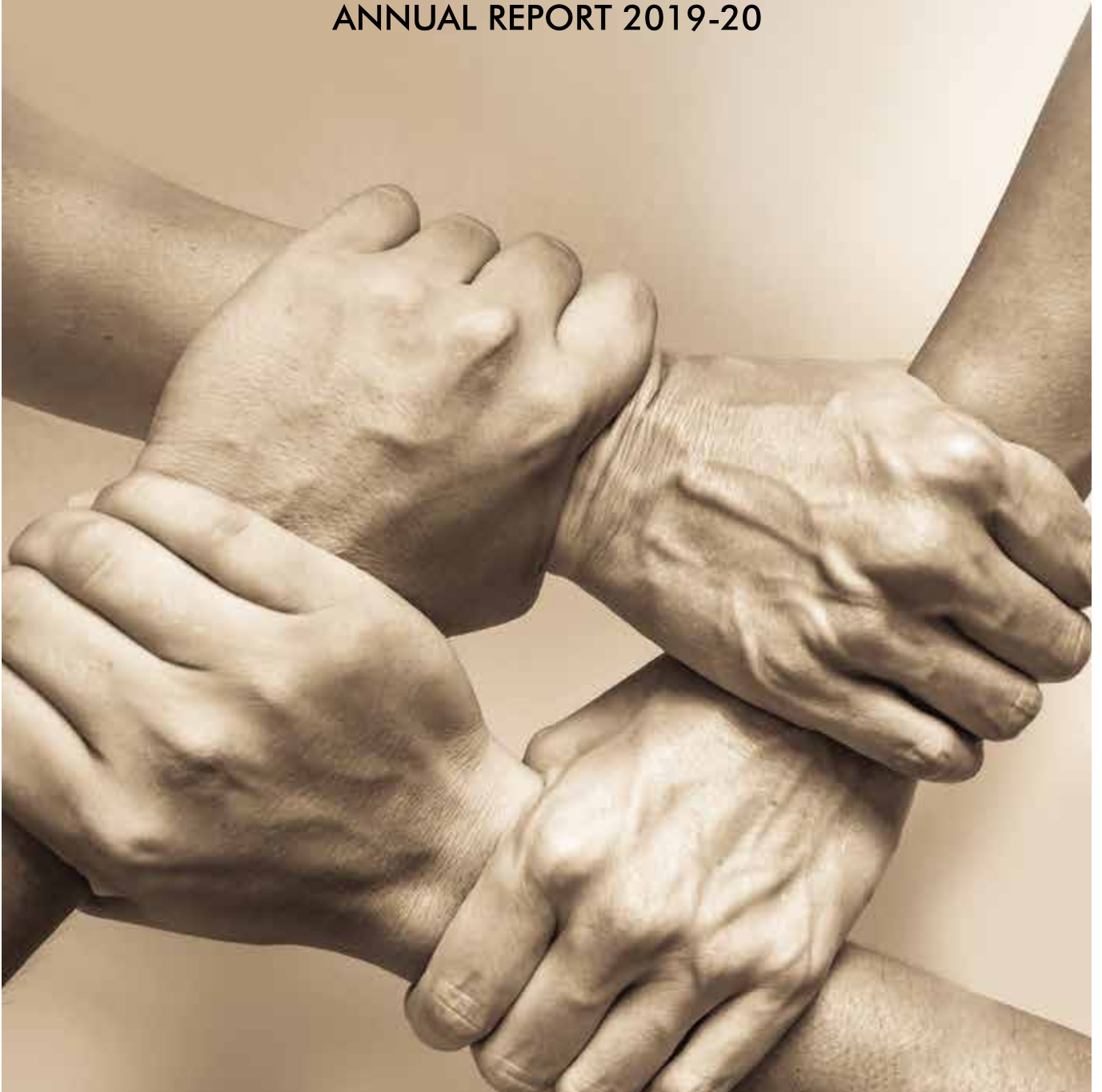




GODFREY PHILLIPS
—INDIA LIMITED—

STRONGER TOGETHER

ANNUAL REPORT 2019-20





STRONGER TOGETHER

As we take a look at the year that has been and chart our future journey ahead, we must acknowledge the incredible spirit of togetherness that has shone through these unexpectedly challenging times. The past few months redefined the economic landscape, and threw up some unprecedented challenges. Creating an environment that asked us to rethink the way we communicated, worked together or even conducted our business. However, our team members displayed commendable flexibility, rising to every challenge.

This spirit of OneGPI did not just carry us through these testing times, but also enhanced our conviction that our shared strength was what would help us stay ahead of the curve. Together, as management, colleagues and stakeholders, we set our sights on success and forged a resilience against all odds. We applaud the courage, the tenacity and unfaltering faith, the proactive spirit, that kept us going strong even during the times that we were apart. Today, we have emerged stronger with the realisation that together, we can achieve anything we set our minds to.

We step forward with the assurance that our stakeholders and partners remain our underlying strength. As they have always been.

And now, more than ever.

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GODFREY PHILLIPS
—INDIA LIMITED—

Corporate Information

Board of Directors

MR. R. A. SHAH - CHAIRMAN

(DIN 00009851)

DR. BINA MODI - PRESIDENT & MANAGING DIRECTOR

(DIN 00048606)

MR. SAMIR MODI - EXECUTIVE DIRECTOR

(DIN 00029554)

MR. SHARAD AGGARWAL - WHOLE-TIME DIRECTOR

(DIN 07438861)

MR. RUCHIR KUMAR MODI

(DIN 07174133)

DR. LALIT BHASIN

(DIN 00001607)

MR. ANUP N. KOTHARI

(DIN 00294737)

MR. ATUL KUMAR GUPTA

(DIN 01734070)

MRS. NIRMALA BAGRI

(DIN 01081867)

CHIEF FINANCIAL OFFICER

Mr. Sunil Agrawal

COMPANY SECRETARY

Mr. Sanjay Gupta

REGISTERED OFFICE

'Macropolo Building', Ground Floor,
Dr. Babasaheb Ambedkar Road, Lalbaug,
Mumbai-400 033

CORPORATE OFFICE

Omaxe Square, Plot No 14, Jasola District
Centre, Jasola, New Delhi-110025

OTHER OFFICES

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

LEAF DIVISION

Guntur (Andhra Pradesh)

STATUTORY AUDITORS

S.R. Batliboi and Co. LLP, Chartered Accountants

INTERNAL AUDITORS

Lodha and 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 and Co.

