675.75	53925.05	71140.48
Total equity and liabilities		220766.36	215928.57	219657.43
Notes forming part of the financial statements	1-51			

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR MODI
(DIN 00029554)
Executive Director

K.K. MODI
(DIN 00029407)
President & Managing Director

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

BINA MODI
(DIN 00048606)
DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)

Directors

Place : New Delhi
Date : May 30, 2017

SANJAY GUPTA
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2017	Year ended 31.3.2016
I Revenue from operations	27	441273.22	426738.31
II Other income	28	4636.35	3691.75
III Total income (I+II)		445909.57	430430.06
IV Expenses			
Cost of materials consumed	29	59860.26	55150.77
Purchases of stock-in-trade	30	55535.85	49584.54
Changes in inventories of finished goods, stock in-trade and work-in-process	31	(613.61)	220.12
Excise duty on sale of goods		213127.08	193669.14
Employee benefits expenses	32	26416.63	26418.18
Finance costs	33	356.42	1013.19
Depreciation and amortisation expenses	6,7 & 8	9783.64	10678.78
Other expenses	34	61549.82	69343.78
Total expenses		426016.09	406078.50
V Share of profit of associates		24.16	35.15
VI Profit before tax (III-IV+V)		19917.64	24386.71
VII Tax expense:	11		
- Current tax		5290.64	7125.77
- Deferred tax charge		940.01	294.76
		6230.65	7420.53
VIII Profit for the year (VI-VII)		13686.99	16966.18
IX Other comprehensive income			
Items that will not to be reclassified to profit or loss			
(i) (Loss) on remeasurements of the defined benefit plans		(747.64)	(329.51)
(ii) Tax impact on remeasurements of the defined benefit plans		256.88	114.14
(iii) Equity instruments fair valued through other comprehensive income		297.67	2743.39
(iv) Deferred tax relating to items that will not be reclassified to profit or loss.		(68.68)	(632.95)
Total other comprehensive income, net of tax (i+ii+iii)		(261.77)	1895.07
X Total comprehensive income for the year (VIII+IX)		13425.22	18861.25
Profit for the year attributable to:			
Owners of the Company		13722.80	16967.35
Non controlling interest		(35.81)	(1.17)
		13686.99	16966.18
Other comprehensive income for the year attributable to:			
Owners of the Company		(261.77)	1895.07
Non controlling interest		-	-
		(261.77)	1895.07
Total comprehensive income for the year attributable to:			
Owners of the Company		13461.03	18862.42
Non controlling interest		(35.81)	(1.17)
		13425.22	18861.25
Basic and diluted earnings per equity share (Face value of share - Rs. 2 each)	36	Rs. 26.32	Rs. 32.63
Notes forming part of the financial statements	1-51		

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

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DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)

Directors

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

Rupees in Lakhs

(a) Equity share capital	<u>Amount</u>
Balance at April 1, 2015	1039.88
Changes in equity share capital during the year	-
Balance at March 31, 2016	1039.88
Changes in equity share capital during the year	-
Balance at March 31, 2017	1039.88

(b) Other equity

	Reserves and surplus				Reserve for equity instrument through comprehensive income	Attributable to owners of the parent (sub-total)	Non controlling interest	Total
	General reserve	Capital redemption reserve	Retained earnings	Statutory Reserve				
Balance at April 01, 2015	27931.89	30.13	112754.02	20.89	1957.04	142693.97	4783.10	147477.07
Profit for the year	-	-	16967.35	-	-	16967.35	(1.17)	16966.18
Other comprehensive income for the year, net of income-tax	-	-	(215.37)	-	2110.44	1895.07	-	1895.07
Total comprehensive income	-	-	16751.98	-	2110.44	18862.42	(1.17)	18861.25
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	-	-	(4159.51)	-	(4159.51)
Corporate dividend tax	-	-	(846.78)	-	-	(846.78)	-	(846.78)
Transfer to general reserve from retained earnings	2000.00	-	(2000.00)	-	-	-	-	0.00
Arising from change in shareholding interest	-	-	-	-	-	-	(368.39)	(368.39)
Balance at March 31, 2016	29931.89	30.13	122499.71	20.89	4067.48	156550.10	4413.54	160963.64
Profit for the year	-	-	13722.80	-	-	13722.80	(35.81)	13686.99
Other comprehensive income or the year, net of income-tax	-	-	(490.76)	-	228.99	(261.77)	-	(261.77)
Total comprehensive income	-	-	13232.04	-	228.99	13461.03	(35.81)	13425.22
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	-	-	(4159.51)	-	(4159.51)
Corporate dividend tax	-	-	(846.78)	-	-	(846.78)	-	(846.78)
Transfer to statutory reserve from retained earnings	-	-	(12.32)	12.32	-	-	-	-
Transfer to general reserve from retained earnings	2000.00	-	(2000.00)	-	-	-	-	-
Arising from change in shareholding interest	-	-	-	-	-	-	(331.84)	(331.84)
Balance at March 31, 2017	31931.89	30.13	128713.14	33.21	4296.47	165004.84	4045.89	169050.73

Notes forming part of the financial statements

1-51

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

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(DIN 00048606)
DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)

Directors

For and on behalf of the Board of Directors

Place : New Delhi
Date : May 30, 2017

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2017



GODFREY PHILLIPS
— INDIA LIMITED —

Rupees in Lakhs

Particulars	For the year ended 31.3.2017	For the year ended 31.3.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	19917.64	24386.71
Adjustments for:		
Depreciation and amortisation expenses	9783.64	10678.78
Share of profit of associates	(24.16)	(35.15)
Interest income from:		
- Debts, deposits, loans and advances, etc.	(407.84)	(344.81)
- Non-current investments	(34.80)	(34.80)
Dividends from current and long-term investments	(16.08)	(16.50)
Net gain on sale/redemption/fair value of non-current investments	(3886.49)	(1366.96)
Net gain on sale/redemption/fair value of current investments	(661.75)	(1436.31)
Exchange (gain)/loss on foreign currency bank balance	0.69	0.56
Exchange (gain)/loss on non-current foreign currency borrowings	31.65	460.00
Interest expenses		
- On borrowings	226.28	507.31
- Others	66.05	61.71
Bad debts and advances written off	85.59	19.97
Investments written off	-	7.20
Fixed assets written off	19.60	159.80
Loss on sale of Property, plant and equipment	45.76	68.79
Write down in the value of assets classified as held for sale	217.01	434.03
	5445.15	9163.62
Operating profit before working capital changes	25362.79	33550.33
Adjustments for changes in working Capital:		
Trade receivables, loans, other financial assets and other assets	(6628.87)	2865.77
Inventories	8616.23	7240.96
Trade payables, other financial liabilities, other liabilities and provisions	2536.21	(4631.12)
	4523.57	5475.61
Cash generated by operating activities	29886.36	39025.94
Interest received	368.43	367.60
Dividends received	16.08	16.50
Purchase of investments*	(69.50)	-
Proceeds from sale of investments*	114.00	48.73
Income taxes paid (net of tax deducted at source)	(5668.48)	(7545.67)
	(5239.47)	(7112.84)
Net cash generated by operating activities	24646.89	31913.10
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6935.52)	(13350.52)
Proceeds from sale of property, plant and equipment	125.69	191.54
Purchase of current and non-current investments	(260806.60)	(202218.39)
Proceeds from sale of current and non-current investments	255449.04	203920.33
Loans and deposits given	(400.00)	(400.00)
Interest received	34.80	34.80
Bank balances not considered as cash and cash equivalents	(449.26)	(65.83)
Net cash used in investing activities	(12981.85)	(11888.07)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	-	5300.80
Repayment of non-current borrowings	(6068.64)	(7385.78)
Repayment of current borrowings (Net)	(724.93)	(12060.45)
Interest paid	(294.20)	(598.05)
Dividend paid	(4151.25)	(4154.95)
Corporate dividend tax paid	(846.78)	(846.78)
Net cash used in financing activities	(12085.80)	(19745.21)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A + B +C)	(420.76)	279.82
Cash and cash equivalents at the beginning of the year	1333.12	1053.86
	912.36	1333.68
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(0.69)	(0.56)
Cash and cash equivalents at the end of the year	911.67	1333.12
*By the subsidiary companies engaged in the business of investments		
Notes forming part of the financial statements	1-51	

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

Manjula Banerji
Partner

BHISHAM WADHERA
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ANUP N. KOTHARI
(DIN 00294737)

Directors

Place : New Delhi
Date : May 30, 2017

SANJAY GUPTA
Company Secretary

forming part of the consolidated financial statements
for the year ended March 31, 2017

1. Corporate information

Godfrey Phillips India Limited ('the Company') is a public limited company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. The principal activities of the Company and its subsidiaries (together the Group) are manufacturing of cigarettes and chewing products and in trading of tobacco products, tea and other retail products, investment activities and real estate business activities.

The address of its registered office is 'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai - 400033 and the address of its corporate office is Omaxe Square, Plot No. 14, Jasola District Centre, Jasola, New Delhi - 110025.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note No.50 for the details of first time adoption exemptions availed by the Group. The financial statements are presented in rupees and all values are rounded to the nearest lakhs, except when otherwise indicated.

3. Basis of preparation and consolidation

3.1. Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies mentioned below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3.2. Basis of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of change in equity and balance sheet respectively.



The subsidiaries considered in the preparation of these consolidated financial statements are:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership as at 31.03.2017	Proportion of ownership as at 31.03.2016	Proportion of ownership as at 01.04.2015
Indian Subsidiaries					
International Tobacco Company Limited	India	Manufacturing of cigarette & tobacco products	100.00%	100.00%	100.00%
Chase Investments Limited	India	Investment activities	100.00%	100.00%	100.00%
Friendly Reality Projects Limited	India	Real estate	84.57%*	83.33%*	81.88%*
Unique Space Developers Limited	India	Real estate	66.67%**	66.67%**	66.67%**
Gopal Krishna Infrastructure & Real Estate Limited	India	Real estate	66.67%***	66.67%***	66.67%***
Rajputana Infrastructure Corporate Limited	India	Real estate	84.57%****	83.33%****	81.88%****
Rajputana Developers Projects	India	Real estate	49.90%#	45.41%#	40.94%#
Foreign Subsidiaries					
Godfrey Phillips Middle East DMCC	U.A.E.	Trading of cigarette, tobacco & other retail products	100.00%	100.00%	-
Flavors And More, Inc.	U.S.A.	Trading & distribution of vaping devices	100.00%	100.00%	-

*Held partly through other subsidiary

**Held through other subsidiaries

*** 100% subsidiary of Unique Space Developers Limited

**** 100% subsidiary of Friendly Reality Projects Limited

#Through control exercised by Rajputana Infrastructure Corporate Limited

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note (iii) below), after initially being recognised at cost.

Name of Associates	Country of incorporation	Proportion of ownership as at March 31, 2017	Proportion of ownership as at March 31, 2016	Proportion of ownership as at April 1, 2015
Success Principles India Limited	India	48.89%	48.89%	48.89%
IPM India Wholesale Trading Private Limited	India	24.80%	24.80%	24.80%
KKM Management Centre Private Limited	India	36.75%	36.75%	36.75%



(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in equity-accounted investments equals or exceeds its interest in the entity, the Group does not recognise further losses.

Unrealised gains on transactions between the group and its associates eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the prescribed policy.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests which does not result in loss of control as transaction with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate for financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.3 Use of estimates

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent assets and contingent liabilities.

The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results may differ from these estimates. Any revision to the accounting estimates or difference between the estimates and the actual results are recognised in the periods in which the results are known/materialise or the estimates are revised and future periods affected.

4. Significant accounting policies

4.1. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes excise duty and excludes value added tax, estimated customer returns, trade discounts, sales incentive and other similar allowances.



4.1.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.1.2. Income from services

Revenue from service contracts priced on a time basis is recognised when services are rendered and related costs are incurred.

4.1.3. Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.2. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary to sale of such asset and its sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

4.3. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.3.1. Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss.

4.3.2. Finance lease

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

4.4. Finance costs

Finance costs comprise interest expense on loans and borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit and loss using effective interest rate (EIR). Borrowing costs may include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.



4.5. Foreign currencies

4.5.1. Functional and presentational currency

The Group's financial statements are presented in Indian rupees (Rs.), which is also the Group's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

4.5.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into Rs. at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. On disposal or partial disposal of the foreign subsidiary, the foreign exchange differences recognised in other comprehensive income is reclassified to statement of profits and loss.

Any goodwill arising in the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4.6. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.6.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated in accordance with the prevailing tax laws using tax rates that have been enacted or substantially enacted by the end of the reporting period.

4.6.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the



extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4.7. Employee benefits

4.7.1. Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.7.2. Long term employee benefits

Long term employee benefits include compensated absences. The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

4.7.3. Defined contribution plan

Provident fund, superannuation fund and employee's state insurance are the defined contribution schemes offered by the Group. The contributions to these schemes are charged to the statement of profit and loss of the year in which contribution to such schemes becomes due on the basis of services rendered by the employees.

4.7.4. Defined benefit plan

Gratuity liability is provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or losses arising from such valuation are charged to revenue in the year in which they arise.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

4.7.5. Termination benefits

Termination benefit is recognised as an expense at earlier of when the Company can no longer withdraw the offer of termination benefit and when the expense is incurred.

4.8. Property, plant and equipment

4.8.1. Recognition and measurement

Property, plant and equipment are stated at cost of acquisition or construction less accumulated



depreciation and any recognised impairment losses, and include interest on loans attributable to the acquisition of qualifying assets upto the date they are ready for their intended use. Freehold land is measured at cost and is not depreciated.

4.8.2. Capital work in progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4.8.3. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.8.4. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets (other than free hold land and properties under construction) is recognised on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the Plant and Machinery pertaining to retail business, in which case the life of the assets has been assessed as 5 years, taking into account their nature, their estimated usage, their operating conditions, past history of their replacement and maintenance support, etc.

Estimated useful lives of the assets are as follows:

Buildings	30 - 60 years
Plant and machinery	7.5 - 15 years
Electrical installation and equipments	10 years
Computers and information technology equipments	3 - 6 years
Furniture, fixtures and office equipments	5 -10 years
Motor vehicles	8 years

Freehold land is not amortised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.9. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

No depreciation is charged in case of freehold land being designated as an investment property.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.



Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.10. Intangible assets

4.10.1. Recognition and measurement of intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

4.10.2. Derecognition of intangible asset

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4.10.3. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.10.4. Amortisation method and useful life

Intangible assets are amortised on straight line method over their estimated useful life as follows:

Computer software – 5 years

4.11. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.12. Impairment of tangible and intangible assets other than goodwill

The management periodically assesses whether there is any indication that an asset may have been impaired. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss (if any). An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life.

Impairment losses recognized in prior years are reversed when there is an indication that the impairment losses recognized earlier no longer exist or have decreased. Such reversals are



recognized as an increase in the carrying amount of the asset to the extent that does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years.

4.13. Inventories

Inventories are stated at lower of cost and net realisable value. 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.

Net realisable value is the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

4.14. Provisions and contingencies

4.14.1. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of time value is material, the amount is determined by discounting the expected future cash flows.

4.14.2. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount can not be made.

4.14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.14.1. Financial assets

4.14.1.1. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4.14.1.2. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group classifies its financial assets in the following measurement categories:

- those measured at amortised cost,
- those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)

Financial assets at amortised cost:

A financial assets is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and



b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Financial assets at FVTOCI:

A financial asset is classified as at the FVTOCI if both of the following criteria are met unless the asset is designated at fair value through profit or loss under fair value option.