BANKERS

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

CORPORATE IDENTITY NUMBER

L16004MH1936PLC008587

www.godfreyphillips.com



R. A. SHAH Chairman's Message

Dear Shareholder,

Godfrey Phillips started the fiscal year 2020 on a positive note after registering highest ever gross sales in the quarter and continued its momentum during the year. The Company registered strong domestic cigarette volume growth for the third consecutive year. Our share of the domestic cigarette market has increased from 11.8% in FY 2019 to 12.9% in FY 2020. Our international business registered the robust growth of 21.1%, primarily driven by exports of unmanufactured tobacco and cut tobacco. Our 24Seven convenience stores have also registered a robust gross sales growth of 33.2% and contributed 10.8% to the net sales. As a part of our core strategy, we are focused on enhancing operational efficiency at store level and therefore limiting ourselves from adding new stores. The total number of stores count was 103 at the end of March 2020. Overall, the Company delivered strong operational and financial performance during FY 2020 despite the challenging macroeconomic environment.

The global economy continued to face several headwinds during 2019 as a result of trade policy uncertainties, heightened geopolitical tensions, weaker industrial output and demand. The overall economic slowdown has impacted the world output which declined to 2.9% in 2019 from 3.6% in 2018. Emerging markets were affected by country specific factors adversely impacting demand and growth. The start of 2020 was challenging with the outbreak of COVID-19 pandemic around the globe causing an unprecedented health crisis. The various measures adopted by governments such as lockdown, restricted trade policy, partial closure of manufacturing facilities have resulted in lower business activity and have impacted business sentiments. Major central banks have offered monetary stimulus packages to better position countries to overcome the challenging business environment, however recovery is expected to be slow.

India's GDP growth declined to 4.2% in FY 2020 from 6.8% in FY 2019, due to the stress in the non-banking financial sector and a decline in credit growth. Low rural wages, tightening of credit facilities and rising unemployment have led to low demand for goods and services. The pandemic worsened an already contracting economy. The resulting lockdown adversely impacted supply and demand and brought manufacturing and service activity to a complete standstill. The Government of India has issued two stimulus packages to further strengthen the economy in March and May 2020.

The consumer and retail sector continues to flourish, due to India's young demographic profile and large consumer market. The young population and lower median age compared to other countries present strong growth dynamics to the consumer and retail sector. Growth in household earnings and large working population have led to increased demand and supply and discretionary spending. Technological advancement, deeper internet penetration, urbanization, preference for convenience-based services and increased disposable incomes have led to changes in consumer spending and consumption patterns. The lockdown has led to an increase in demand for FMCG and household products. Companies, however are facing lower inventory levels and disruptions in supply chain and manufacturing facilities. This will lead to a slowdown in growth. Consumer patterns have seen drastic shifts as more importance is given to essential products and discretionary spending is minimised.

I am delighted to report that the Company has been ranked 29th on India's Best Companies to Work For in 2020 as compared to 37th last year. We have also been recognised amongst India's Top 30 Manufacturing Places to Work For. With that in mind, I would like to take this opportunity to thank the senior management, all our employees, customers, channel partners, distributors and shareholders for their unwavering support and vote of confidence in Godfrey Phillips.

Lastly, the demise of Mr. K.K. Modi during the year has left all of us deeply saddened. He was truly an inspirational leader, strategic visionary and a philanthropist. He leaves behind a rich legacy and will continue to inspire us in the years ahead and I pray that his soul rests in peace.

With best wishes and warm regards,

R. A. Shah



BINA MODI President's Message

Dear Shareholder,

Please allow me to begin by paying tribute to Late Shri K.K. Modi, our legendary and visionary President and Managing Director who was at the helm of affairs of the Company for almost four decades. I strongly believe that the rich legacy left behind by him and the strong work culture embedded with deep familial values that he built during his tenure, will keep inspiring us and give us enough resilience to bounce back from any adversity in future.

Also, I wish to take this opportunity to express my sincere gratitude to you for appointing me to the position left vacant by the untimely demise of Shri K.K. Modi.

I am pleased to report that Godfrey Phillips delivered Gross Sales of Rs. 7,144 Crore (inclusive of taxes) in the fiscal year 2019-20, representing an annual increase of 15.3%. This was primarily driven by a 10.0% growth in cigarette domestic volumes and our International Gross Sales also grew by 21.1%, due to an increase in leaf and cut tobacco exports. The Company delivered a Net Profit of Rs. 388 Crore, a growth of 61.0% over the previous year, and we are proud that we have been able to register growth across all the segments in which we operate. In light of our financial performance during FY 2020, the Board of Directors was pleased to recommend an interim dividend of Rs. 24 per share in March and the same is treated as the final dividend for the year.

Despite a challenging economic environment and operating in a highly regulated industry, Godfrey Phillips delivered strong volume growth along with a better product mix and improved realizations, while the overall industry volumes remained largely flat. Our focus on expanding the core business of tobacco, through geographic expansion into the high potential markets of southern India, is on track and we continue to invest in and develop local sales and distribution infrastructure. Exports of unmanufactured tobacco and cut tobacco also increased significantly and supported the Company's revenue growth in the fiscal year. In chewing business our strategy is to focus on the premium pan masala category and phase out mid-premium pan masala products in order to improve the profitability of the business.

Our retail convenience store chain, 24Seven, delivered robust growth during the year with Gross Sales increasing by 33.2% to Rs. 410 Crore in FY 2020. The year marked the completion of the consolidation phase and we now have a strong supply chain platform, broad geographic presence of stores and well-established brand recall among customers. We are now prepared to embark upon a journey of expansion in the next phase, where we will not only expand our current 100+ stores spread across Delhi, NCR and Chandigarh but also improve store level profitability.

The outbreak of the COVID-19 pandemic at the end of the fiscal year has greatly impacted the economy and all businesses; tobacco companies and traders were also affected as the industry was preparing for the tobacco procurement season. During this crucial time, the safety of our employees was and still is our top priority and the Company is following the appropriate health guidelines and precautions at all factories and offices. The uncertainty surrounding this pandemic tested the capabilities of our management team, who went on to successfully ensure that the key processes of manufacturing, sales and distribution continued to remain resilient and delivered for the Company. Although the normalcy in the business operating environment is still some distance away from being completely restored, we are trying our best to reach to the pre-COVID level sales trajectory in the domestic markets as soon as possible.

Godfrey Phillips has always endeavoured to maximise the creation of shared values and our dedicated CSR team has undertaken various initiatives to support and educate tobacco producing farmers, through better sanitation, health camps, education to children, safe drinking water and ensuring the welfare of these farmers.