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset, and

(b) The asset's contractual cash flows represent SPPI.

Financial assets at FVTPL:

FVTPL is a residual category for financial assets. Any asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

4.14.1.3. Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.14.1.4. Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Group believes that, considering their nature of business and past history, the expected credit loss in relation to its trade receivables and other financial assets is non-existent or grossly immaterial. Thus, the Group has not recognised any provision for expected credit loss. The Group reviews this policy annually, if required.

4.14.2. Financial liabilities

4.14.2.1. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

4.14.2.2. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.



Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

4.14.2.3. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

4.14.2.4. Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

4.14.2.5. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

4.15. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.16. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.17. Earnings per share (EPS)

Basic and diluted earnings per share has been computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

4.18. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

4.19. Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.



Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

4.20. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.21. 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.

5. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management of the Group to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements and estimates

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:



Defined benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note No.42.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note No.43 for further disclosures.

Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Provisions and contingent liabilities

The Company has ongoing litigations with various regulatory authorities and others. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability.

Subsidiaries and associates

Step down subsidiary company Rajputana Infrastructure Corporate Limited holds 59% control over Rajputana Developers Projects though the control of the ultimate holding company is only 49.90%. However, considering the facts and circumstances of the case, the management of the Group has concluded that Group's control over Rajputana Developers Projects qualifies to make it a subsidiary.



Rupees in Lakhs

6. Property, plant and equipment and capital work in progress

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015										
Carrying amount of:													
Property, plant and equipment	68852.89	69055.44	64212.33										
Capital work-in-progress	1324.19	4876.21	6542.09										
	Land-freehold	Buildings*	Leasehold building improvements	Plant and machinery**	Electrical installation and equipments	Computers and information technology equipments	Furniture, fixtures and office equipments	Motor vehicles	Total				
Cost or deemed cost													
Balance at April 1, 2015	957.91	16801.96	548.62	40209.30	508.49	1485.35	1450.92	2249.78	64212.33				
Additions	-	2557.93	1814.59	10197.40	183.63	520.15	967.68	396.23	16637.61				
Disposals***	-	39.44	548.62	393.69	29.62	27.05	161.86	298.08	1498.36				
Balance at March 31, 2016	957.91	19320.45	1814.59	50013.01	662.5	1978.45	2256.74	2347.93	79351.58				
Additions	16.70	3887.96	117.22	3946.01	322.99	101.40	552.60	610.50	9555.38				
Disposals	-	0.28	-	38.11	1.40	11.31	14.49	194.75	260.34				
Balance at March 31, 2017	974.61	23208.13	1931.81	53920.91	984.09	2068.54	2794.85	2763.68	88646.62				
Accumulated depreciation													
Balance at April 1, 2015	-	-	-	-	-	-	-	-	-				
Depreciation expense	-	1300.53	70.43	7622.06	114.71	459.69	470.32	468.57	10506.31				
Eliminated on disposals of assets***	-	9.11	19.44	77.55	4.69	2.08	31.44	65.86	210.17				
Balance at March 31, 2016	-	1291.42	50.99	7544.51	110.02	457.61	438.88	402.71	10296.14				
Depreciation expense	-	770.6	109.87	7264.56	126.95	428.99	437.76	428.15	9566.88				
Eliminated on disposals of assets	-	-	-	17.24	0.11	3.99	3.20	44.75	69.29				
Balance at March 31, 2017	-	2062.02	160.86	14791.83	236.86	882.61	873.44	786.11	19793.73				
Net book value													
Balance at March 31, 2017	974.61	21146.11	1770.95	39129.08	747.23	1185.93	1921.41	1977.57	68852.89				
Balance at March 31, 2016	957.91	18029.03	1763.60	42468.50	552.48	1520.84	1817.86	1945.22	69055.44				
Balance at April 1, 2015	957.91	16801.96	548.62	40209.30	508.49	1485.35	1450.92	2249.78	64212.33				

Notes:

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

** Exclusive charge has been created over specific plant and machinery to secure foreign currency borrowings from banks, Refer Note No. 21.

*** Includes adjustments on account of property, plant and equipment held for sale and classified as asset held for sale under Note No.17.



Rupees in Lakhs

7. Investment Property			
Cost or deemed cost	Freehold Land	Building	Total
Opening balance as at April 1, 2015	24.51	506.29	530.80
Additions	-	-	-
Disposals	-	-	-
Closing balance as at March 31, 2016	24.51	506.29	530.80
Additions	-	-	-
Disposals	-	-	-
Closing balance as at March 31, 2017	24.51	506.29	530.80
Accumulated depreciation and impairment			
Opening balance as at April 1, 2015	-	-	-
Additions	-	11.88	11.88
Disposals	-	-	-
Closing balance as at March 31, 2016	-	11.88	11.88
Additions	-	11.88	11.88
Disposals	-	-	-
Closing balance as at March 31, 2017	-	23.76	23.76
Carrying amount			
Balance at March 31, 2017	24.51	482.53	507.04
Balance at March 31, 2016	24.51	494.41	518.92
Balance at April 1, 2015	24.51	506.29	530.80

Information regarding income and expenditure of investment property

The Group's investment properties comprise of certain land and buildings presently held by the Group for an undetermined purpose and these are located in Mumbai, Maharashtra.

Fair valuation of the properties

The following table provides an analysis of investment properties and their fair values:

Fair Valuation of the properties	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Located in Maharashtra	28944.20	27163.22	29887.25

The above values are based on valuation performed by an accredited independent valuer and the valuation has been carried out in accordance with the valuation model recommended by the International Valuation Standards Committee.

The Group has no restrictions on the realisability of its investment properties.

Presently, no rental income is derived from these investment properties.

On freehold land, no amortisation has been charged. On buildings, depreciation has been charged as per Schedule II of the Companies Act, 2013.

The Group has no restrictions on realisability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
8. Intangible assets			
Carrying amount of			
- Computer software	635.79	418.07	538.05
	635.79	418.07	538.05
Computer Software			
Cost or deemed cost			
Balance at April 1, 2015	538.05		
Additions	40.61		
Disposals	-		
Balance at March 31, 2016	578.66		
Additions	422.60		
Disposals	-		
Balance at March 31, 2017	1001.26		
Accumulated amortisation			
Balance at April 1, 2015	-		
Amortisation expense	160.59		
Disposals	-		
Balance at March 31, 2016	160.59		
Amortisation expense	204.88		
Disposals	-		
Balance at March 31, 2017	365.47		
Net book value			
Balance at March 31, 2017	635.79		
Balance at March 31, 2016	418.07		
Balance at April 1, 2015	538.05		

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments			
Non-current			
Investment in associate companies	374.37	350.21	315.06
Investment in equity instruments	7764.18	6951.93	4271.51
Investment in preference shares	86.01	75.64	66.46
Investment in debt mutual funds	32840.11	27006.65	30914.88
Investment in debentures and bonds	435.83	435.83	435.01
	41500.50	34820.26	36002.92
Current			
Investment in debt mutual funds	9217.38	5646.34	608.12
	9217.38	5646.34	608.12
Aggregate value of unquoted investments non-current	7035.25	6703.06	3915.39
Aggregate value of unquoted investments current	-	-	-
Aggregate value of quoted investments non-current	34983.50	28635.20	32598.33
Aggregate value of quoted investments current	9217.38	5646.34	608.12
Market value of quoted investments non-current	34982.46	28634.17	32598.17
Market value of quoted investments current	9217.38	5646.34	608.12
Aggregate value of diminution other than temporary in value of investments non-current	518.25	518.00	510.80
Classification of investments as per Ind AS 109			
Financial assets carried at fair value through profit or loss (FVTPL)	44200.88	34281.78	33213.90
Financial assets carried at fair value through other comprehensive income (FVTOCI)	5621.83	5324.16	2580.77
Financial assets carried at amortised cost	520.80	510.44	501.31
	50343.51	40116.38	36295.98



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
9.1 Investment in associates			
Break-up of investment in associates (carrying amount determined using the equity method of accounting)			
Unquoted investment			
IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs. 10 each fully paid up	496.00	496.00	496.00
Less: Group's share of loss restricted to the original cost of investment	496.00	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	110.25
Add : Group's share of profit upto year end	203.74	179.02	143.94
	313.99	289.27	254.19
Success Principles India Limited 1,99,673 Equity shares of Rs.10 each fully paid up	19.97	19.97	19.97
Add : Group's share of profit upto year end	40.41	40.97	40.90
	60.38	60.94	60.87
Aggregate carrying amount of the Group's interest in associates	374.37	350.21	315.06
Investment in associates are accounted for using the equity method in these consolidated financial statements. Each of the three associates is not individually material to the Group considering the contribution of these associates to the consolidated net asset of the Group.			
Financial information of associates that are not individually material		Year ended 31.3.2017	Year ended 31.3.2016
The Group's share of profit or loss		24.16	35.15
The Group's share of other comprehensive income		-	-
The Group's share of total comprehensive income		24.16	35.15
Unrecognised share of losses of associates			
The unrecognised share of losses of associates for the year (Including other comprehensive income)		803.99	2,559.07
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Cumulative share of loss of an associate (Including other comprehensive income)	21665.25	20861.26	18302.19
9.2 Investment in equity instruments			
9.2.1 Investments measured at fair value through profit or loss (FVTPL)			
Unquoted equity instruments			
Molind Engineering Limited 3,500 Equity shares of Rs.10 each fully paid up	0.25	0.25	0.25
Less: Written-off	0.25	-	-
	-	0.25	0.25
Narang Industries Limited 40,000 Equity Shares of Rs.10 each fully paid up	4.00	4.00	4.00
Less: Provision for diminution in the value	4.00	4.00	4.00
	-	-	-
Modicare Limited 7,20,000 Equity Shares of Rs.2.50 each	18.00	18.00	18.00
Less: Provision for diminution in the value	18.00	18.00	10.80
	-	-	7.20
	-	0.25	7.45
Quoted equity instruments			
Nestle India Limited 93 Equity Shares of Rs.10 each fully paid up	6.21	5.21	6.46
Glaxo SmithKline Consumer Healthcare Limited 320 Equity Shares of Rs.10 each fully paid up	16.50	19.20	20.16
GTC Industries Limited 100 Equity Shares of Rs.10 each fully paid up	0.07	0.04	0.04
VST Industries Limited 100 Equity Shares of Rs.10 each fully paid up	2.87	1.61	1.57
Hindustan Unilever Limited 290 Equity Shares of Re.1 each fully paid up	2.64	2.51	2.53
HDFC Bank Limited 73,200 (March 31, 2016 - 75,000; April 1, 2015 - 75,000) Equity Shares of Rs.2 each fully paid up	1055.95	799.50	767.03
Oriental Bank of Commerce 1,000 Equity Shares of Rs.10 each fully paid up	1.41	0.94	2.05
Bank of Baroda 5,000 Equity Shares of Rs.2 each fully paid up	8.65	7.51	8.17
State Bank of Travancore 14,050 Equity Shares of Rs.10 each fully paid up	85.53	53.95	61.59
Bank of India 1,000 Equity Shares of Rs.10 each fully paid up	1.39	0.98	1.96



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
Corporation Bank 18,435 Equity Shares of Rs.2 each fully paid up	9.71	7.30	9.70
Punjab Communications Limited Nil (March 31, 2016 - 2,399; April 1, 2015 - 2,399) Equity Shares of Rs.10 each fully paid up	-	1.00	1.22
Circassia Pacific Finance Limited 1,00,000 Equity Shares of Rs.10 each fully paid up	10.00	10.00	10.00
Maruti Suzuki India Limited 950 Equity Shares of Rs.5 each fully paid up	57.15	35.20	35.12
Emami Limited 2700 Equity Shares of Re.1 each fully paid up	28.74	24.72	27.03
NTPC Limited 6,544 Equity Shares of Rs.10 each fully paid up	10.86	8.44	9.61
Punjab National Bank 6,880 Equity Shares of Rs.2 each fully paid up	10.31	5.88	9.93
Reliance Industries Limited 5,176 Equity Shares of Rs.10 each fully paid up	68.37	53.62	42.75
Tata Consultancy Services Limited 3,850 Equity Shares of Re.1 each fully paid up	93.62	95.05	98.33
Ashok Leyland Limited 15,000 Equity Shares of Re.1 each fully paid up	12.68	16.46	11.00
HT Media Limited 1,000 Equity Shares of Rs.2 each fully paid up	0.83	0.77	1.24
Andhra Bank 12,379 Equity Shares of Rs.10 each fully paid up	7.17	6.55	9.78
ICICI Bank Limited 11,695 Equity Shares of Rs.2 each fully paid up	32.38	27.37	36.90
Zee Entertainment Enterprises Limited 1,094 Equity Shares of Re.1 each fully paid up	5.86	4.20	3.74
Suzlon Energy Limited Nil (March 31, 2016 - 975; April 1, 2015 - 975) Equity Shares of Rs.2 each fully paid up	-	0.14	0.27
Talbros Automotive Components Limited Nil (March 31, 2016 - 1,034; April 1, 2015 - 1,034) Equity Shares of Rs.10 each fully paid up	-	0.94	1.46
Chennai Petroleum Corporation Limited Nil (March 31, 2016 - 400; April 1, 2015 - 400) Equity Shares of Rs.10 each fully paid up	-	0.80	0.27
Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up	16.64	14.98	15.93
SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up	52.07	40.91	31.74
State Bank of India 10,000 Equity Shares of Re.1 each fully paid up	29.34	19.43	26.70
Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up	8.98	5.59	6.65
Union Bank of India 913 Equity Shares of Rs.10 each fully paid up	1.42	1.22	1.43
Lanco Infratech Limited 50,000 (March 31, 2016 - 1,00,000; April 1, 2015 - 1,00,000) Equity Shares of Rs.1 each fully paid up	1.65	5.04	5.45
Parsvnath Developers Limited Nil (March 31, 2016 - 1,122; April 1, 2015 - 1,122) Equity Shares of Rs.5 each fully paid up	-	0.21	0.21
Power Finance Corporation Limited 1994 (March 31, 2016-997; April 1, 2015-997) Equity Shares of Rs.10 each fully paid up	2.91	1.68	2.72
Idea Cellular Limited 1,637 Equity Shares of Rs.10 each fully paid up	1.41	1.77	3.01
Indian Bank Limited 2,096 Equity Shares of Rs.10 each fully paid up	5.83	2.21	3.64
Technocraft Industries India Limited Nil (March 31, 2016 - 2,350; April 1, 2015 - 2,350) Equity Shares of Rs.10 each fully paid up	-	4.85	5.16
Reliance Communications Limited 2,010 Equity Shares of Rs.5 each fully paid up	0.77	1.02	1.19
Reliance Infrastructure Limited 1,113 Equity Shares of Rs.10 each fully paid up	6.33	6.07	4.83
Reliance Power Limited Nil (March 31, 2016 - 306; April 1, 2015 - 306) Equity Shares of Rs.10 each fully paid up	-	0.15	0.17