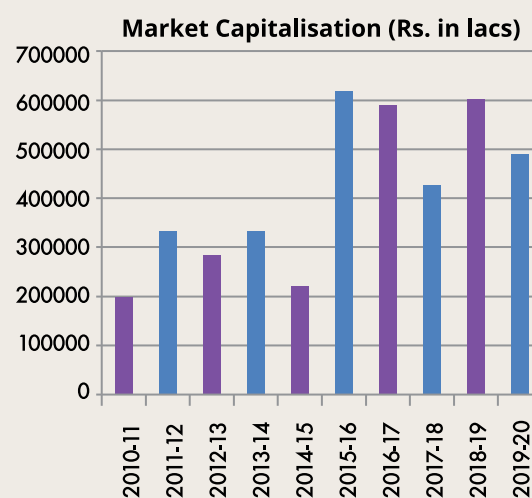
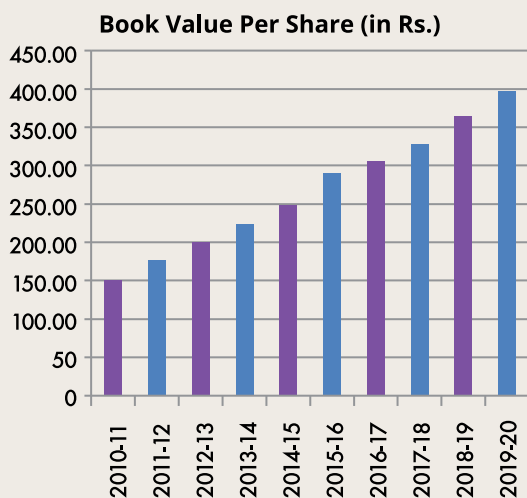
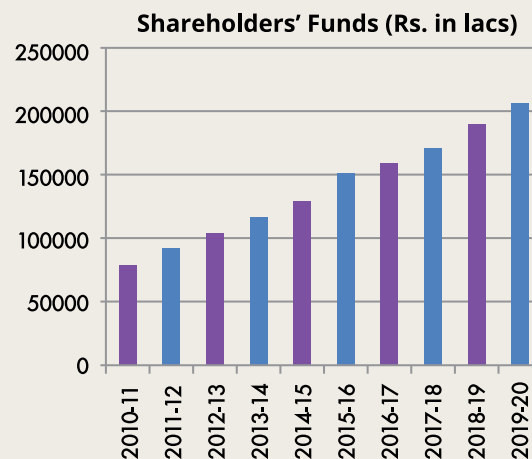
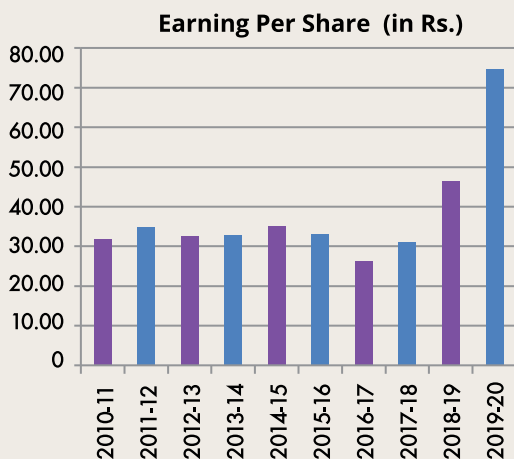
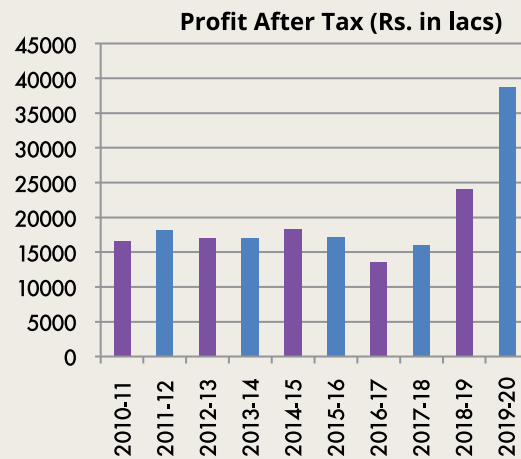
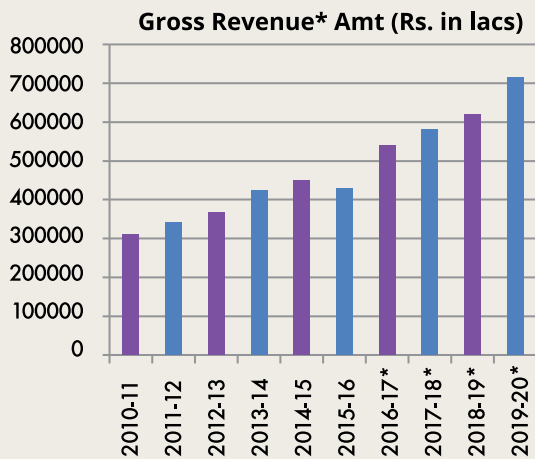
Your Company remains fully committed to its core business of tobacco and accordingly, we have opted for geographic expansion into high potential markets and developed clearly charted business plans for each of our operating segments. Improved profitability will be at the heart of our growth strategy and will be achieved by driving a mix of improvements, such as developing deep consumer insights, improving innovation capabilities and cost optimization measures.

I would like to end by taking this opportunity to thank all our customers, business partners, distributors, employees and shareholders for their support and contribution in making Godfrey Phillips what it is today.

Warm regards,

Bina Modi

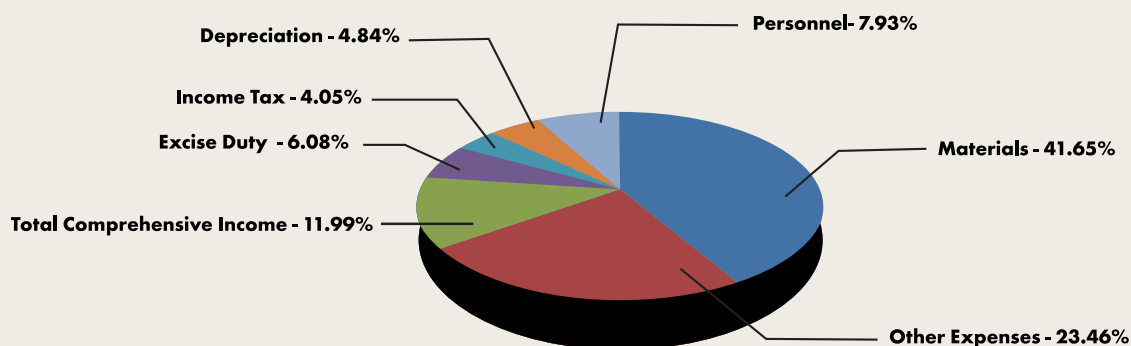
Financial Highlights Trends



*Gross revenue figures for the financial years 2016-17, 2017-18, 2018-19 and 2019-20 include all applicable indirect taxes.