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
Axis Bank 5,000 Equity Shares of Rs.2 each fully paid up	24.54	22.27	28.01
Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up	0.04	0.04	0.05
GMR Infrastructure Limited Nil (March 31, 2016 - 10,000; April 1, 2015 - 10,000) Equity Shares of Re.1 each fully paid up	-	1.18	1.66
IDBI Bank Limited 3,500 Equity Shares of Rs.10 each fully paid up	2.63	2.48	2.49
Indian Hotels Company Limited 3,500 Equity Shares of Re.1 each fully paid up	4.44	3.49	4.09
ITC Limited 13,500 (March 31, 2016-9,000; April, 2015-9,000) Equity Shares of Re.1 each fully paid up	37.84	30.04	29.33
J.K.Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up	18.70	13.37	13.32
Mahanagar Telephone Nigam Limited Nil (March 31, 2016 - 1,000; April 1, 2015 - 1,000) Equity Shares of Rs.10 each fully paid up	-	0.18	0.18
Adani Port & Special Economic Zone Limited Nil (March 31, 2016 - 240; April 1, 2015 - 240) Equity Shares of Rs.2 each fully paid up	-	0.58	0.74
Omaxe Limited Nil (March 31, 2016 - 263; April 1, 2015 - 263) Equity Shares of Rs.10 each fully paid up	-	0.38	0.36
Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up	33.68	23.83	24.79
Steel Authority of India Limited 6,000 Equity Shares of Rs.10 each fully paid up	3.68	2.62	4.04
SKF India Limited Nil (March 31, 2016 - 1,000; April 1, 2015 - 1,000) Equity Shares of Rs.10 each fully paid up	-	12.73	14.10
Tata Motors Limited 5,000 Equity Shares of Rs.2 each fully paid up	23.29	19.01	27.51
Tata Power Company Limited 10,000 Equity Shares of Re.1 each fully paid up	9.03	6.40	7.71
V2 Retail Limited Nil (March 31, 2016 - 25; April 1, 2015 - 25) Equity Shares of Rs.10 each fully paid up	-	0.01	0.01
Central Bank of India 598 Equity Shares of Rs.10 each fully paid up	0.63	0.44	0.64
Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up	92.48	91.32	84.24
Bharat Earth Movers Limited Nil (March 31, 2016 - 166; April 1, 2015 - 166) Equity Shares of Rs.10 each fully paid up	-	1.72	1.82
Cipla Limited 1,000 Equity Shares of Rs.2 each fully paid up	5.93	5.16	7.12
ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up	41.15	38.76	40.09
Infosys Limited 2,000 (March 31, 2016 - 2,000; April 1, 2015 - 1,000) Equity Shares of Rs.5 each fully paid up	20.44	24.24	22.18
Kotak Mahindra Bank Limited 4,000 (March 31, 2016 - 4,000; April 1, 2015 - 2,000) Equity Shares of Rs. 5 each fully paid up	34.89	27.24	26.27
Oil India Limited Nil (March 31, 2016 - 525; April 1, 2015 - 525) Equity Shares of Rs. 10 each fully paid up	-	1.65	2.39
Coal India Limited 154 Equity Shares of Rs.10 each fully paid up	0.45	0.45	0.56
Punjab and Sind Bank Nil (March 31, 2016 - 50; April 1, 2015 - 50) Equity Shares of Rs.10 each fully paid up	-	0.02	0.02
Shipping Corporation of India Limited Nil (March 31, 2016 - 719; April 1, 2015 - 719) Equity Shares of Rs.10 each fully paid up	-	0.47	0.33
Emami Infrastructure Limited Nil (March 31, 2016 - 300; April 1, 2015 - 300) Equity Shares of Rs.2 each fully paid up (received free of cost)	-	0.10	0.12
Reliance Capital Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	0.46	0.28	0.32
Siti Cable Network Limited Nil (March 31, 2016 - 250; April 1, 2015 - 250) Equity Shares of Re.1 each fully paid up (received free of cost)	-	0.09	0.09
Zee Media Corporation Limited (Earlier Zee News Limited) 226 Equity Shares of Rs.10 each fully paid up (received free of cost)	0.08	0.04	0.04



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
Zee Learn Limited Nil (March 31, 2016 -137; April 1, 2015 - 137) Equity Shares of Re.1 each fully paid up (received free of cost)	-	0.04	0.05
IDFC Limited 1,500 Equity Shares of Rs.10 each fully paid up	0.82	0.61	2.50
IDFC Bank Limited 1,500 (March 31, 2016 - 1,500; April 1, 2015 Nil) Equity Shares of Rs.10 each fully paid up (received free of cost)	0.89	0.73	-
Ashoka Buildcon Limited 6,060 Equity Shares of Rs.5 each fully paid up (Purchased during the year)	11.94	-	-
Bharat Electronics Limited 8,000 Equity Shares of Re.1 each fully paid up (Purchased during the year)	12.54	-	-
Castrol India Limited 2,400 Equity Shares of Rs.5 each fully paid up (Purchased during the year)	10.38	-	-
RBL Bank Limited 4,600 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	22.75	-	-
The Karur Vysya Bank Limited 9,775 Equity Shares of Rs.2 each fully paid up (Purchased during the year)	10.95	-	-
Yes Bank Limited 598 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	9.25	-	-
Interglobe Aviation Limited 1,050 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	11.04	-	-
KEC International Limited 6,225 Equity Shares of Rs.2 each fully paid up (Purchased during the year)	12.99	-	-
Motherson Sumi Systems Limited 4,045 Equity Shares of Re.1 each fully paid up (Purchased during the year)	15.04	-	-
Persistent System Limited 825 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	4.91	-	-
Piramal Enterprises Limited 432 Equity Shares of Rs.2 each fully paid up (Purchased during the year)	8.22	-	-
Investments under Portfolio Management Service #:			
A) Reliance Portfolio Management Scheme-Trinity Series (Managed by Reliance Capital Asset Management Limited)			
Kalpataru Power Transmission Limited Nil (March 31, 2016 Nil; April 1, 2015 - 472) Equity Shares of Rs.2 each fully paid up	-	-	1.04
Yes Bank Limited Nil (March 31, 2016 Nil; April 1, 2015 - 158) Equity Shares of Rs.10 each fully paid up	-	-	1.29
Bharat Electronics Limited Nil (March 31, 2016 Nil; April 1, 2015 - 103) Equity Shares of Rs.10 each fully paid up	-	-	3.45
Hindustan Petroleum Corporation Limited Nil (March 31, 2016 Nil; April 1, 2015 - 463) Equity Shares of Rs.10 each fully paid up	-	-	3.01
Dish TV India Limited Nil (March 31, 2016 Nil; April 1, 2015 - 3,410) Equity Shares of Rs.1 each fully paid up	-	-	2.79
Hinduja Global Solutions Limited Nil (March 31, 2016 Nil; April 1, 2015 - 225) Equity Shares of Rs.10 each fully paid up	-	-	1.27
State Bank of Mysore Nil (March 31, 2016 Nil; April 1, 2015 - 324) Equity Shares of Rs.10 each fully paid up	-	-	1.52
Multi Commodity Exchange of India Limited Nil (March 31, 2016 Nil; April 1, 2015 - 135) Equity Shares of Rs.10 each fully paid up	-	-	1.52
Texmaco Rail and Engineering Limited Nil (March 31, 2016 Nil; April 1, 2015 - 866) Equity Shares of Re.1 each fully paid up	-	-	1.29
Development Credit Bank Nil (March 31, 2016 Nil; April 1, 2015 - 2,257) Equity Shares of Rs.10 each fully paid up	-	-	2.50
Orient Cement Limited Nil (March 31, 2016 Nil; April 1, 2015 - 1,733) Equity Shares of Re.1 each fully paid up	-	-	3.09
Indo Count Industries Limited Nil (March 31, 2016 Nil; April 1, 2015 - 323) Equity Shares of Rs.10 each fully paid up	-	-	1.22
Ramkrishna Forgings Limited Nil (March 31, 2016 Nil; April 1, 2015 - 538) Equity Shares of Rs.10 each fully paid up	-	-	2.30
HBL Power Systems Limited Nil (March 31, 2016 Nil; April 1, 2015 - 4,517) Equity Shares of Rs.10 each fully paid up	-	-	2.31
KPIT Technologies Limited Nil (March 31, 2016 Nil; April 1, 2015 - 1,246) Equity Shares of Rs.2 each fully paid up	-	-	2.35



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
Sai Rayalaseema Paper Mills Limited 15,895 Equity Shares of Rs.10 each fully paid up	-	-	-
ICICI Bank Limited Nil (March 31, 2016 Nil; April 1, 2015 - 790) Equity Shares of Rs.2 each fully paid up	-	-	2.49
HCL Technologies Limited Nil (March 31, 2016 Nil; April 1, 2015 - 215) Equity Shares of Rs.2 each fully paid up	-	-	2.11
Lupin Limited Nil (March 31, 2016 Nil; April 1, 2015 - 177) Equity Shares of Rs.2 each fully paid up	-	-	3.55
Maruti Suzuki India Limited Nil (March 31, 2016 Nil; April 1, 2015 - 75) Equity Shares of Rs.5 each fully paid up	-	-	2.77
Federal Bank Limited Nil (March 31, 2016 Nil; April 1, 2015 - 1,921) Equity Shares of Rs.10 each fully paid up	-	-	2.54
IRB Infrastructure Developers Limited Nil (March 31, 2016 Nil; April 1, 2015 - 999) Equity Shares of Rs.10 each fully paid up	-	-	2.44
B) Kotak 2010 Opportunities Portfolio Management Scheme (Managed by Kotak Securities Limited)			
Kakinada Fertilizers Limited Nil (March 31, 2016 - 7,521; April 1, 2015 - 7,521) Equity Shares of Rs.10 each fully paid up	-	0.53	0.53
# 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			
	2142.35	1627.52	1683.29
9.2.2 Investments measured at fair value through other comprehensive income (FVTOCI) Unquoted equity instruments			
K K Modi Investment & Financial Services Private Limited 91,875 Equity Shares of Rs.10 each fully paid up	5621.83	5324.16	2580.77
	5621.83	5324.16	2580.77
Total equity instruments	7764.18	6951.93	4271.51
9.3 Investment in debt mutual funds - quoted			
Investments measured at fair value through profit or loss (FVTPL)			
9.3.1 Non-current			
Investments measured at fair value through profit or loss (FVTPL)			
Franklin Templeton Mutual Fund Nil (March 31, 2016- Nil; April 1, 2015- 1,43,75,356) Units of Franklin India Income Opportunities Fund-Growth of Rs. 10 each	-	-	2318.66
ICICI Prudential Mutual Fund Nil (March 31, 2016- Nil; April 1, 2015- 70,50,405) Units of ICICI Prudential Income Opportunities Fund-Regular Plan-Growth of Rs.10 each	-	-	1370.46
13,88,808 Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each	726.03	644.48	609.57
41,57,762 Units of ICICI Prudential Short Term-Direct Plan-Growth of Rs.10 each	1456.50	1311.47	1205.35
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	1452.09	1297.92	1193.69
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- 1,00,00,000) Units of ICICI Prudential Interval Fund Series VII Annual Interval Plan C-Direct Plan of Rs.10 each	-	1207.20	1110.24
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each	-*	590.10	541.68
29,21,824 Units of ICICI Prudential Banking & PSU Debt Fund-Direct-Growth of Rs.10 each (purchased during the year)	553.08	-	-
38,32,196 Units of ICICI Prudential Corporate Bond Fund Direct Growth of Rs. 10 each (purchased during the year)	1008.31	-	-
78,705 Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each	18.11	16.43	15.30
Birla Mutual Fund 19,53,831 Units of Birla Sun Life Income Plus-Growth-Regular Plan of Rs.10 each	1431.91	1290.66	1232.88
Nil (March 31, 2016- Nil; April 1, 2015- 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each	-	*	1130.48
Nil (March 31, 2016- Nil; April 1, 2015- 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each	-	*	1106.09
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs. 10 each	-*	588.58	542.00
8,72,520 Units of Birla Sun Life Short Term Fund-Growth-Direct Plan of Rs. 10 each (purchased during the year)	545.70	-	-
5,00,000 Units of Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each (purchased during the year)	500.45	-	-
IDFC Mutual Fund 52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan-Growth-(Direct Plan) of Rs.10 each	2209.24	1941.50	1836.76



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
Nil (March 31, 2016 Nil; April 1, 2015- 50,00,000) Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	-	-*	566.80
Nil (March 31, 2016 Nil; April 1, 2015- 50,00,000) Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	-*	561.05
HDFC Mutual Fund			
Nil (March 31, 2016- Nil; April 1, 2015- 80,90,484) Units of HDFC Medium Term Opportunities Fund-Growth of Rs.10 each	-	-	1229.19
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs. 10 each	-*	588.15	540.94
60,89,466 (March 31, 2016- 60,89,466; April 1, 2015- Nil) Units of HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option of Rs.10 each	1106.91	1007.01	-
76,71,948 Units of HDFC Banking & PSU Debt Fund Direct Growth Plan of Rs. 10 each (purchased during the year)	1018.66	-	-
SBI Mutual Fund			
1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	2185.44	1923.47	1822.02
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	-*	603.63	556.98
57,40,759 (March 31, 2016- 57,40,759; April 1, 2015- Nil) Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs. 10 each.	1104.02	1006.24	-
26,27,375 Units of SBI Short Term Debt Fund-Direct-Growth Plan of Rs. 10 each (Purchased during the year)	505.28	-	-
AXIS Mutual Fund			
79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	1423.02	1270.06	1174.17
DSP Black Rock Mutual Fund			
1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	2164.51	1953.61	1831.98
DHFL Pramerica Mutual Fund			
47,24,290 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs.10 each	1458.97	1320.41	1211.96
1,62,327 (March 31,2016-1,62,327; April 1, 2015- 1,57,703) Units of DHFL Pramerica Insta Cash Plus Fund-Bonus of Rs.10 each	233.85	217.94	201.33
16,30,710 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	503.60	-	-
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AC -Direct Plan-Growth of Rs. 1000 each (Purchased during the year)	503.55	-	-
Reliance Mutual Fund			
1,00,00,000 Units of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	1383.33	1284.22	1186.27
Nil (March 31, 2016- Nil; April 1, 2015- 1,00,00,000) Units of Reliance Fixed Horizon Fund-XXV-Series 14-Direct Plan Growth Plan of Rs.10 each	-	-*	1114.24
33,73,190 (March 31, 2016- 33,73,190; April 1, 2015- Nil) Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	532.17	475.58**	-
32,66,543 Units of Reliance Short Term Fund-Direct Growth Plan of Rs. 10 each (Purchased during the year)	1032.25	-	-
1,00,00,000 Units of Reliance Fixed Horizon Fund XXXIII-Series 5-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	1000.00	-	-
20,000 Units of Reliance Equity Opportunities fund Growth of Rs. 10 each	15.97	13.28	15.10
97,800 Units of Reliance Top 200 Fund - Retail Plan Growth of of Rs. 10 each	26.97	21.71	23.91
UTI Mutual Fund			
70,99,046 Units of UTI- Short Term Income Fund- Institutional Option-Direct Plan-Growth of Rs. 10 each	1442.74	1308.35	1205.03
76,42,438 Units of UTI- Dynamic Bond Fund- Direct Plan-Growth of Rs.10 each	1503.70	1303.21	1220.16
54,40,667 (March 31, 2016- 54,40,667; April 1, 2015- Nil) Units of UTI- Short Term Income Fund-Institutional Option-Direct Plan-Growth of Rs. 10 each	1105.71	1002.71	-
26,12,890 Units of UTI Short Term Income Fund Institutional Option-Direct Growth Plan of Rs. 10 each (Purchased during the year)	531.02	-	-
Sundaram Mutual Fund			
Nil (March 31, 2016- 1,00,00,000; April 1, 2015-1,00,00,000) Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	-*	1226.70	1129.18
TATA Mutual Fund			
Nil (March 31, 2016- Nil; April 1, 2015- 50,00,000) Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each	-	-*	569.41
Nil (March 31, 2016- 50,00,000; April 1, 2015- 50,00,000) Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	-*	589.24	542.00
34,85,851 (March 31, 2016- 34,85,851; April 1, 2015- Nil) Units of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	1097.50	1002.79	-
KOTAK Mutual Fund			
33,48,603 Units of Kotak Bond (Short Term)-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	1059.52	-	-
	32840.11	27006.65	30914.88

*Transferred from non current to current investments.

**Transferred from current to non current investments.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
9. Investments (continued)			
9.3.2 Current			
Investments measured at fair value through profit or loss (FVTPL)			
Reliance Mutual Fund			
Nil (March 31, 2016- Nil; April 1, 2015- 33,73,190) Units of			
Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	-	- **	447.51
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- Nil)			
Units of Reliance Fixed Horizon Fund -XXIV-Series 14-Direct Plan Growth Plan of Rs.10 each	-	1,210.53*	-
Nil (March 31, 2016- Nil; April 1, 2015- 576) Units of Reliance Liquidity Fund Daily Dividend of Rs.100 each	-	-	5.76
Birla Mutual Fund			
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- Nil) Units of			
Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each	-	1,225.13*	-
Nil (March 31, 2016- 1,00,00,000; April 1, 2015- Nil)			
Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each	-	1,200.69*	-
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil)			
Units of Birla Sun Life Fixed Term Plan-Series II (1173 Days)-Growth Direct of Rs. 10 each	635.62*	-	-
45,649 Units of Birla Sunlife Saving Fund- Growth of Rs. 100 each	140.67	129.14	118.85
13,378 Units of Birla Sunlife Saving Fund- Retail Growth of Rs. 100 each	42.60	39.11	36.00
IDFC Mutual Fund			
Nil (March 31, 2016- 50,00,000; April 1, 2015- Nil) Units of			
IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	608.83*	-
Nil (March 31, 2016- 50,00,000; April 1, 2015- Nil)			
Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	-	615.51*	-
TATA Mutual Fund			
Nil (March 31, 2016- 50,00,000; April 1, 2015- Nil)			
Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each	-	617.40*	-
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil)			
Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	637.17*	-	-
Sundaram Mutual Fund			
1,00,00,000 (March 31, 2016- Nil; April 1, 2015- Nil)			
Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	1333.78*	-	-
SBI Mutual Fund			
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil)			
SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	651.23*	-	-
HDFC Mutual Fund			
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil)			
Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs. 10 each	635.38*	-	-
ICICI Prudential Mutual Fund			
50,00,000 (March 31, 2016- Nil; April 1, 2015- Nil)			
Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each	639.75*	-	-
UTI Mutual Fund			
1,69,011 Units of UTI- Liquid Cash Plan Growth Fund- Direct Plan-Growth (purchased during the year)	4501.18	-	-
	9217.38	<u>5,646.34</u>	<u>608.12</u>
#Investments having a maturity of less than 12 months from the balance sheet date.			
*Transferred from non current to current investments.			
**Transferred from current to non current investments.			
9.4 Other investments			
9.4.1 Investments in debentures and bonds - Quoted			
Indian Railway Finance Corporation Limited - at amortised cost			
43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up	435.01	435.01	435.01
NTPC Limited - FVTPL			
6,544 (March 31, 2016 - 6,544; April 1, 2015 - Nil) 12.5% Non Convertible Debentures	0.82	0.82	-
	435.83	<u>435.83</u>	<u>435.01</u>
9.4.2 Investments in preference shares			
Zee Entertainment Enterprises Limited - Quoted - FVTPL			
2,297 (March 31, 2016-22,974; April 1, 2015-22,974) 6% Preference Shares of Rs. 10 each	0.22	0.21	0.16
(March 31, 2016-Re.1; April, 2015-Re.1) fully paid up (received free of cost)			
K K Modi Investment & Financial Services Private Limited - Unquoted - at amortised cost			
71,28,000 Preference Shares of Rs.10 each fully paid up	85.79	75.43	66.30
	86.01	<u>75.64</u>	<u>66.46</u>



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
10. Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)			
Non-current			
Loans to employees	703.22	736.40	766.42
	703.22	736.40	766.42
Current			
Loans to related parties (Refer note no. 45)			
- Loan to officers	14.83	19.46	-
- Loan to other related parties	15.89	17.21	1.68
Loans to employees	143.52	261.41	222.99
	174.24	298.08	224.67
Total	877.46	1034.48	991.09

11. Income taxes		
Income tax expense in the statement of profit and loss comprises:		
	Year ended 31.3.2017	Year ended 31.3.2016
Current income tax		
In respect of the current year	5290.64	7125.77
Deferred tax		
In respect of the current year	940.01	294.76
Total income tax expense recognised in the statement of profit and loss	6230.65	7420.53
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	19917.64	24386.71
Income tax expense calculated at corporate tax rate of 34.608%	6893.10	8439.75
Investment allowance on plant and machinery	(195.65)	(484.04)
Differential tax rate on long term capital gain on sale of investments and fair value gain on investments	(744.21)	(632.56)
Effect of expenses that are not deductible in determining taxable profit	185.15	32.83
Effect of exempt non-operating income	(12.04)	(12.04)
Difference in tax rates of subsidiaries	(138.92)	(83.85)
Others	243.22	160.44
Income tax expenses recognised in statement of profit and loss	6230.65	7420.53

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.608% (previous year 34.608%) payable by corporate entities in India on taxable profits under the Indian tax laws.



Rupees in Lakhs

Deferred tax balances

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Deferred tax asset			
Provisions for compensated absences	2354.26	2264.56	1960.15
Straight lining of lease rentals	200.28	213.27	141.23
Accrued expenses deductible on payment	946.60	897.75	868.09
Foreign currency fluctuation relating to borrowings and recognition of derivative liability	71.00	487.86	886.12
Voluntary retirement scheme payments deductible in instalments	281.46	489.81	734.72
Long term capital loss on investments sold*	154.52	265.93	291.11
Total deferred tax assets	4008.12	4619.18	4881.42
Deferred tax liability			
Investment in debt mutual funds fair valued through profit or loss	(1046.50)	(636.70)	(510.13)
Investment in unquoted equity instruments valued through OCI	(1288.58)	(1219.90)	(586.95)
Investment in unquoted preference shares	(7.34)	(4.95)	(2.84)
Other financial assets	(5.18)	(11.34)	(12.74)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2649.04)	(2726.12)	(2820.88)
	(4996.64)	(4599.01)	(3933.54)
Deferred tax assets after set off	(988.52)	20.17	947.88

Movement in deferred tax assets and liabilities during the year are as follows:

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
For the year ended March 31, 2016				
Deferred tax asset in relation to				
Provisions for compensated absences	1960.15	304.41	-	2264.56
Straight lining of lease rentals	141.23	72.04	-	213.27
Accrued expenses deductible on payment	868.09	29.66	-	897.75
Foreign currency fluctuation relating to borrowings and recognition of derivative liability	886.12	(398.26)	-	487.86
Voluntary retirement scheme payments deductible in instalments	734.72	(244.91)	-	489.81
Long term capital loss on investments sold*	291.11	(25.18)	-	265.93
	4881.42	(262.24)	-	4619.18
Deferred tax liability in relation to				
Investment in debt mutual funds fair valued through profit or loss	(510.13)	(126.57)	-	(636.70)



Rupees in Lakhs

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Investment in unquoted equity instruments valued through OCI	(586.95)	-	(632.95)	(1219.90)
Investment in unquoted preference shares	(2.84)	(2.11)	-	(4.95)
Other financial assets	(12.74)	1.40	-	(11.34)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2820.88)	94.76	-	(2726.12)
	(3933.54)	(32.52)	(632.95)	(4599.01)
Net deferred tax assets	947.88	(294.76)	(632.95)	20.17
For the year ended March 31, 2017				
Deferred tax asset in relation to				
Provisions for compensated absences	2264.56	89.70	-	2354.26
Straight lining of lease rentals	213.27	(12.99)	-	200.28
Accrued expenses deductible on payment	897.75	48.85	-	946.60
Foreign currency fluctuation relating to borrowings and recognition of derivative liability	487.86	(416.86)	-	71.00
Voluntary retirement scheme payments deductible in instalments	489.81	(208.35)	-	281.46
Long term capital loss on investments sold*	265.93	(111.41)	-	154.52
	4619.18	(611.06)	-	4008.12
Deferred tax liability in relation to				
Investment in debt mutual funds fair valued through profit or loss	(636.70)	(409.80)	-	(1046.50)
Investment in unquoted equity instruments valued through OCI	(1219.90)	-	(68.68)	(1288.58)
Investment in unquoted preference shares	(4.95)	(2.39)	-	(7.34)
Other financial assets	(11.34)	6.16	-	(5.18)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2726.12)	77.08	-	(2649.04)
	(4599.01)	(328.95)	(68.68)	(4996.64)
Net deferred tax assets	20.17	(940.01)	(68.68)	(988.52)

* Deferred tax asset on such long term capital loss has been recognised as it is probable that future taxable profit will be available on gain on investment in debt mutual funds, against which tax losses can be utilised.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
12. Inventories			
(Lower of cost and net realisable value)			
Raw and packing materials	34327.46	31245.66	40374.48
Work-in-process	832.43	575.76	591.73
Finished goods			
- Cigarettes	13318.41	27541.21	25010.97
- Chewing products	1726.04	1042.47	341.94
Traded goods	6396.68	4704.64	5886.50
Stores and spare parts	1899.94	2007.45	2152.57
Land	6669.30	6669.30	6669.26
	65170.26	73786.49	81027.45
Inventory includes in transit inventory of:			
Raw and packing materials	1595.37	129.89	1,628.26
Finished goods			
- Cigarettes	138.23	67.98	35.07
Traded goods	-	-	205.32
Stores and spare parts	9.58	-	14.77

The cost of inventories recognised as an expense include Rs. 67.71 lakhs (previous year Rs.23.42 lakhs) in respect of write-downs of inventory to net realisable value.

13. Trade receivables			
Unsecured - considered good			
Trade receivables	17897.63	10793.05	12981.75
Total trade receivables	17897.63	10793.05	12981.75
The average credit period on sale of goods ranges upto 90 days. No interest is charged on trade receivables.			
Age of receivables			
1-30 days past due	3106.81	2782.02	4507.00
31-45 days past due	588.07	534.71	755.08
46-90 days past due	401.35	442.96	392.31
91-180 days past due	573.08	497.77	331.26
More than 180 days past due	563.49	602.21	107.53

14. Cash and bank balances			
Cash and cash equivalents (as per cash flow statements)			
Cash on hand	46.35	52.64	67.77
Cheques, drafts on hand	23.80	47.82	38.04
Balances with banks			
- In current accounts	841.52	1232.66	948.05
Cash and cash equivalents as per cash flow statement	911.67	1333.12	1053.86
Other bank balances:			
In earmarked accounts for			
- Margin money*	1938.60	1477.91	1426.54
- Unpaid dividend	194.23	185.97	181.41
- Fixed deposit receipts lodged with government authorities	102.13	121.83	111.93
	2234.96	1785.71	1719.88
Cash and bank balances	3146.63	3118.83	2773.74

*The Group has given margin money to fulfil collateral requirements.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
15. Other financial assets (at amortised cost) (unsecured considered good unless otherwise stated)			
Non-current			
Security deposits	940.97	960.59	1,795.50
	940.97	960.59	1,795.50
Current			
Security deposits	76.41	244.84	44.31
Interest accrued on bank and other deposits	81.80	42.39	65.18
Others	-	3.86	37.82
	158.21	291.09	147.31
16. Other assets (unsecured considered good unless otherwise stated)			
Non-current			
Capital advances	237.77	495.12	1310.67
Prepaid expenses	430.08	479.59	527.42
Leasehold land under operating lease	1916.63	1958.03	1532.71
Others	0.36	0.37	0.89
	2584.84	2933.11	3371.69
Current			
With excise and customs on current/CENVAT accounts	500.55	817.65	604.88
Prepaid expenses	402.50	565.33	1033.65
Leasehold land under operating lease	42.11	42.11	39.08
Export incentives accrued/available	509.47	1001.13	1937.97
Others	4023.26	3171.52	2431.06
	5477.89	5597.74	6046.64
17. Assets classified as held for sale			
Property, plant and equipment held for sale-carrying value	434.03	868.06	0.35
Less: Write down in the value	217.01	434.03	0.21
Less: Disposal	1.57	-	-
	215.45	434.03	0.14
18. Equity share capital			
Authorised			
60,000 preference shares of Rs. 100 each	60.00	60.00	60.00
122,000,000 equity shares of Rs. 2 each	2440.00	2440.00	2440.00
	2500.00	2500.00	2500.00
Issued, subscribed and fully paid up			
51,993,920 equity shares of Rs. 2 each	1039.88	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. 2 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	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
a) Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%	13,050,475	25.10%
b) K K Modi Investment & Financial Services Private Limited	15,196,660	29.23%	15,196,660	29.23%	15,196,660	29.23%
c) Good Investment (India) Limited	4,309,220	8.29%	4,309,220	8.29%	4,095,220	7.88%

	Rupees in Lakhs		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
19. Other equity			
Capital redemption reserve	30.13	30.13	30.13
Statutory reserve	33.21	20.89	20.89
Reserve for equity instruments through OCI	4296.47	4067.48	1957.04
General reserve	31931.89	29931.89	27931.89
Retained earnings	128713.14	122499.71	112754.02
	165004.84	156550.10	142693.97
General reserve			
Opening balance	29931.89	27931.89	
Add: Transfer from surplus in statement of profit and loss	2000.00	2000.00	
Closing balance	31931.89	29931.89	
Retained earnings			
Balance at beginning of year	122499.71	112754.02	
Profit for the current year	13722.80	16967.35	
remeasurement of defined benefit obligation net of income tax*	(490.76)	(215.37)	
Payment of dividend on equity shares (Rs.8 per share; previous year Rs.8 per share)	(4159.51)	(4159.51)	
Corporate dividend tax	(846.78)	(846.78)	
Transfer to general reserve	(2000.00)	(2000.00)	
Transfer to Statutory reserve	(12.32)	-	
Balance at end of year	128713.14	122499.71	

* Net of income tax of Rs. 256.88 lakhs (previous year Rs.114.14 lakhs)

Capital redemption reserve:

This was created on redemption of preference shares in accordance with the requirements of the Companies Act, 1956.

General reserve:

The amount transferred to the general reserve is Rs. 2000 lakhs (previous year Rs.2000 lakhs). As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Statutory Reserve:

As per the Reserve Bank of India Act, 1934, every non-banking financial company has to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The statutory reserve has been created by Chase Investments Limited.



19. Other equity (continued)

Retained earnings:

Retained earnings is the amount that can be distributed by the Company as dividends to its equity shareholders subject to the requirements of the Companies Act, 2013. The amount reported above are not distributable in entirety.

In respect of the year ended March 31, 2017, the directors have, in the board meeting held on May 30, 2017, proposed a dividend of Rs. 8 per fully paid equity share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liability in the financial statements. The proposed equity dividend is payable to all the holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.4159.51 apart from Rs.846.78 lakhs towards corporate dividend tax.