Financial Highlights

Revenue Distribution



(Rs. Lakhs)

PARTICULARS	2019-20*	2018-19*	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11
CAPITAL EMPLOYED										
Property, Plant and Equipment (including Capital Work-in-Progress, Intangible Assets, Intangible Assets under development & Investment Property)	68348	67983	65001	68709	72434	71393	71694	71887	67443	47387
Right of use Assets****	34475	—	—	—	—	—	—	—	—	—
Investments	118992	114267	89516	50006	39588	32238	35529	31853	35833	32314
Other Assets(net)	20085	11703	18955	47504	50719	51634	32052	31172	21016	21797
Deferred Tax Assets (net)	-	—	—	180	1186	1653	973	—	752	79
Total	241900	193953	173472	166399	163927	156918	140248	134912	125044	101577
FINANCED BY										
Shareholders' Funds	206085	189627	170728	159183	150964	129262	116370	104172	92091	79025
Borrowings	1114	4118	2672	7216	12963	27656	23878	30356	32953	22552
Lease Liabilities****	34459	—	—	—	—	—	—	—	—	—
Deferred Tax Liabilities (net)	242	208	72	—	—	—	—	384	—	—
Total	241900	193953	173472	166399	163927	156918	140248	134912	125044	101577
OPERATING PERFORMANCE										
Gross Revenue	315102	267103	293027	444281	429876	448589	422067	367282	341858	310838
Excise Duty	19144	11499	56509	200923	195922	196897	171653	157777	146058	146768
Depreciation	15238	9592	9565	9413	10220	10226	8655	8800	6263	4000
Profit Before Taxation	51590	36264	23429	19777	24562	27140	25468	23690	25723	24147
Profit After Taxation	38788	24097	16076	13635	17166	18308	17064	16948	18136	16603
Total Comprehensive Income**	37769	23914	16551	13226	16947	—	—	—	—	—
Proposed Dividend/Interim Dividend	12479	5199	4159	4159	4159	4159	4159	4159	4159	3640
Corporate Dividend Tax	2565	1069	855	847	847	847	707	707	675	590
INVESTORS' DATA										
Earning Per Equity Share (Rs)***	74.60	46.35	30.92	26.22	33.02	35.21	32.82	32.60	34.88	31.93
Dividend Per Equity Share (%)	1200	500	400	400	400	400	400	400	400	350
Number of Shareholders	22371	19079	21707	20000	16825	16169	11137	10839	11125	11242

* The figures reported are Ind AS compliant.

** Total Comprehensive Income reported as per requirement under Ind-AS.

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

****Right of use assets and Lease liabilities in F.Y. 2019-20 upon transition to Ind AS-116, "Leases".

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the 83rd Annual Report on the business and operations along with the Audited Financial Statements of the Company for the financial year ended March 31, 2020.

ECONOMIC ENVIRONMENT

The global economic growth decelerated to 2.4% in 2019 from 3.0% in 2018 due to overall economic slowdown, sluggish demand, weaker trade and investments. The second half of 2019 saw an increase in geopolitical tensions and the resulting trade policy uncertainty negatively impacted global economic activity, especially for manufacturing and trading. Country specific factors weighed heavily on demand, weakening the growth outlook for emerging markets in particular.

The unfortunate outbreak of COVID-19 pandemic at the start of 2020 instigated an unprecedented health and economic crisis around the world. The lockdowns and restrictions in movement and travel have had far reaching effects on global economic activity. Widespread outbreaks and containment measures deployed by various governments have seen the projected growth of developed economies contract by 6.1%. In addition to the unprecedented health crisis, emerging markets have to manage tighter financial conditions, massive external demand shocks and volatile commodity prices. Emerging markets are expected to contract by 1.0% in 2020, while China is expected to contract by 2.2%. The economic fallout from the pandemic has resulted in extreme uncertainty around forecasting growth prospects of various economies, industries and companies. Major central banks have taken significant steps to reduce systemic stress by offering large scale monetary stimulus packages and lending facilities. These central bank policies aimed to strengthen confidence levels, contain the impact of the pandemic and also better position countries for rapid economic recovery. In view of the market challenges, the IMF has revised its Global GDP forecast to a decline of 3.0% in 2020, with the global economy likely to experience a severe recession.

India's GDP growth declined from 6.8% in 2018-19 to 4.2% in 2019-20, lowest in seven years. The growth was impacted due to overall global economic slowdown, slower consumer demand and subdued sector performance including auto sector which is going through the worst downturn and slowdown in real estate, construction and manufacturing sector. India's already contracting economy was further impacted by the outbreak of Covid-19 in India in the last week of March 2020. In order to curb the further outbreak of Covid-19, the Government of India announced nationwide lockdown at the end of March 2020 which temporarily brought all economic activity to a standstill across India.

The lockdown resulted in temporary closure of factories, disrupted business activities and transportation challenges impacted the supply chain. In response to the economic slowdown, the Reserve Bank of India cut repo and reverse repo rates, to ensure banks continued to lend, and injected further liquidity into the Indian banking system in April 2020. In addition to this, The Government of India issued two stimulus packages to further strengthen the economy in March and May 2020. Despite the overall challenging macroeconomic environment, Indian economic activity has started to pick up from the month of June 2020. The economic growth is expected to be slow and will depend on the course of Covid-19 in the near term.

TOBACCO INDUSTRY

India is the second largest producer of tobacco in the world and reaps enormous benefits in terms of employment in the agricultural sector, income to farmers, revenue generation and foreign exchange earnings. India is also the largest exporter of tobacco and tobacco related products. Various varieties of tobacco are grown across 13 states in the country. The industry also provides direct and indirect employment to 45.7 million people, of which 70% are from the agricultural sector.

Sustainability has become an important aspect of leaf tobacco business in India with rigorous steps taken to ensure that sustainability is practised across the entire supply chain. This approach has contributed significantly to the business success of the Indian leaf tobacco business entities. Sustainability is achieved through various farming initiatives, in order to bring about best practices and improve efficiency of the tobacco growing process without adversely impacting the environment.

Only 9% of tobacco consumed in India constitute legal cigarettes, while 91% are from traditional products and illegal cigarettes. This 9% contributes to 80% of the taxes collected by the Government of India from the tobacco sector. High levels of taxation relative to other tobacco products and stringent regulations have also led to the rise in the illicit cigarette trade and consequent loss of revenue to the government. Around 68% of tobacco consumption comes from the unorganised sector which bypasses the purview of the regulatory authorities and do not pay taxes.

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

India is currently the 4th largest illegal cigarette market in the world with illegal cigarettes reaching 26.5 billion sticks in 2018 which is double the level it was in 2005.