	Rupees in Lakhs		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
20. Non-controlling interests			
Balance at beginning of year	4413.54	4783.10	
Share of total comprehensive income of the year	(35.81)	(1.17)	
Arising from change in shareholding interest	(331.84)	(368.39)	
Balance at the end of the year	4045.89	4413.54	

Details of non-wholly owned subsidiary

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non - controlling interest			Profit (loss) allocated to non-controlling interest	Rupees in Lakhs			
		31.03.2017	31.03.2016	1.04.2015		31.03.2017	31.03.2016	1.04.2015	
Rajputana Developers Projects	India	50.10%	54.59%	59.06%	(32.89)	(0.08)	3552.74	3944.78	4344.86
Individually immaterial subsidiaries with non-controlling interests					493.15	468.76	438.24	4413.54	4783.10
					4045.89				

Summarised financial information of Rajputana Developers Projects (before intragroup eliminations)

	Rupees in Lakhs		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Non current assets	0.10	-	-
Current assets	6679.69	6669.63	6669.73
Non current liabilities	-	-	-
Current liabilities	0.12	0.15	0.11
Equity attributable to owners of the Company	3126.93	2724.70	2324.76
Non controlling interest	3552.74	3944.78	4344.86

	Rupees in Lakhs	
	Year ended 31.3.2017	Year ended 31.3.2016
Revenue	0.36	-
Expenses	66.02	0.14
Profit (loss) for the year	(65.66)	(0.14)
Other comprehensive income	-	-
Total comprehensive income	(65.66)	(0.14)
Total comprehensive income attributable to owners of the Company	(32.77)	(0.06)
Profit (loss) attributable to non controlling interest	(32.89)	(0.08)
Profit (loss) for the year	(65.66)	(0.14)
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to non controlling interest	-	-
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	(32.77)	(0.06)
Total comprehensive income attributable to non controlling interest	(32.89)	(0.08)
Total comprehensive income for the year	(65.66)	(0.14)



Rupees in Lakhs

21. Borrowings	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Non-current borrowings - carried at amortised cost			
Secured			
Term loans			
- Foreign currency term loans from banks	-	-	2110.46
- Foreign currency non-repatriable borrowing	-	2650.40	-
Total non current borrowings	-	2650.40	2110.46

Summary of borrowing arrangements

1. Foreign currency term loans from banks

These loans carry floating interest rates based on JPY LIBOR plus an agreed premium and are repayable in half yearly / quarterly instalments ranging between 3 to 5 years. Further, these loans are secured by way of exclusive charge over specific plant and machinery.

2. Foreign currency non-repatriable borrowing

This borrowing carries a floating interest charge based on USD LIBOR and is repayable in two equal semi-annual instalments starting from the 18th month from the date of its disbursement. This borrowing is secured by way of the exclusive charge over specific plant and machinery.

Breach of loan agreement

There have been no breach of covenants mentioned in the loan agreements during the reporting periods.

Current borrowings - carried at amortised cost			
Secured			
Loans from banks repayable on demand*	4745.01	4969.87	8029.55
Unsecured			
- Demand loan from banks	-	500.00	9500.00
- Loans from banks repayable on demand	-	0.07	0.84
Total current borrowings	4745.01	5469.94	17530.39

Details of security and terms of above loans:

*Secured against hypothecation of stocks (Refer Note No.12) and book debts (Refer Note No.13) and second charge on all movable fixed assets of the Group.

The above current borrowings carry interest ranging between 7.95% to 11.90% per annum.

22. Other financial liabilities			
Non-current			
Security deposits - at amortised cost	43.43	28.50	26.55
	43.43	28.50	26.55
Current			
Current maturities of non-current borrowings (Refer Note No.21)	2594.00	5038.67	5083.45
Derivatives liabilities* (at FVTPL)	-	941.92	3062.06
Interest accrued but not due on borrowings	2.89	4.76	33.79
Unclaimed dividends	194.23	185.97	181.41
Payable to gratuity funds	1417.52	995.61	1712.26
Payables for fixed assets	765.70	1532.61	686.34
Security deposits - at amortised cost	17.96	18.05	13.73
Others	-	8.84	-
	4992.30	8726.43	10773.04



*The Company had a currency option and an interest rate swap agreement whereby the Company received a variable rate of interest and paid interest at a fixed rate. The swap was being used to hedge the exposure to changes in the fair value of its variable rate secured loan. Additionally, the Company had also taken a currency swap arrangement where the Company received JPY and paid USD for the purpose of repayment of loan at each repayment date. The changes in fair value of the interest rate swap have been recognised in the statement of profit and loss.

	Rupees in Lakhs		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
23. Provisions			
Non-current			
Provision for employee benefits			
- provision for compensated absences	6341.58	5798.16	5264.04
	6341.58	5798.16	5264.04
Current			
Provision for employee benefits			
- provision for compensated absences	1026.10	1325.21	969.67
	1026.10	1325.21	969.67
Total	7367.68	7123.37	6233.71

	Rupees in Lakhs		
24. Trade payables			
Micro and small enterprises	100.73	184.46	192.74
Other than Micro and small enterprises	14717.31	11034.71	13330.24
Employee payables	874.64	898.52	1650.55
	15692.68	12117.69	15173.53

The Group generally pays its vendors within 30 - 60 days and interest, if any, payable under the terms of the Micro, Small and Medium Enterprises Development Act, 2006 is recognised.

	Rupees in Lakhs		
25. Current tax assets and liabilities			
Current tax assets (Net)			
Income tax recoverable	2259.23	1623.75	1139.93
Total current tax assets	2259.23	1623.75	1139.93
Current tax liabilities (Net)			
Income tax payable (net of payments)	495.20	494.43	544.62
Total current tax liabilities	495.20	494.43	544.62

	Rupees in Lakhs		
26. Other liabilities			
Current			
Statutory dues	14580.15	13699.51	15536.23
Advances from customers	1573.13	3515.10	3117.87
Others	197.65	99.68	94.08
	16350.93	17314.29	18748.18

Liabilities are non-interest bearing and have a term of upto one year.



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
27. Revenue from operations		
Sale of products (including excise duty)	436981.56	420985.01
Other operating revenues		
Export incentives	623.56	885.36
Interest income (gross) from:		
- Debts, deposits, loans and advances, etc.	31.88	5.97
Dividend income	16.08	16.50
Net gain on sale/redemption/fair valuation of:		
- Non-current investments fair valued through profit and loss	488.65	6.57
- Current investments fair valued through profit and loss	15.02	-
Receipts from secondment of services	1545.94	2757.25
Scrap sales	490.26	595.85
Others	1080.27	1485.80
	4291.66	5753.30
Total revenue from operations	441273.22	426738.31
28. Other income		
Interest income (gross) from:		
- Debts, deposits, loans and advances, etc. *	407.84	344.81
- Non-current investments valued on amortised cost	34.80	34.80
Rent and hire charges (gross) from:		
- Others	148.53	268.90
Net gain on sale/redemption/fair valuation of:		
- Non-current investments fair valued through profit or loss	3397.84	1360.39
- Current investments fair valued through profit or loss	646.73	1436.31
Foreign currency fluctuation	0.61	246.40
Profit on sale of fixed assets held for sale	-	0.14
	4636.35	3691.75
*includes interest income calculated in relation to financial assets valued on amortised cost basis.	68.61	50.11
29. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	21431.47	21458.08
Cigarette paper	773.84	784.94
Cardboard (shells, slides and others)	8799.02	9114.30
Filter rods	7752.53	6955.46
Aluminium foil/metallised paper	1387.79	1331.60
Cellulose paper	897.39	896.43
Flavours for chewing products	1642.99	1901.70
Betel nut	5687.27	3624.81
Katha, lime and bulking agent	2244.78	1000.87
Paper/Laminate pouches for chewing products	3091.77	1703.52
Miscellaneous	6151.41	6379.06
	59860.26	55150.77



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
30. Purchases of traded goods		
Unmanufactured tobacco (transferred from raw and packing materials)	24352.06	25385.32
Cigarettes	542.73	128.05
Other goods-Tea, etc. (including packing materials and processing charges)	30641.06	24071.17
	55535.85	49584.54
31. Changes in Inventories of finished goods, work-in-process and traded goods		
Opening stock:		
Work-in-process	575.76	591.73
Finished goods		
- Cigarettes	27541.21	25010.97
- Chewing products	1042.47	341.94
Traded goods	4704.64	5886.50
Land	6669.30	6669.26
	40533.38	38500.40
Less: Excise duty in opening stock	20802.85	18549.75
Opening stock net of excise duty	19730.53	19950.65
Closing stock:		
Work-in-process	832.43	575.76
Finished goods		
- Cigarettes	13318.41	27541.21
- Chewing products	1726.04	1042.47
Traded goods	6396.68	4704.64
Land	6669.30	6669.30
	28942.86	40533.38
Less: Excise duty in closing stock	8598.72	20802.85
Closing stock net of excise duty	20344.14	19730.53
(Increase)/Decrease	(613.61)	220.12
32. Employee benefits expenses		
Salaries and wages	22412.55	22292.81
Contribution to provident and other funds	1525.46	1590.48
Workmen and staff welfare expenses	1610.59	1629.96
Contribution to gratuity and superannuation fund	868.03	904.93
	26416.63	26418.18
33. Finance costs		
Interest expenses on:		
- Borrowings	226.28	507.31
- Others*	66.05	61.71
Other borrowing costs	32.37	84.19
Exchange differences regarded as an adjustment to borrowing costs	31.72	359.98
	356.42	1013.19

*including Rs. 41.58 lakhs (Previous year Rs. 41.58 lakhs) towards interest on entry tax.



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
34. Other Expenses		
Consumption of stores and spare parts*	104.87	105.47
Power and fuel	3033.17	2899.00
Rent	2959.09	3517.64
Repairs and maintenance		
- Buildings	474.00	386.80
- Plant and machinery	1703.33	1622.83
- Others	1200.95	1057.08
Insurance	622.59	524.99
Rates and taxes	3651.59	4250.03
Freight and cartage	3851.23	3611.27
Legal and professional expenses	6278.29	11052.43
Auditors' Remuneration** (net of cenvatable service tax)		
- Audit fees	90.68	93.28
- For tax audit	22.69	20.68
- For limited review of unaudited financial statements	53.61	47.98
- For corporate governance, consolidated financial statements and other certificates	7.25	6.63
- For other services	2.59	1.53
- Reimbursement of expenses	10.92	10.97
Commission paid to other than sole selling agents	359.87	389.04
Advertising and sales promotion	13171.80	15399.15
Selling and distribution expenses	6779.97	7048.17
Travelling and conveyance	2973.98	3603.94
Donations	558.96	77.22
Contributions/expenses towards Corporate social responsibility (Refer Note No.35)	498.87	496.31
Bad debts and advances written off	85.59	19.97
Investments written off	0.25	-
Property, plant and equipment written off	19.60	159.80
Loss on sale of property, plant and equipment	45.76	68.79
Foreign currency fluctuation	124.26	0.88
Technical services fee and royalty	1052.64	1144.58
Consumer research activity	400.45	818.89
Machine and material handling expenses	413.87	416.36
Write down in the value of assets classified as held for sale	217.01	434.03
Provision for decline in the value of investment	-	7.20
Miscellaneous expenses	10780.09	10050.84
	61549.82	69343.78

*Excludes consumption of spare parts charged to repairs and maintenance-machinery.

**Includes fees paid to the auditors of the subsidiary companies.



35. Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Holding Company. The areas for CSR activities are promoting education, healthcare and woman economic empowerment, providing disaster relief and undertaking rural development projects.

Gross amount required to be spent by the Group during the year is Rs. 501.00 lakhs (Previous year Rs. 496.00 lakhs) and the details of amount spent are as under:

	Rupees in Lakhs	
	Year ended 31.3.2017	Year ended 31.3.2016
a) By way of contribution for the above mentioned activities	475.11	472.68
b) Administrative expenses incurred (restricted to 5%)	23.76	23.63
	498.87	496.31

36. Earnings per share

Profit for the year attributable to owners of the Group [A]	13686.99	16966.18
Weighted average number of equity shares for the purpose of basic earning per share and diluted earning per share [B]	51993920	51993920
Basic and diluted earnings per share (Rs.) [A/B] (Face value of Rs. 2 each)	26.32	32.63

Rupees in Lakhs

37. Managerial remuneration

Included in expenses are:		
Salaries*	923.37	731.56
Monetary value of benefits	148.63	97.23
Commission**	572.50	443.53
Sitting fees (excluding service tax paid under reverse charge)	56.18	64.22
	1700.68	1336.54

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

** includes Rs.112.50 lakhs (previous year Rs. 31.18 lakhs) payable to a non-working director.

Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
38. Contingent liabilities not provided for			
a) Demands from excise, income tax, sales tax and other authorities disputed by the Group @	4466.54	4042.65	3740.84
b) Claims against the Group not acknowledged as debts	1.37	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.

c) Share of contingent liabilities relating to associate companies	238.15	11.03	12.77
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d) There has been no delay in transferring amount, required to be transferred, to the Investor Education Protection Fund by the Holding Company. There are no amounts that were due to be transferred by the subsidiary companies and associate companies to the Investor Education and Protection Fund.

e) 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.



Rupees in Lakhs

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
39. Commitments			
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	1913.02	2256.19	7814.81

b) 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 contracts including derivative contracts for which there will be any material foreseeable losses.

40. Expenditure on scientific research and development			
Revenue expenditure	1044.10	989.10	1056.25
Capital expenditure	306.74	490.21	532.53

41. Operating lease arrangements

The Group as a lessee

Leasing arrangements

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 Group has also entered into operating lease arrangements for various lands. These are non-cancellable in nature and range between forty five years to ninety nine years.

The aggregate rentals under such agreements/arrangements have been charged as rent in Note No.34.

Non-cancellable operating lease commitments			
Within one year	389.46	826.46	1181.36
Later than one year but not later than five years	129.85	330.97	5360.94
Later than five years	153.37	154.92	1971.26

The Group as a lessor

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 receivable in respect thereof have been accrued as income in Note No.28.

Rupees in Lakhs

42. Employee benefit plans

	Year ended 31.3.2017	Year ended 31.3.2016
(a) Defined contribution plans and amounts recognised in the statement of profit and loss		
Contribution towards provident fund	1525.46	1582.90
Contribution towards superannuation fund	192.56	201.75
Employers' contribution to employee's state insurance scheme	5.14	6.17
	1723.16	1790.82
(b) Other long term employee benefits (based on actuarial valuation/internal valuation)		
Compensated absences – amount recognized in the statement of profit and loss	1694.80	1549.30



(c) Defined benefit plans

Gratuity

The Group makes annual contributions to gratuity funds established as trusts, for the defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per provisions of the Payment of Gratuity Act or the relevant Company Scheme, whichever is beneficial.

The plan typically exposes the Company to actuarial risks such as: loss of investment risk, interest rate risk, mortality rate risk and salary rate risk.

Loss of Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest rate risk

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the plan's liability.