CONSUMER AND RETAIL INDUSTRY

India continues to show considerable growth potential in the consumer and retail sector. This is apparent in the interest shown by global investors and multinational companies in investing in these sectors in India. The key dynamics of the Indian market are its young demographic profile and large consumer market. These favourable demographics lead to increased consumer demand and spending. Growth in household earnings of the middle-income population promote higher discretionary spending and shifts in consumer patterns. The Government of India has also laid out a policy framework for foreign investments into India that would create a more conducive investment environment in the country.

The growth in smartphone user base, social media and internet penetration has further enhanced the connectivity and range of product information available. E-commerce has benefitted greatly from the proliferation of technology and organised retail. Retail sales are expected to grow at a CAGR of 10.8% between 2017-2021 and e-commerce by 30% during the same period.

Demand and consumption of FMCG and household products have increased substantially following the lockdown and the resulting panic buying. Although demand has been increasing, companies continue to experience disruptions across supply chains and manufacturing. This will lead to a slowdown in growth and lower inventory levels which in turn would significantly impact supply to consumers. Lower discretionary spending by consumers during this period will also have detrimental effects of the sector's near term growth.

Covid-19 has clearly impacted consumer and retail industry with lockdown restrictions and heightened health concerns has resulted in change in consumer purchasing behaviour. Consumers are adopting social distancing norms as a new normal and therefore preferring online mode of purchasing. In light of these market conditions, the demand for high street convenience shops is increasing, the consumers prefer to go to high end convenience store having latest technology and maintaining high standard of social hygiene.

SEGMENTWISE PERFORMANCE IN 2019-20

Cigarettes

While the Domestic Industry volumes remained largely flat during the FY 2019-20, your company registered a robust volume growth of 10% in the fiscal owing to the company's commitment to innovation and customer centricity. It is a matter of pride that your company has been able to register a growth across all the segments it operates in.

FY 2019-20 saw your company report record top line & bottom line performance with pricing power of flagship brands driving profitability in existing markets and new geographical expansions adding to the company's volume growth. Improvement in margins was also achieved by driving mix improvement, effective sourcing strategies and process innovations. Our main brands Four Square, Red & White, Cavanders & Stellar continued to perform strongly, especially in our core markets owing to concentrated efforts in sharpening consumer insights, improving capabilities for faster product development and innovations, staying relevant to the evolving consumer needs and implementing cost optimization measures.

Like many other companies and industries, COVID-19 pandemic affected the company performance in the last 1 month of FY 2020. However, your company has made best efforts in adapting to the challenges posed by the COVID-19 pandemic and has tried very hard to augment its supply chain and manufacturing capabilities to deal with the potential uncertainties arising out of the pandemic. Your company continues its efforts to pre-emptively put measures in place to minimize the impact of the pandemic on its business operating environment.

Chewing Products

While in FY'19 the chewing business was close to break even, this year business made some significant restructuring, made investments in Pan Vilas brand in premium segment and gradually pulled out itself from non performing mid premium segment.

Going forward, single minded objective is to make the business profitable by focusing in premium segment and strengthening the flagship brand of the business Pan Vilas.

Your Company also showcased continued growth of 15% in past 2 Years in gross sales revenue in the confectionary segment backed by launch of highly innovative Imli Candy. Through product innovation and leveraging strength in distribution, your Company aims to accelerate this growth momentum further.



Exports

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

	2019-20	2018-19
Commodity/Product	Value (Rs. in crores)	Value (Rs. in crores)
Cigarettes	163.66	178.85
Unmanufactured tobacco/CLB	377.94	266.01
Cut tobacco	55.70	46.19
Candy/Tea	0.48	2.54
Total	597.78	493.59

Your company has been awarded the best exporter award by Tobacco Board for both Cut Tobacco and Cigarettes in the year 2019. Unmanufactured tobacco exports have been doing exceptionally well registering growth year on year. This year witnessed 42% hike over last financial year.

Your company has done reasonably well in the cut tobacco business across CIS, acquiring multiple new clients. In line with other business goals, your company has started to make a foothold in the markets of North Africa and GCC.

Our flagship cigarette brands Jaisalmer, Originals, Ultima, Business Kings and Stellar continued to gain attraction in various markets. To augment the capacity and offer new formats, your company tied up with factories in UAE and successfully launched new formats such as Super Slims. Capsule filter cigarettes in various flavours like Blueberry, Mint, Spearmint and Menthol have gained major attraction across markets of Southeast Asia and Latin-America. Your company is making healthy margins on these innovative offerings.

Retail

24Seven is India's first and only twenty-four hours convenience store chain with more than 100 stores spread across Delhi NCR and Chandigarh. With an average footfall of 2,000 people every day per store, the brand continuously evolves and upgrades to meet the urban consumers' needs, living up to its mantra 'Awesome through the day, Awesome through the night'. During FY 2020, 24Seven chain of convenience stores had shown remarkable growth. Gross sales value increased by 33% to Rs. 410 crores from Rs. 308 crores during previous year. This year was marked as a consolidation phase before it embarks upon its next phase of expansion.

HUMAN RESOURCE DEVELOPMENT

Your company has been adjudged among the Best Places to Work in India, consecutively for the second year. This external recognition has been made possible through progressive human resource development policies, people practices and organization culture. All along, a relentless focus on building employee performance, helped your company scale new heights of success. During the year, your company ensured positive action on feedback generated through 'Voice of Employees' leading to fortified trust between organization & employees and high levels of employee engagement. Besides, your company also took good care of employees & their families and offered fullest support to them during the phase of ongoing pandemic. Also, in these trying times, your company has adopted a more humans approach and not resorted to measures like pay cuts and lay offs. Your company would be continuously focussing on aligning people practices, culture and business requirements as per the demands of the new normal, ensuring desired business outcomes.

CORPORATE DEVELOPMENT (GROWTH OFFICE)

The Growth office has been playing a stellar role in formulating and executing the growth strategy for the company both in near term and long term. It works in close co-ordination with the business teams in identifying risks, both internal and external, and in designing the solutions to mitigate or minimize them. It has been working very closely with the HR and Corporate Communications departments to cascade the strategic inputs to everyone across the organisation.

INFORMATION TECHNOLOGY (IT)

There have been rapid advances in the areas of Information Technology and Digital, offering new avenues for value creation. The company has a strategic approach for leveraging modern technologies. We have

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

implemented complete Work-from-Home (WFH) solutions which were tested and enhanced during the Covid-19 crisis. The entire employee base adopted and adapted to this in double-quick time. This was the initiation of moving to a complete digital workplace.

We have already implemented Robotic Process Automation (RPAs) in several of our business processes. We have also launched an employee Mobile App to give a seamless experience to our employees and increase engagement levels further. We are in the process of implementing Digital Supply Chain solutions that leverage IoT, AI and ML.