Mortality rate risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary rate risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for defined benefit plan:

Net employee benefit expense recognized in employee cost

Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
Current service cost	608.33	588.84
Net interest cost	37.06	102.05
	645.39	690.89
(Shortfall)/excess of fair value over book value of plan assets	24.49	12.30
Net employee benefit expense recognized in employee cost	669.88	703.19
Amount recognised in other comprehensive income:		
Actuarial loss on obligations arising from change in financial assumptions	801.41	72.71
Actuarial (gain)/loss on obligations arising on account of experience adjustments	(37.50)	465.26
Return on plan assets (excluding amounts included in net interest expense)	(16.27)	(208.46)
Net expense for the year recognized in other comprehensive income	747.64	329.51
(I) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined obligation	9286.51	8108.65
Current service cost	608.33	588.84
Interest cost	705.30	592.61
Benefits paid	(1460.95)	(541.56)
Actuarial loss on obligations arising from change in financial assumptions	801.41	72.71



Rupees in Lakhs

	Year ended 31.3.2017	Year ended 31.3.2016
Actuarial (gain)/loss on obligations arising on account of experience adjustments	(37.50)	465.26
Closing defined benefit obligation	9903.11	9286.51
(II) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	8309.69	6402.88
Interest income	668.24	490.55
Return on plan assets (excluding amounts included in net interest expense)	16.27	208.46
Contribution by employer	1035.03	1749.36
Benefits paid	(1460.95)	(541.56)
Closing fair value of plan assets	8568.28	8309.69
(III) (Shortfall)/excess of fair value over book value of plan assets	43.28	18.79
(IV) Liability (net of advance) recognised in the balance sheet (I - II + III)	1378.11	995.61

The major categories of plan assets of the fair value of the total plan assets are as follows:

	Amount	% of total plan assets
As at March 31, 2017		
Government debt securities	686.92	8.01%
Other debt instruments	561.15	6.55%
Insurer managed funds	7242.42	84.53%
Others	77.79	0.91%
	8568.28	100.00%
As at March 31, 2016		
Government debt securities	765.58	9.22%
Other debt instruments	817.24	9.83%
Insurer managed funds	6724.91	80.93%
Others	1.96	0.02%
	8309.69	100.00%
As at April 1, 2015		
Government debt securities	849.14	13.25%
Other debt instruments	965.36	15.08%
Insurer managed funds	4567.51	71.34%
Others	20.87	0.33%
	6402.88	100.00%

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Discount rate (in %)	7.35%/7.00%	8.3%/7.90%	7.90%
Salary escalation rate (in %)	8%/7.50%	8%/7.50%	7.50%
Expected rate of return on plan assets	7.50%	7.50%	7.50%
Expected average remaining working lives of employees	12.49/9.47 years	11.44/8.65 years	12.02/10.35 years



A quantitative sensitivity analysis for significant assumption is as shown below:

Assumption	Impact on defined benefit obligation	
	As at 31.3.2017	As at 31.3.2016
Impact of increase in 0.5% in discount rate	- 4.44%	- 4.18%
Impact of decrease in 0.5% in discount rate	4.78%	4.51%
Impact of increase in 0.5% in salary escalation rate	4.72%	4.50%
Impact of decrease in 0.5% in salary escalation rate	- 4.43%	- 4.21%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected as contributions to the defined benefit plan in future years:

	Rupees in Lakhs	
	Year ended 31.3.2017	Year ended 31.3.2016
Within the next 12 months (next annual reporting period)	1277.52	1445.50
Between 2 and 5 years	2605.65	2304.93
Between 5 and 10 years	3258.10	3705.37
Beyond 10 years	15602.33	15967.55
Total expected payments	22743.60	23423.35

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.97~9.51 years.

43. Financial instruments and risk management

43.1 Fair value measurements

The fair value of financial assets and liabilities are included at the amount at which the instruments could be exchanged in as current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

i) The fair value of cash and cash equivalents, trade receivables, trade payables, security deposits received, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii) The financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by using valuation techniques that are appropriate in the circumstances and for which sufficient data are available.

Level 1: This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of quoted equity shares and/or debt based mutual fund investments.

Level 2: This level hierarchy includes items measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly. This category consists of over the counter (OTC) derivative contracts.

Level 3: This level of hierarchy includes items measured using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main items in this category are unquoted equity instruments. The fair valuation of the major unquoted equity investment i.e. investment held in K K Modi Investment & Financial Services Private Limited, has been carried out by an independent valuer using the asset approach valuation technique.



43.2. Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2017	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Financial instruments at FVTPL:				
Investment in				
- debt mutual funds	42057.49	42057.49		
- equity shares	2142.35	2142.35		
- preference shares	0.22	0.22		
- debentures	0.82	0.82		
Financial instruments at amortised cost:				
Investment in				
- preference shares	85.79			
- others	435.01			
Trade receivables	17897.63			
Cash and cash equivalents	911.67			
Other bank balances	2234.96			
Loans	877.46			
Other financial assets				
- Security deposits	1017.38			
- Interest accrued on bank and other deposits	81.80			
Financial instruments at FVTOCI:				
Investments in equity instruments designated upon initial recognition	5621.83			5621.83
Total financial assets	73364.41	44200.88		5621.83
Financial liabilities				
Financial instruments at amortised cost:				
Borrowings	4745.01			
Trade payables	15692.68			
Other financial liabilities				
- Security deposits	61.39			
- Current maturities of long-term borrowings	2594.00			
- Interest accrued but not due on borrowings	2.89			
- Unclaimed dividends	194.23			
- Payable to gratuity funds	1417.52			
- Payables for fixed assets	765.70			
Total financial liabilities	25473.42			



Rupees in Lakhs

43.2. Fair value hierarchy (continued)

As at March 31, 2016	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Financial instruments at FVTPL:				
Investment in				
- debt mutual funds	32652.99	32652.99		
- equity shares	1627.77	1627.52		0.25
- preference shares	0.21	0.21		
- debentures	0.82	0.82		
Financial instruments at amortised cost:				
Investment in				
- preference shares	75.43			
- others	435.01			
Trade receivables	10793.05			
Cash and cash equivalents	1333.12			
Other bank balances	1785.71			
Loans	1034.48			
Other financial assets				
- Security deposits	1205.43			
- Interest accrued on bank and other deposits	42.39			
- Others	3.86			
Financial instruments at FVTOCI:				
Investments in equity instruments designated upon initial recognition	5324.16			5324.16
Total financial assets	56314.43	34281.54		5324.41
Financial liabilities				
Financial instruments at FVTPL:				
- Derivative liabilities	941.92		941.92	
Financial instruments at amortised cost:				
Borrowings	8120.34			
Trade payables	12117.69			
Other financial liabilities				
- Security deposits	46.55			
- Current maturities of long-term borrowings	5038.67			
- Interest accrued but not due on borrowings	4.76			
- Unclaimed dividends	185.97			
- Payable to gratuity funds	995.61			
- Payables for fixed assets	1532.61			
- Others	8.84			
Total financial liabilities	28992.96		941.92	



43.2. Fair value hierarchy (continued)

As at April 1, 2015	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Financial instruments at FVTPL:				
Investment in				
- debt mutual funds	31523.00	31523.00		
- equity shares	1690.74	1683.29		7.45
- preference shares	0.16	0.16		
Financial instruments at amortised cost:				
Investment in				
- preference shares	66.30			
- others	435.01			
Trade receivables	12981.75			
Cash and cash equivalents	1053.86			
Other bank balances	1719.88			
Loans	991.09			
Other financial assets				
- Security deposits	1839.81			
- Interest accrued on bank and other deposits	65.18			
- Others	37.82			
Financial instruments at FVTOCI:				
Investments in equity instruments designated upon initial recognition	2580.77			2,580.77
Total financial assets	54985.37	33206.45		2588.22
Financial liabilities				
Financial instruments at FVTPL:				
- Derivative liabilities	3062.06		3062.06	
Financial instruments at amortised cost:				
Borrowings	19640.85			
Trade payables	15173.53			
Other financial liabilities				
- Security deposits	40.28			
- Current maturities of long-term borrowings	5083.45			
- Interest accrued but not due on borrowings	33.79			
- Unclaimed dividends	181.41			
- Payable to gratuity funds	1712.26			
- Payables for fixed assets	686.34			
Total financial liabilities	45613.97		3062.06	

Note for Financial assets

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in debt mutual funds: Fair value is determined by reference to net asset values (NAVs) declared by the respective mutual fund houses for the relevant schemes.

Note for Financial liabilities

Fair value of currency and interest rate swap derivatives has been determined using valuation techniques based on information derived from observable market data.

43.2. Fair value hierarchy (continued)

Investment property

The following table provides an analysis of investment properties, their fair values and fair value hierarchy grouped into Level 1, Level 2 and Level 3:

Rupees in Lakhs

As at March 31, 2017	Carrying amount	Level 1	Level 2	Level 3
Properties located in Maharashtra	507.04	-	-	28944.20
As at March 31, 2016				
Properties located in Maharashtra	518.92	-	-	27163.22
As at April 1, 2015				
Properties located in Maharashtra	530.80	-	-	29887.25

43.3. Financial risk management objectives and policies

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by its Senior Management.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, deposits, foreign currency receivables, payables, loans and borrowings.

The Group manages market risk through its finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest in order to optimize the Group's position with regard to interest income and interest expenses and to manage the interest rate risk, the finance department undertakes the interest rate risk management exercise from time to time.

The Group is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas markets and purchases from suppliers in various foreign currencies.

The Group evaluates exchange rate exposure arising from foreign currency transactions and it follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of trade receivable.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss in the subsequent reporting period.



The management believes that there is no significant exposure of credit risk due to the nature of Group's business.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligation on time or at a reasonable price. The Group's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by Senior Management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

(A) Maturities of financial liabilities

The table below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

Rupees in Lakhs

Contractual maturities of financial liabilities	Less than 1 Year	More than 1 Year	Total
As at March 31, 2017			
Borrowings	4745.01	-	4745.01
Trade payables	15692.68	-	15692.68
Other financial liabilities	4992.30	43.43	5035.73
	25429.99	43.43	25473.42
As at March 31, 2016			
Borrowings	5469.94	2650.40	8120.34
Trade payables	12117.69	-	12117.69
Other financial liabilities	8726.43	28.50	8754.93
	26314.06	2678.90	28992.96
As at April 1, 2015			
Borrowings	17530.39	2110.46	19640.85
Trade payables	15173.53	-	15173.53
Other financial liabilities	10773.04	26.55	10799.59
	43476.96	2137.01	45613.97

(B) Foreign currency risk exposure

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting periods expressed in Rs. in lakhs, are as follows:

	USD	GBP	EURO	SGD	AED	JPY	HKD	NPR	CHF
As at March 31, 2017									
Financial Assets									
Trade Receivables	9684.40	-	88.02	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	9684.4	-	88.02	-	-	-	-	-	-
Financial Liabilities									
Borrowings	2594.00	-	-	-	-	-	-	-	-
Trade and other payables	1252.90	21.58	115.02	26.47	-	58.02	-	8.58	1.11
Net exposure to foreign currency risk (liabilities)	3846.9	21.58	115.02	26.47	-	58.02	-	8.58	1.11



	USD	GBP	EURO	SGD	AED	JPY	HKD	NPR	CHF
As at March 31, 2016									
Financial Assets									
Trade Receivables	2990.59	285.60	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	2990.59	285.60	-	-	-	-	-	-	-
Financial Liabilities									
Borrowings	8613.80	-	-	-	-	-	-	-	-
Trade and other payables	1334.93	48.27	339.31	41.82	-	2.62	9.09	3.52	1.19
Net exposure to foreign currency risk (liabilities)	9948.73	48.27	339.31	41.82	-	2.62	9.09	3.52	1.19
As at April 1, 2015									
Financial Assets									
Trade Receivables	5660.80	409.23	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	5660.80	409.23	-	-	-	-	-	-	-
Financial Liabilities									
Borrowings	10125.81	-	-	-	-	-	-	-	-
Trade and other payables	1226.65	731.68	91.98	25.96	3.75	111.83	6.75	51.36	1.10
Net exposure to foreign currency risk (liabilities)	11352.46	731.68	91.98	25.96	3.75	111.83	6.75	51.36	1.10

Foreign currency exposures that are not hedged by derivative instruments or otherwise are as follows:

Particulars	Currency	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
		Amount in foreign currency (Lakhs)	Amount in Rs. (Lakhs)	Amount in foreign currency (Lakhs)	Amount in Rs. (Lakhs)	Amount in foreign currency (Lakhs)	Amount in Rs. (Lakhs)
Borrowings	USD	40.00	2594.00	130.00	8613.80	162.00	10125.81
Trade receivables	USD	149.36	9684.40	31.58	2990.59	90.58	5660.80
	EURO	1.27	88.02	-	-	-	-
Current liabilities	GBP	-	-	2.99	285.60	4.41	409.23
	USD	19.32	1252.90	20.15	1334.93	19.62	1226.65
	EURO	1.66	115.02	4.51	339.31	1.37	91.98
	GBP	0.27	21.58	0.51	48.27	7.88	731.68
	SGD	0.57	26.47	0.85	41.82	0.57	25.96
	AED	-	-	-	-	0.22	3.75
	JPY	100.00	58.02	4.43	2.62	214.58	111.83
	HKD	-	-	1.06	9.09	0.84	6.75
	NPR	13.84	8.58	5.59	3.52	82.17	51.36
	CHF	0.02	1.11	0.02	1.19	0.02	1.10

Derivative instrument outstanding as at year end:

Currency option and interest rate swap to hedge exposure in foreign currency loan and interest thereon	JPY	-	-	4,050.00	3,313.00	13,839.00	10,125.81
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Note: The borrowing in JPY with floating rate of interest was swapped into USD at fixed rate of interest at the inception itself since the Company had export realisations in USD. Accordingly, the foreign currency exposure has been disclosed in USD.



Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives:

Currency of exposure	Rupees in Lakhs					
	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease
USD	394.39	(394.39)	(288.09)	288.09	(284.58)	284.58
Impact on profit before tax as at the end of the reporting year	394.39	(394.39)	(288.09)	288.09	(284.58)	284.58

(C) Exposure in mutual fund investments

The Group manages its surplus funds majorly through investments in debt based mutual fund schemes. The fair value of these investments is reflected through net asset values (NAVs) declared by the Asset Management Company on daily basis with regard to the invested schemes. The Group is exposed to market price risk on such investments.

Sensitivity analysis of mutual fund investments

Had the NAVs been higher/lower by 1% at the end of the reporting period, profit for the year ended 31.3.2017 would have increased/decreased by Rs.420.57 lakhs (for the year ended 31.3.2016 by Rs.326.53 lakhs).

44. Capital management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's Capital Management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

Gearing ratio	Rupees in Lakhs		
	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Borrowings	4745.01	8120.34	19640.85
Trade payables	15692.68	12117.69	15173.53
Other financial liabilities	5035.73	8754.93	10799.59
Other current liabilities	16350.93	17314.29	18748.18
Less : Cash and cash equivalents as per cash flow	911.67	1333.12	1053.86
: Current investments	9217.38	5646.34	608.12
Net debt	31695.30	39327.79	62700.17
Total equity	170090.61	162003.52	148516.95
Capital and net debt	201785.91	201331.31	211217.12
Gearing Ratio	15.71%	19.53%	29.69%



45. Related party transactions

45.1 Disclosure of related parties	Place of incorporation and operation	Proportion of ownership interest / voting rights held by the parent entity		
		As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
(a) Associates:				
Success Principles India Limited	India	48.89%	48.89%	48.89%
IPM India Wholesale Trading Private Limited	India	24.80%	24.80%	24.80%
KKM Management Centre Private Limited	India	36.75%	36.75%	36.75%
(b) Entities of which the Company is an associate:				
K K Modi Investment & Financial Service Private Limited	India			
Philip Morris Global Brands Inc., U.S.A.	U.S.A.			