Needless to say, all these have been conceptualized with enhanced standards of Cybersecurity at the Core – several measures have been taken in this regard to improve end-point security, network and data center security, enhanced WFH measures and SOC/SIEM setups.

With all the above, we have embarked on a structured digital transformation program for the organization, aligned to strategic business goals and adopting the best of technologies, practices and methodologies.

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. Following 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

	2019-20	2018-19
	Rs. in Lakhs	Rs. in Lakhs
Profit before Depreciation and Tax	66828.19	45855.55
Less : Depreciation and amortization	15238.39	9591.82
Profit before tax	51589.80	36263.73
Less : Provision for tax		
- current tax	12613.16	12030.75
- deferred tax	188.67	136.25
Profit after tax for the year	38787.97	24096.73
Add: Other comprehensive income/(loss)-net of tax	(1018.81)	(182.62)
Total comprehensive income	37769.16	23914.11

During the year, the gross sales value registered a growth of 15.33% by reaching the level of Rs. 7144 crores from Rs. 6194 crores last year. Similarly, the profit after tax jumped to Rs. 387.88 crores from Rs. 240.97 crores last year.

DIVIDEND

During the year 2019-20, your Directors declared an interim dividend of 1200% (i.e. Rs. 24 per share) on 5th March, 2020, on an equity share value of Rs. 2 each. The total dividend paid was Rs.15043.54 lakhs (including dividend distribution tax). The Board has not recommended any final dividend.

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, 2020 is attached as 'Annexure - 1' to this Report.



SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on 31st March, 2020, your Company had seven subsidiaries apart from one other subsidiary which is an AOP 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 46 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 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

Our strategic CSR programme, created with focus on sustainable development and livelihood for Burley Tobacco farming communities in parts of Andhra Pradesh, continues with the main objective of improving the livelihood for the marginalised with initiatives to improve earning capacity through exposure to good agricultural practices, collectivisation of farmers/workers into Farmers Development Societies/SHGs, water and soil conservation measures and availability of safe drinking water, health, education and sanitation facilities.

Other CSR initiative of the Company centres around promotion of healthcare and education in parts of Delhi NCR by holding health camps, conducting HIV awareness programs, operating life skill training centre for adult children, holding teacher-orientation session in primary schools, connecting children to schools and facilitating meritorious children through suitable means.

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. K.K. Modi, the President and Managing Director and head of the Indian promoter group of the Company, left for his heavenly abode on 2nd November, 2019 after a brief illness. He was at the helm of affairs of the Company for nearly four decades and was instrumental in bringing the company to its present great heights. The rich legacy that he leaves behind will continue to guide and inspire us in time to come. Your Directors wish to place on record their deepest sense of appreciation for the valuable contribution made by Late Mr. Modi in course of his long and illustrious association with the Company.

Basis the recommendations of the Committee of Independent Directors and the Nomination and Remuneration Committee, the Board appointed Dr. Bina Modi, a sitting Director on the Board of the Company, to the post of the President and Managing Director rendered vacant by the sad demise of Mr. K. K. Modi, w.e.f. 14th November, 2019. Her appointment was later approved by the Shareholders of the Company through the process of postal ballot on 6th January, 2020.

DIRECTORS' REPORT



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Mr. R.A. Shah (DIN 00009851) and Mr. Sharad Aggarwal (DIN 07438861) will retire by rotation at the ensuing Annual General Meeting, in accordance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, have offered themselves for re-appointment.

As per provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolution proposing re-appointment of Mr. Atul Kumar Gupta (DIN 01734070) as Independent Director of the Company for another term of five years forms part of the Notice of the ensuing Annual General Meeting.

The Independent Directors of your Company have confirmed that (a) they meet the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015 and (b) they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. Further, in the opinion of the Board, the Independent Directors fulfill the conditions prescribed under the Listing Regulations and are independent of the management of the Company.

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

Dr. Bina Modi, Managing Director, Mr. Samir Modi, Executive Director, Mr. Sharad Aggarwal, 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, form 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.

Details regarding constitution of Risk Management Committee, its role & responsibility, form part of the Corporate Governance 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, if any;
- (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;
- (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 22nd August, 2020.

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 is decided keeping into consideration long term goals of the Company apart from the individual performance expected from 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.

The Non-executive Director(s) 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 employees, responsibilities handled by them, their potentials, etc. Remuneration of senior management employees is also being looked at by the Nomination and Remuneration Committee.

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.

KEY FINANCIAL RATIOS

Key Financial Ratios for the financial year 2019-20 with comparatives for the year 2018-19, are disclosed in 'Annexure - 9'.

DIRECTORS' REPORT



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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, 2020 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 Dr. Bina 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 AUDITORS

In compliance with the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s)/re-enactment(s)/amendment(s) thereof, for the time being in force), S.R.Batliboi & Co. LLP, Chartered Accountants, (FRN 301003E/E300005) were appointed as Statutory Auditors at the Eightieth Annual General Meeting of the Company held on 15th September 2017, to hold office for a term of five (5) consecutive years from the conclusion of the Eightieth Annual General Meeting until the conclusion of the Eighty Fifth Annual General Meeting, subject to the ratification at the Annual General Meeting in each of the subsequent years during the aforementioned term of their appointment. However, the requirement of annual ratification has been dispensed with under the Companies (Amendment) Act, 2017 which has been notified on 7th May, 2018.

Auditors' 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

The provisions of Cost Audit are not applicable on the Company.

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.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETING

Pursuant to Clause 9 of Revised Secretarial Standard -1 (SS -1), your Company has complied with applicable Secretarial Standards issued by Institute of Company Secretaries of India, during the financial year under review.

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'.



GODFREY PHILLIPS
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DIRECTORS' REPORT

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 134(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

As stated in the beginning of the Annual Report, the ongoing COVID-19 pandemic has adversely impacted the business operating environment and has led to slowdown in the economic activity. Your Company is pro-actively taking all possible steps to accelerate the recovery process and to get back to pre-Covid business levels as soon as possible. However, there continues to be a sense of uncertainty prevalent as of now.