(c) Key management personnel and their relatives:

Mr. K.K.Modi	President and Managing Director
Mr. Samir Modi	Executive Director
Mr. Lalit Kumar Modi	Ordinary Director (upto May 28, 2015) and a relative of Mr. K.K.Modi, Mrs. Bina Modi and Mr. Samir Modi
Mrs. Bina Modi	Ordinary Director, and a relative of Mr. K.K.Modi, Mr. Lalit Kumar Modi and Mr. Samir Modi
Mr. Ruchir Kumar Modi	Ordinary Director, and a relative of Mr. K.K.Modi, Mr. Lalit Kumar Modi, Mr. Samir Modi and Mrs. Bina Modi
Mr. R.Ramamurthy	Whole-time Director
Ms.Priyal Bhartia Panwani	Executive Director of a subsidiary
Mr. Ashrant Bhartia	Executive Director of a subsidiary
Mr. Bisham Wadhwa	Chief Executive Officer
Mr. Sunil Agrawal	Chief Financial Officer
Mr. Sanjay Gupta	Company Secretary

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

Modicare Limited
Beacon Travels Private Limited
Indofil Industries 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
International Research Park Laboratories Limited
Rajputana Fertilizers Limited
Rajputana Developers Limited



45.2 Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end Rupees in Lakhs

A	Nature of transactions	Associates		Key management personnel and their relatives		Enterprises over which significant influence exists	
		Year ended 31.3.2017	Year ended 31.3.2016	Year ended 31.3.2017	Year ended 31.3.2016	Year ended 31.3.2017	Year ended 31.3.2016
i)	Trading transactions						
	Sale of goods, spare parts, etc.	60331.44 @	54631.56 @	-	-	342.63	231.79
	Purchase of goods/services/spare parts	542.71 @	128.05 @	-	-	1376.16 \$	1837.78\$
	Receipts from secondment of services	1382.70 @@	2610.71 @@	-	-	163.24	146.54
	Interest income	134.29 @	61.26 @	-	-	-	-
	Miscellaneous income	240.43 @	114.56 @	-	-	-	-
	Rent and hire charges received	43.15	128.28	-	-	92.74	76.71
	Rent paid	-	-	-	-	-	18.98
	Payments for professional services availed	1982.60 @@	3960.13 @@	-	-	-	-
	Sale of fixed assets	0.00	-	-	-	-	-
	Donation given \$\$\$	0.00	-	-	-	764.96	284.50
	Expenses recovered	6409.43 @*	4054.50 @*	-	-	0.56	0.89
	Expenses reimbursed	10.93	308.83	-	-	18.24	0.55
ii)	Other related party transactions						
	Dividend payment (gross)						
	- Philip Morris Global Brands Inc.	1044.04	1044.04	-	-	-	-
iii)	Short term benefits to key management personnel \$\$						
	- K.K.Modi	-	-	840.40	718.35	-	-
	- Lalit Kumar Modi	-	-	-	31.18	-	-
	- Samir Modi	-	-	487.84	338.44	-	-
	- R.Ramamurthy	-	-	168.40	150.72	-	-
	- Bina Modi	-	-	3.00	7.00	-	-
	- Ruchir Kumar Modi (includes sitting fee Rs.1 lakh)	-	-	113.50	-	-	-
	- Priyal Bhartia Panwani	-	-	59.84	29.27	-	-
	- Ashrant Bhartia	-	-	35.37	33.63	-	-
	- Bhisham Wadhwa	-	-	259.34	190.38	-	-
	- Sunil Agrawal	-	-	132.08	122.82	-	-
	- Sanjay Gupta	-	-	93.81	90.17	-	-

45.2 Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end

B	Outstanding balance	Rupees in Lakhs							
		Associates		Key management personnel and their relatives		Enterprises over which significant influence exists			
		As at 31.3.2017	As at 31.3.2016	As at 1.4.2015	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015	As at 1.4.2015	
	Trade receivables	519.19 @	2786.38@	3505.41@	-	-	41.40	76.66	61.31
	Loans and advances	-	-	-	33.77	-	0.05	2.90	2326.68
	Trade payables	524.68@	999.08@	1399.21@	14.08	-	167.41	180.25	124.51
	Dues payable	124.43	325.32	123.25	1.61	5.56	4.95	8.06	-
	Other recoverable	86.87	-	-	12.95	-	-	-	-

@ relates to transactions with IPM India Wholesale Trading Private Limited.

@@ relates to KKM Management Centre Private Limited.

@* includes Rs.6409.36 lakhs (Previous year Rs.4051.53 lakhs) from IPM India Wholesale Trading Private Limited and Rs.0.07 lakhs (previous year Rs.2.97 lakhs) from KKM Management Centre Private Limited.

\$ includes Rs.1159.32 lakhs (previous year Rs. 1710.15 lakhs) from Beacon Travels Private Ltd.

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

\$\$\$ including for CSR activities.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Nil, April 1, 2015: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.



46. Segment Information (continued)

Segment information as at March 31, 2017, March 31, 2016 and April 1, 2015 is as follows:

Rupees in Lakhs

	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	Cigarette and tobacco products	Tea and other retail products	Others	Total	Cigarette and tobacco products	Tea and other retail products	Others	Total	Cigarette and tobacco products	Tea and other retail products	Others	Total
a) Segment assets												
Allocable assets	146593.61	12647.05	15836.95	175077.61	156091.10	9040.67	3666.39	168798.16	161236.57	11590.52	3284.60	176111.69
Unallocable assets				45688.75				47130.41				43545.74
Total assets				220766.36				215928.57				219657.43
b) Segment liabilities												
Allocable liabilities	38788.47	2865.53	1.53	41655.53	36900.63	2209.50	28.59	39138.72	40247.61	2343.12	3.53	42594.26
Share capital, other equity and non-controlling interests				170090.61				162003.52				148516.95
Unallocable liabilities				9020.22				14786.33				28546.22
Total liabilities				220766.36				215928.57				219657.43
c) Entity wide information												

The Group operates in two principle geographical areas - Domestic and Overseas.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets *	
	Year ended 31.3.2017	Year ended 31.3.2016	As at 31.3.2017	As at 31.3.2016
Domestic	398910.91	364037.27	74198.57	78081.35
Overseas	42362.31	62701.04	27.38	34.65
Total	441273.22	426738.31	74225.95	78116.00

* Non current assets include assets allocable to business

d) Segment accounting policies for the purpose of monitoring segment performance and allocating resources between segments:

In addition to the significant accounting policies applicable to the business segments as set out in Note No.4, the accounting policies in relation to segment accounting are as under:

i) 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 loans given, dividend income, profit or loss on sale/redemption/fair valuation 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.

ii) 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 trade payables and other financial liabilities. Segment assets and liabilities do not include investments, loans given, bank balances for unclaimed dividend and fixed deposits' unclaimed interest, share capital, reserves and surplus, loan funds, dividends payable and income-tax (current and deferred tax).



47. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity	As at 31.3.2017		For the year ended 31.3.2017	
	Net assets, i.e., total assets minus total liabilities		Share of total comprehensive income	
	As % of consolidated net assets	Amount (Rs. in Lakhs)	As % of consolidated profit or loss	Amount (Rs. in Lakhs)
Parent				
Godfrey Phillips India Limited	93.59%	159183.01	98.51%	13225.51
Subsidiaries				
a) Indian				
1.International Tobacco Company Limited	2.68%	4550.06	-0.55%	(75.19)
2.Chase Investments Limited	4.14%	7049.21	5.51%	740.37
3.Friendly Reality Projects Limited (Formerly known as Kashyap Metal and Allied Industries Limited)	1.90%	3224.24	0.05%	7.25
4.Gopal Krishna Infrastructure & Real Estate Limited	0.00%	2.68	0.00%	(0.15)
5.Rajputana Infrastructure Corporate Limited	0.51%	879.86	0.05%	6.62
6.Unique Space Developers Limited	0.04%	66.99	-0.02%	(2.73)
7.Rajputana Developers Projects	3.93%	6679.68	-0.49%	(65.66)
b) Foreign				
1.Godfrey Phillips Middle East DMCC	0.02%	33.26	0.55%	74.21
2.Flavors and More, Inc.	0.16%	268.09	-3.96%	(531.67)
Non controlling interests in all subsidiaries	2.38%	4045.89	-0.27%	(35.81)
Associates in India				
1.IPM India Wholesale Trading Private Limited*	-	-	-	-
2.KKM Management Centre Private Limited	0.18%	313.99	0.18%	24.72
3.Success Principles India Limited	0.04%	60.38	0.00%	(0.56)
Adjustment on consolidation	-9.49%	(16136.51)	0.44%	58.31
Investment in associate	-0.08%	(130.22)		
	100%	170090.61	100%	13425.22



Name of the entity	As at 31.3.2016		For the year ended 31.3.2016	
	Net assets, i.e., total assets minus total liabilities		Share of total comprehensive income	
	As % of consolidated net assets	Amount (Rs. in Lakhs)	As % of consolidated profit or loss	Amount (Rs. in Lakhs)
Parent				
Godfrey Phillips India Ltd.	93.19%	150963.79	89.85%	16946.73
Subsidiaries				
a) Indian				
1. International Tobacco Company Limited	2.86%	4625.26	0.13%	23.15
2. Chase Investments Limited	3.89%	6308.84	11.23%	2118.68
3. Friendly Reality Projects Limited (Formerly known as Kashyap Metal and Allied Industries Limited)	1.74%	2817.00	0.00%	(0.47)
4. Gopal Krishna Infrastructure & Real Estate Limited	0.00%	2.83	0.00%	0.05
5. Rajputana Infrastructure Corporate Limited	0.25%	403.24	-0.03%	(5.17)
6. Unique Space Developers Limited	0.04%	69.72	-0.01%	(2.01)
7. Rajputana Developers Projects	4.12%	6669.48	0.00%	(0.14)
b) Foreign				
1. Godfrey Phillips Middle East DMCC	-0.03%	(40.95)	-0.41%	(76.45)
2. Flavors and More, Inc.	0.10%	161.00	-0.89%	(168.49)
Non controlling interests in all subsidiaries	2.72%	4413.54	-0.01%	(1.17)
Associates in India				
1. IPM India Wholesale Trading Private Limited *	0.00%	0.00	0.00%	0.00
2. KKM Management Centre Private Limited	0.18%	289.27	0.19%	35.08
3. Success Principles India Limited	0.04%	60.94	0.00%	0.07
Adjustment on consolidation	-9.02%	(14610.22)	-0.05%	(8.61)
Investment in associate	-0.08%	(130.22)		
	100%	162003.52	100%	18861.25

*since the share of losses have exceeded the value of investment made



48. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 is as per the following details;

(Amount in Rs.)

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	10630000	1870578	12500578
(+) Permitted receipts	-	82088975	82088975
(-) Permitted payments	-	6894143	6894143
(-) Amount deposited in Banks	10630000	72180933	82810933
Closing cash in hand as on December 30, 2016	-	4884477	4884477

49. Applicability of new and revised Ind AS

Ind AS 7 has been amended in March 2017 to require an entity to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group will adopt the amended standard from the effective date which is still to be notified. The Group is in the process of performing a detailed analysis of the changes to understand the impact. Further, amendment in Ind AS 102, which deals with share based payments, is not applicable to the Group.

50. First time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The effect of the Group's transition to Ind AS is summarised in the following notes:

- Transition elections
- Reconciliation of equity, total comprehensive income, balance sheet, profit and loss and cash flows as reported as per Ind AS in this statement with as reported in previous years as per previous Indian GAAP.

50.1. Transition elections

The Group has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Group as detailed below.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions:

Deemed cost of property, plant and equipment, investment properties and other intangibles assets

The Group has opted to consider previous GAAP carrying value of property, plant and equipment, investment properties and other intangible assets as deemed cost on transition date.

Leases

The Group has opted to determine whether an arrangement existing at the date of transition contains a lease, on the basis of facts and circumstances existing at the date of transition rather than at the inception of the arrangement.

Investments measured at fair value through other comprehensive income (FVTOCI)

The Group has opted to designate an investment made by a subsidiary in an equity instrument at FVTOCI in accordance with requirements of Ind AS 109 on the basis of the facts and circumstances that exist on the date of transition to Ind AS.



Rupees in Lakhs

50.2.Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	Notes to first time adoption	As at April 1, 2015 (Date of transition)	As at March 31, 2016 (End of last period presented under previous GAAP)
Total equity (shareholders' funds) reported under previous GAAP		131266.30	142519.75
Increase/(Decrease) due to Ind AS Adjustments			
Dividend not recognised as liability until approved under Ind AS	(i)	5006.29	5006.29
Impact of measuring investments at fair value through other comprehensive income	(ii)	2543.99	5287.38
Impact of measuring investments at fair value through profit and loss	(ii)	6766.61	7553.76
Impact of amortization of leasehold land	(iii)	(158.43)	(197.51)
Impact of measuring derivative financial instruments at fair value	(iv)	(115.07)	(12.87)
Impact of amortisation of upfront fees as per the tenure of loan	(v)	17.60	1.70
Change in lease rentals due to straight lining	(vi)	(408.08)	(616.24)
Impact of measuring security deposits and loan to employee at amortized cost	(vii)	36.82	32.78
Goodwill on consolidation written off	(xiii)	(486.32)	(517.94)
Deferred tax adjustments on above	(viii)	(735.86)	(1467.12)
Total adjustment to equity		12467.55	15070.23
Total equity under Ind AS		143733.85	157589.98

Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes to first time adoption	Year ended March 31, 2016
Profit after tax as reported under Previous GAAP		16258.65
Effects of transition to Ind AS:		
- Impact of measuring investments at fair value through profit and loss	(ii)	787.15
- Change in lease rentals due to straight lining	(vi)	(208.16)
- Impact of measuring derivative financial instruments at fair value	(iv)	102.2
- Impact of amortization of leasehold land	(iii)	(39.08)
- Actuarial gain or loss on defined benefit plan transferred to other comprehensive income	(ix)	329.51
- Goodwill on consolidation written off	(xiii)	(31.61)
- Others	(v & vii)	(20.07)
- Tax adjustments	(viii & ix)	(212.41)
Profit after tax as reported under Ind AS		16966.18
Other comprehensive income		
- Impact of measuring investments at fair value through other comprehensive income	(ii)	2743.39
- Actuarial gain or loss on defined benefit plan	(ix)	(329.51)
- Income tax on above	(ix)	(518.81)
Total Other comprehensive income		1895.07
Total comprehensive income as reported under Ind AS		18861.25

First-time IND AS adoption reconciliation

50.3. Effect of Ind AS adoption on the balance sheet as at April 1, 2015 and March 31, 2016

Rupees in Lakhs

Particulars	Notes to first time adoption	Opening Balance Sheet as at April 1, 2015 (Date of Transition)		Balance sheet as at March 31, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Effect of Transition to Ind AS	Ind AS
Non-current assets						
Property, plant and equipment	(iii & x)	66450.45	(2238.12)	64212.33	(2693.68)	69055.44
Capital work-in-progress		6542.09	-	6542.09	-	4876.21
Investment property	(x)	22.91	507.89	530.80	496.01	518.92
Goodwill	(xiii)	486.33	(486.33)	-	(517.94)	-
Other intangible assets		538.05	-	538.05	-	418.07
Financial assets						
-Investments	(ii & xi)	26798.08	9204.84	36002.92	11816.92	34820.26
-Loans	(vii)	3240.16	(2473.74)	766.42	(2911.35)	736.40
-Other financial assets	(vii)	1797.25	(1.75)	1795.50	(330.52)	960.59
Deferred tax assets (Net)	(viii)	1683.43	(735.55)	947.88	(1466.80)	20.17
Other non-current assets	(iii, vii & xi)	1700.94	1670.75	3371.69	2389.20	2933.11
Total non-current assets		<u>109259.69</u>	<u>5447.99</u>	<u>114707.68</u>	<u>6781.84</u>	<u>114339.17</u>
Current assets						
Inventories	(xiv)	74358.19	6669.26	81027.45	6669.30	73786.49
Financial assets						
-Investments	(ii)	503.26	104.86	608.12	1023.84	5646.34
-Trade receivables		12981.75	-	12981.75	-	10793.05
-Cash and cash equivalents	(xiv)	1053.20	0.66	1053.86	0.34	1333.12
-Other bank balances		1719.88	-	1719.88	-	1785.71
-Loans	(vii)	194.20	30.47	224.67	64.94	298.08
-Other financial assets	(vii & xi)	133.48	13.83	147.31	(1.19)	291.09
Current tax assets (Net)	(xi)	1139.28	0.65	1139.93	274.14	1623.75
Other current assets	(iii, vii, xi)	6001.93	44.71	6046.64	97.21	5597.74
Total current assets		<u>98085.17</u>	<u>6864.44</u>	<u>104949.61</u>	<u>8128.58</u>	<u>101155.37</u>
Asset classified as held for sale		0.14	-	0.14	-	434.03
Total current assets		<u>98085.31</u>	<u>6864.44</u>	<u>104949.75</u>	<u>8128.58</u>	<u>101589.40</u>
Total assets		<u>207345.00</u>	<u>12312.43</u>	<u>219657.43</u>	<u>14910.42</u>	<u>215928.57</u>