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: 22nd August, 2020

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Annexure - 1

Annual Return Extracts in MGT 9 Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020
[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, 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	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	69.85%
2	Unmanufactured tobacco	46202	12.57%
3.	Retail Store Products & Services	47	10.83%



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 the Companies Act, 2013
1.	International Tobacco Company Limited 'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra 400033	U16000MH1964PLC013915	Subsidiary	100	2(87)(ii)
2.	Chase Investments Limited Omaxe Square, Plot No. 14, 5 th Floor Jasola District Centre, Jasola, New Delhi - 110025	U74899DL1984PLC017448	Subsidiary	100	2(87)(ii)
3.	Unique Space Developers Limited Marcopolo Building, Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug Mumbai, Mumbai City - 400033	U70100MH1988PLC046854	Subsidiary	Chase Investments holds 51.44% International Tobacco holds 15.23%	2(87)(ii)
4.	Friendly Reality Projects Limited Omaxe Square, Plot No. 14, 5 th Floor Jasola District Centre, Jasola, New Delhi - 110025	U74899DL1973PLC006528	Subsidiary	Company holds 64.45% and Chase Investments holds 23.55%	2(87)(ii)
5.	Rajputana Infrastructure Corporate Limited Omaxe Square, Plot No. 14, 5 th Floor Jasola District Centre, Jasola, New Delhi - 110025	U45200DL2006PLC156832	Subsidiary	Friendly Reality Projects holds 100%	2(87)(ii)
6.	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)
7.	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)
8.	IPM India Wholesale Trading Private Limited Unit No. 20, Ground Floor, Plot No.D-1 Salcon Rasvillas, Saket District Centre, Saket New Delhi-110017	U51909DL2009PTC189517	Associate	24.80	2(6)
9.	KKM Management Centre Private Limited Omaxe Square, Plot No. 14, 5 th Floor Jasola District Centre, Jasola, New Delhi - 110025	U74999DL1996PTC080090	Associate	36.75	2(6)
10.	KKM Management Centre Middle East FZC, SAIF Desk R4 -27/A, P.O. Box 124310 Sharjah- UAE	-	Associate through Subsidiary Companies	36.00	2(6)

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

(i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year (01.04.2019)				No. of shares held at the end of the year (31.03.2020)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	22950	0	22950	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.	22659981	0	22659981	43.58	22659981	0	22659981	43.58	0
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)	24439311	45000	24484311	47.09	24439311	45000	24484311	47.09	0
(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	25.10	0
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	37489786	45000	37534786	72.19	37489786	45000	37534786	72.19	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	927057	0	927057	1.78	1038864	0	1038864	2.00	0.22
b) Banks/ FI	89044	21970	111014	0.21	71666	21970	93636	0.18	(0.03)
c) Central Govt/ State Govt(s)	0	24000	24000	0.05	0	24000	24000	0.05	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Alternate Investment Funds	1095	0	1095	0.01	0	0	0	0	(0.01)
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs / FPI	6424899	0	6424899	12.36	6081097	0	6081097	11.70	(0.66)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others Foreign Bank	1500	0	1500	0	1500	0	1500	0	0
Sub-total (B)(1)	7443595	45970	7489565	14.41	7193127	45970	7239097	13.93	(0.48)
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	321647	0	321647	0.62	366450	0	366450	0.70	0.08
ii) Overseas	0	0	0	0	0	0	0	0	0



DIRECTORS' REPORT

b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4013104	791571	4804675	9.24	4345559	645892	4991451	9.60	0.36	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	956139	0	956139	1.84	1019926	0	1019926	1.96	0.12	
c) Others										
IEPF	212726	0	212726	0.41	227906	0	227906	0.45	0.04	
HUF	161072	0	161072	0.31	214157	0	214157	0.41	0.10	
Other Directors and relatives	28000	0	28000	0.05	28000	0	28000	0.05	0	
Foreign Individuals	24	0	24	0	0	0	0	0	0	
Non-Resident Individuals	127660	4525	132185	0.25	131784	4525	136309	0.26	0.01	
Trusts	340	15000	15340	0.03	270	15000	15270	0.03	0	
NBFCs registered with RBI	10165	0	10165	0.02	5000	0	5000	0.01	(0.01)	
Unclaimed Shares	196480	0	196480	0.38	183005	0	183005	0.35	(0.03)	
Clearing Members	131116	0	131116	0.25	32563	0	32563	0.06	(0.19)	
Sub-total (B)(2)	6158473	811096	6969569	13.40	6554620	665417	7220037	13.88	0.48	
Total Public Shareholding (B)=(B)(1)+(B)(2)	13602068	857066	14459134	27.81	13747747	711387	14459134	27.81	0	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	51091854	902066	51993920	100	51237533	756387	51993920	100	0	

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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	2235800	4.30	0	2235800	4.30	0	0
5.	Super Investment (India) Limited	527260	1.01	0	527260	1.01	0	0
6.	Late K K Modi & Dr. Bina Modi (Trustees- Indofil Senior Executives Officers Welfare Trust)	386280	0.74	0	386280	0.74	0	0
7.	Late K K Modi & Dr. Bina Modi (Trustees- Indofil Junior Employees (Factory) Welfare Trust)	380000	0.73	0	380000	0.73	0	0
8.	Late K K Modi & Dr. Bina Modi (Trustees- Indofil Junior Employees (Offices) Welfare Trust)	308560	0.59	0	308560	0.59	0	0
9.	Late K K Modi & Dr. Bina Modi (Trustees- Indofil Senior Executives (Factory) Welfare Trust)	308560	0.59	0	308560	0.59	0	0

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

(iii) Change in Promoters' Shareholding

There were no changes in the Promoters' shareholding during the Financial Year 2019-20.

(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 (01.04.2019)		Cumulative Shareholding during the year (31.03.2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Jupiter India Fund (erstwhile National Westminster Bank PLC as trustee of the Jupiter India fund)				
	At the beginning of the year	4058434	7.80		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	24.01.2020	(41784)	(0.08)	4016650	7.72
	31.01.2020	(88520)	(0.17)	3928130	7.55
	21.02.2020	(26992)	(0.05)	3901138	7.50
	28.02.2020	(19644)	(0.04)	3881494	7.46
	06.03.2020	(92056)	(0.18)	3789438	7.28
	13.03.2020	(1675)	(0.00)	3787763	7.28
	At the End of the year			3787763	7.28