50.3. Effect of Ind AS adoption on the balance sheet as at April 1, 2015 and March 31, 2016 (continued) Rupees in Lakhs

Particulars	Opening Balance Sheet as at April 1, 2015 (Date of Transition)			Balance sheet as at March 31, 2016 (End of last period presented under previous GAAP)			
	Notes to first time adoption	Previous GAAP	Effect of transition to Ind AS	Opening Ind AS balance sheet	Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1039.88	-	1039.88	1039.88	-	1039.88
Other equity	(i) to (viii) & (xiii)	130226.42	12467.55	142693.97	141479.87	15070.23	156550.10
Equity attributable to owners of the Company		131266.30	12467.55	143733.85	142519.75	15070.23	157589.98
Non controlling interest		438.24	4344.86	4783.10	468.76	3944.78	4413.54
Total Equity Liabilities		131704.54	16812.41	148516.95	142988.51	19015.01	162003.52
Non-current liabilities							
Financial liabilities							
-Borrowings	(iv & v)	3125.25	(1014.79)	2110.46	2650.40	-	2650.40
-Other financial liabilities		26.55	-	26.55	28.50	-	28.50
Provisions		5264.04	-	5264.04	5798.16	-	5798.16
Total non-current liabilities		8415.84	(1014.79)	7401.05	8477.06	-	8477.06
Current liabilities							
Financial liabilities							
-Borrowings		17530.39	-	17530.39	5469.94	-	5469.94
-Trade payables	(vi)	14765.49	408.04	15173.53	11501.45	616.24	12117.69
-Other financial liabilities	(iv)	9660.78	1112.26	10773.04	8715.26	11.17	8726.43
Provisions	(i)	5975.96	(5006.29)	969.67	6331.50	(5006.29)	1325.21
Current tax liabilities (Net)	(xi)	543.97	0.65	544.62	220.29	274.14	494.43
Other current liabilities	(xiv)	18748.03	0.15	18748.18	17314.14	0.15	17314.29
Total current liabilities		67224.62	(3485.19)	63739.43	49552.58	(4104.59)	45447.99
Total liabilities		75640.46	(4499.98)	71140.48	58029.64	(4104.59)	53925.05
Total equity and liabilities		207345.00	12312.43	219657.43	201018.15	14910.42	215928.57



50.4. Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

Rupees in Lakhs

Particulars	Notes to first time adoption	Year ended 31.3.2016 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
I Revenue from operations	(xii)	435368.66	(8630.35)	426738.31
II Other income	(ii, iv & vii)	2848.85	842.90	3691.75
III Total income (I+II)		<u>438217.51</u>	<u>(7787.45)</u>	<u>430430.06</u>
IV Expenses				
Cost of materials consumed		55150.77	-	55150.77
Purchases of stock-in-trade		49584.50	0.04	49584.54
Changes in inventories of finished goods, stock in-trade and work-in-process		217.46	2.66	220.12
Excise duty on sale of goods		193669.14	-	193669.14
Employee benefits expenses	(vii & ix)	26709.22	(291.04)	26418.18
Finance costs	(iv & v)	1009.69	3.50	1013.19
Depreciation and amortisation expenses		10678.78	-	10678.78
Other expenses	(iii, vi, vii, xii & xiv)	77766.33	(8422.55)	69343.78
Total expenses (IV)		<u>414785.89</u>	<u>(8707.39)</u>	<u>406078.50</u>
V Share of profit of associates		35.15	-	35.15
VI Profit before tax (III-IV+V)		23466.77	919.94	24386.71
VII Tax expense:				
- Current tax	(ix)	7011.66	114.11	7125.77
- Deferred tax charge	(viii)	196.46	98.30	294.76
		<u>7208.12</u>	<u>212.41</u>	<u>7420.53</u>
VIII Profit for the year (VI-VII)		<u>16258.65</u>	<u>707.53</u>	<u>16966.18</u>
IX Other comprehensive income				
Items that will not to be reclassified to profit or loss				
(i) (Loss) on remeasurements of the defined benefit plans	(ix)	-	(329.51)	(329.51)
(ii) Tax impact on remeasurements of the defined benefit plans	(ix)	-	114.14	114.14
(iii) Equity instruments fair valued through other comprehensive income	(ii)	-	2743.39	2743.39
(iv) Deferred tax relating to items that will not be reclassified to profit or loss.	(ii)	-	(632.95)	(632.95)
Total other comprehensive income (i-ii)		-	<u>1895.07</u>	<u>1895.07</u>
X Total comprehensive income for the year (VII+VIII)		<u>16258.65</u>	<u>2602.60</u>	<u>18861.25</u>

50.5. Effect of Ind AS adoption of the statement of cash flows for the year ended March 31, 2016:

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

50.6. Effect of Ind AS adoption of the other comprehensive income for the year ended March 31, 2016:

Under previous GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled previous GAAP profit and loss to profit and loss as per Ind AS. Further, previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.



Notes to first time adoption

- (i) Under the previous GAAP, dividend proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend and related corporate dividend tax were recognised as a liability. Under Ind AS, such dividends and related corporate dividend tax are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs. 5006.29 lakhs (including corporate dividend tax of Rs. 846.78 lakhs) as at April 1, 2015 and Rs. 5006.29 lakhs (including corporate dividend tax of Rs. 846.78 lakhs) as at March 31, 2016 included under provisions as per previous GAAP has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by the amount of Rs. 5006.29 lakhs as at April 1, 2015 and by Rs. 5006.29 lakhs as at March 31, 2016 and the amount of provisions decreased by the same amounts.
- (ii) Under the previous GAAP, investment in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments aggregating to Rs. 6766.61 lakhs have been recognised in retained earnings as at the date of transition and Rs. 787.15 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change, the amount of investments increased by Rs. 6766.61 lakhs as at April 1, 2015 (non-current investments by Rs. 6661.75 lakhs and current investments by Rs. 104.86 lakhs) and by Rs. 7553.76 lakhs as at March 31, 2016 (non-current investments by Rs. 6529.92 lakhs and current investments by Rs. 1023.84 lakhs).

The Group has opted to measure an investment made by a subsidiary in an equity instrument at fair value through other comprehensive income (FVTOCI). Accordingly, the resulting fair value changes of this investment aggregating to Rs. 2543.99 lakhs have been recognised in retained earnings as at the date of transition and Rs. 2743.39 lakhs (tax effect of this Rs. 632.95 lakhs) subsequently in the other comprehensive income for the year ended March 31, 2016. Consequent to this change, the amount of non-current investments increased by Rs. 2543.99 lakhs as at April 1, 2015 and by Rs. 5287.38 lakhs as at March 31, 2016.

- (iii) The Group in line with previous GAAP, had been recognizing lands obtained on lease at its cost under property, plant and equipments (PPE) since AS -19 specifically excluded lands obtained on lease from its ambit. However, in line with Ind AS -17, the Group has assessed and treated these lands as operating lease and is thus measuring the same at the aggregate value of upfront payments and discounted values of minimum lease payments under the lease agreement and has disclosed them under other non-current/current assets. The resulting cumulative amortization of leasehold land aggregating to Rs. 158.43 lakhs has been recognised in retained earnings as at the date of transition and Rs. 39.08 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change, the amount of PPE decreased by Rs. 1730.23 lakhs as at April 1, 2015 and by Rs. 2197.65 lakhs as at March 31, 2016 with a corresponding increase in other assets by Rs. 1571.79 lakhs as at April 1, 2015 (other non current assets by Rs. 1532.71 lakhs and other current assets by Rs. 39.08 lakhs) and by Rs. 2000.15 lakhs as at March 31, 2016 (other non current assets by Rs. 1958.03 lakhs and other current assets by Rs. 42.12 lakhs).
- (iv) The Group entered into a currency swap and interest rate swap agreement to hedge its exposure in foreign currency loan liability (in JPY) and interest thereon, whereby the Group converted the loan from JPY to USD and similarly the interest rate was swapped from floating interest to fixed interest. Consequently, under the previous GAAP, the JPY borrowing was treated as denominated in USD. Further, under the previous GAAP, the fair value of currency and interest rate swap derivative was not recognised. Under Ind AS, all financial instruments are required to be recognised at fair value. Accordingly, the resulting impact (net) due to fair valuation of currency and interest rate swap derivative, change of loan currency from USD to JPY and change in interest from fixed to floating, aggregating to Rs. 115.07 lakhs has been recognised in retained earnings as at the date of transition and Rs. 102.20 lakhs subsequently in profit and loss for the year ended March 31, 2016. Consequent to this change, the amount of borrowings increased by Rs. 97.47 lakhs (non-current decreased by Rs. 1014.79 lakhs and current increased by Rs. 1112.26 lakhs) as at April 1, 2015 and by Rs. 11.17 lakhs (current) as at March 31, 2016.
- (v) Under previous GAAP, upfront fees paid for processing of loans was expensed out in the year of payment itself. As per Ind AS, the processing fees paid for of availment of loan needs to be amortised over the tenure of the loan. The resulting change due to amortisation of upfront fees aggregating to Rs. 17.60 lakhs has been recognised in retained earnings as at transition date and Rs. 15.90 lakhs subsequently in finance costs in profit and loss for the year ended March 31, 2016.
- (vi) Under previous GAAP, rent expenses were recognised as per terms of the agreement entered into with the lessor. Under Ind AS, lease rentals are recognised as an expense on a straight-line basis over the lease term (including rent free period). The resulting impact of straight lining of lease rentals over the lease term (including rent free period) aggregating to Rs. 408.08 lakhs has been recognised in retained earnings as at the date of transition and Rs. 208.16 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change, the amount of trade payables increased by Rs. 408.08 lakhs as at April 1, 2015 and by Rs. 616.24 lakhs as at March 31, 2016.
- (vii) Under previous GAAP, the employee loans (given on concessional interest rates) and security deposits were measured at cost. Under Ind AS, the same are initially measured at fair value using effective interest rate and subsequently measured at amortised cost. The



resulting fair value changes of these employee loans and security deposits aggregating to Rs. 36.82 lakhs have been recognised in retained earnings as at the transition date and Rs. 4.04 lakhs subsequently in the profit and loss for the year ended March 31, 2016. Consequent to this change, there is an increase in loans (financial assets) and other assets by Rs. 36.82 lakhs as at April 1, 2015 and by Rs. 32.78 lakhs as at March 31, 2016.

- (viii) Deferred tax has been recognised on the adjustments made on transition to Ind AS. The resulting amount of deferred tax liabilities (net of deferred tax assets) recognised on the adjustments due to Ind AS aggregating to Rs. 735.86 lakhs has been recognised in retained earnings as at the date of transition and Rs. 731.26 lakhs in profit and loss for the year ended March 31, 2016. Consequent to this change, the amount of deferred tax assets (net) decreased by Rs. 735.86 lakhs as at April 1, 2015 and by Rs. 1467.12 lakhs as at March 31, 2016.
- (ix) Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss aggregating to Rs. 329.51 lakhs (tax effect of this Rs. 114.14 lakhs). Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity.
- (x) Under previous GAAP, there was no requirement to present investment property separately. Under Ind AS investment property is required to be presented separately in balance sheet. Consequent to this change, the amount of PPE decreased by Rs. 507.89 lakhs as at April 1, 2015 and by Rs. 496.01 lakhs as at March 31, 2016 due to reclassification of PPE into investment property.
- (xi) Ind AS requires assets and liabilities to be classified into financial assets/liabilities and other assets/liabilities and accordingly, certain reclassifications have been carried out.
- (xii) The decrease in revenue is on account of cash discount (Rs. 110.68 lakhs) and customer loyalty programs (Rs. 8521.67 lakhs) netted off from revenue in accordance with revenue recognition policy under Ind AS.
- (xiii) Under previous GAAP, goodwill arising on consolidation of entities in which the Group has more than half of voting power was recognised as intangible asset in consolidated financial statements of the group. However, under Ind AS 103, goodwill arising on consolidation of business combinations alone can be recognised. The Group had made acquisitions in two entities for more than half of their voting power and had been recognising goodwill arising on consolidation of the same as intangible asset in accordance with the previous GAAP. Considering the facts and circumstances, these acquisitions have been concluded as asset acquisitions and not business combinations under Ind AS. Accordingly, the goodwill previously recognised as intangible asset is now being derecognised and the resulting impact of derecognition aggregating to Rs. 486.33 lakhs has been recognised in retained earnings as at the transition date and Rs. 31.61 lakhs subsequently in the profit or loss for the year ended March 31, 2016. Consequent to this change the amount of goodwill decreased by Rs. 486.33 lakhs as at April 01, 2015 and by Rs. 517.94 lakhs as at March 31, 2016.
- (xiv) Under previous GAAP, an entity is said to control another entity when it has ownership, directly or indirectly, of more than one-half of the voting power of the other entity or control over the composition of board of directors so as to obtain economic benefit from its activities. In case of Rajputana Developers Project (RDP), since the Group did not effectively hold more than 50% of its voting power, it was not considered as a subsidiary. Based on a control assessment carried out under Ind AS 110, and as explained in Note No.5, RDP is now considered to be a subsidiary of the Group. Consequently, certain assets and liabilities of RDP determined in accordance with Ind AS as at April 1, 2015 and March 31, 2016 have been consolidated with that of the Group. Accordingly, the amount of inventory has increased by Rs. 6669.26 lakhs as at April 1, 2015 and by Rs. 6669.30 lakhs as at March 31, 2016; Cash and cash equivalents have increased by Rs. 0.66 lakhs as at April 1, 2015 and Rs. 0.34 lakhs as at March 31, 2016; Other current liabilities increased by Rs. 0.15 lakhs as at April 01, 2015 and by Rs. 0.15 lakhs as at March 31, 2016. Non-controlling interests in RDP amounting to Rs. 4344.85 lakhs as at April 1, 2015 and Rs. 3944.78 lakhs as at March 31, 2016 have also been recognised.

51. Approval of financial statements

The financial statements were approved for issue by the board of directors on May 30, 2017.

For and on behalf of the Board of Directors

BHISHAM WADHERA
Chief Executive Officer

SAMIR MODI
(DIN 00029554)
Executive Director

K.K. MODI
(DIN 00029407)
President & Managing Director

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

BINA MODI
(DIN 00048606)
DR. LALIT BHASIN
(DIN 00001607)

Directors

Place : New Delhi
Date : May 30, 2017

SANJAY GUPTA
Company Secretary

ANUP N. KOTHARI
(DIN 00294737)

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