DIRECTORS' REPORT

2.	Jupiter South Asia Investment Company Limited - South Asia Access Fund				
	At the beginning of the year	925375	1.77		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	20.09.2019	(82805)	(0.15)	842570	1.62
	22.11.2019	(3075)	(0.01)	839495	1.61
	29.11.2019	(12622)	(0.02)	826873	1.59
	20.12.2019	(8865)	(0.02)	818008	1.57
	27.12.2019	(8766)	(0.01)	809242	1.56
	28.02.2020	(56269)	(0.11)	752973	1.45
	06.03.2020	(23522)	(0.05)	729451	1.40
	At the End of the year			729451	1.40
3.	L And T Mutual fund trustee ltd-L and T Mid cap fund				
	At the beginning of the year	510400	0.98		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	20.09.2019	38531	0.07	548931	1.05
	18.10.2019	28692	0.06	577623	1.11
	25.10.2019	13886	0.03	591509	1.14
	24.01.2020	32548	0.06	624057	1.20
	31.01.2020	56921	0.11	680978	1.31
	07.02.2020	40901	0.08	721879	1.39
	14.02.2020	101593	0.19	823472	1.58
	06.03.2020	55228	0.11	878700	1.69
	20.03.2020	11760	0.02	890460	1.71
	31.03.2020	80929	0.16	971389	1.87
	At the End of the year			971389	1.87
4.	APMS Investment Fund Ltd				
	At the beginning of the year	488275	0.94		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			488275	0.94
5.	Kavitha Jain				
	At the beginning of the year	389000	0.75		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	09.08.2019	(250000)	(0.48)	139000	0.27
	At the End of the year			139000	0.27
6.	Sundaram Mutual Fund				
	At the beginning of the year	256498	0.49		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	05.04.2019	(37448)	(0.07)	219050	0.42
	12.04.2019	(10000)	(0.02)	209050	0.40
	31.05.2019	(23914)	(0.05)	185136	0.35
	07.06.2019	(22306)	(0.04)	162830	0.31
	14.06.2019	(36252)	(0.07)	126578	0.24
	29.06.2019	(40238)	(0.08)	86340	0.16

DIRECTORS' REPORT



GODFREY PHILLIPS
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	12.07.2019	(1625)	(0.00)	84715	0.16
	19.07.2019	(6520)	(0.01)	78195	0.15
	26.07.2019	(19127)	(0.04)	59068	0.11
	02.08.2019	(11019)	(0.02)	48049	0.09
	09.08.2019	(37461)	(0.07)	10588	0.02
	16.08.2019	(10588)	(0.02)	0	0
	At the End of the year			0	0
7.	Sonia Jain				
	At the beginning of the year	202500	0.39		
	At the End of the year			202500	0.39
8.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG)				
	At the beginning of the year	138969	0.27		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.06.2019	2506	0.00	141475	0.27
	29.06.2019	4312	0.01	145787	0.28
	23.08.2019	(2667)	(0.01)	143120	0.27
	06.03.2020	(4547)	(0.01)	138573	0.26
	13.03.2020	(669)	(0.00)	137904	0.26
	At the End of the year			137904	0.26
9.	Geeti Jain				
	At the beginning of the year	100000	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			100000	0.19
10.	Kotak Equity Arbitrage Fund				
	At the beginning of the year	93400	0.18		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	05.04.2019	4200	0.01	97600	0.19
	12.04.2019	42700	0.08	140300	0.27
	19.04.2019	10000	0.02	150300	0.29
	26.04.2019	9800	0.02	160100	0.31
	03.05.2019	27300	0.05	187400	0.36
	07.06.2019	(2100)	(0.00)	185300	0.36
	21.06.2019	(39900)	(0.08)	145400	0.28
	29.06.2019	(95900)	(0.18)	49500	0.10
	26.07.2019	(7195)	(0.02)	42305	0.08
	02.08.2019	(1854)	(0.00)	40451	0.08
	09.08.2019	(4044)	(0.01)	36407	0.07
	16.08.2019	(18407)	(0.04)	18000	0.03
	07.02.2020	(4970)	(0.00)	13030	0.03
	At the End of the year			13030	0.03



DIRECTORS' REPORT

11. MV SCIF Mauritius					
At the beginning of the year		73247	0.14		
Date wise Increase / (Decrease) in Shareholding during the year and reasons					
	30.03.2019	(974)	(0.00)	72273	0.14
	26.04.2019	320	0.00	72593	0.14
	10.05.2019	(4980)	(0.01)	67613	0.13
	31.05.2019	698	0.00	68311	0.13
	14.06.2019	1660	0.00	69971	0.13
	29.06.2019	(2444)	(0.01)	67527	0.12
	05.07.2019	(1652)	(0.00)	65875	0.12
	12.07.2019	(1652)	(0.00)	64223	0.12
	26.07.2019	142	0.00	64365	0.12
	20.09.2019	(1652)	(0.01)	62713	0.11
	27.09.2019	(11447)	(0.02)	51266	0.09
	04.10.2019	1360	0.00	52626	0.09
	06.12.2019	(1362)	(0.00)	51264	0.09
	27.12.2019	133	0.00	51397	0.09
	31.12.2019	(682)	(0.00)	50715	0.09
	07.02.2020	(1374)	(0.00)	49341	0.09
	28.02.2020	(1370)	(0.00)	47971	0.09
	13.03.2020	(687)	(0.00)	47284	0.09
	27.03.2020	(1726)	(0.00)	45558	0.09
At the End of the year				45558	0.09
12. Aditya Vardhaman Jain					
At the beginning of the year		0	0		
Date wise Increase / (Decrease) in Shareholding during the year and reasons					
	09.08.2019	250000	0.48	250000	0.48
At the End of the year				250000	0.48

(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 (01.04.2019)		Cumulative Shareholding during the year (31.03.2020)	
		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.	Dr. 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
3.	Mr. Sharad Aggarwal				
	At the beginning of the year	0	0	0	0
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			0	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.	Late Krishan Kumar Modi (Joint holding with Dr. Bina 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
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
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.	Mrs. Nirmala Bagri				
	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
11.	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
12.	Mr. Sanjay Gupta (jointly with wife)				
	At the beginning of the year	400*	0		
	Increase / Decrease in Shareholding during the year and reasons				
	25.06.2019	100	0	500*	0
	At the End of the year			500*	0

*Out of the shares held, 350 shares are held jointly with wife and balance in own name



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	4,117.86	-	-	4,117.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.27	-	-	1.27
Total (i+ii+iii)	4,119.13	-	-	4,119.13
Change in indebtedness during the Financial year				
Addition	-	-	-	-
(Reduction)	(3,004.91)	-	-	(3,004.91)
Indebtedness at the end of the Financial year				
i) Principal Amount	1,114.22	-	-	1,114.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,114.22	-	-	1,114.22

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
		Dr. Bina Modi*	Mr. Sharad Aggarwal	Mr. Samir Modi	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	184.00	240.00	424.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	33.47	356.34	389.81
	(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	0	0	1,785.60	1,785.60
	- others	0	0	0	0
5.	Others	0	0	0	0
	Total (A)	0	217.47	2381.94	2599.41
	Ceiling as per the Act Rs. 4763.88 lakhs (being 10% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)				

* Dr. Bina Modi was an Ordinary Director till 13th November, 2019 and thereafter, she was appointed as President and Managing Director w.e.f. 14th November, 2019.

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	Mrs. Nirmala Bagri			
1.	Independent Directors							
	• Fee for attending board / committee meetings	21.00	17.00	18.00	8.00		64.00	
	• Commission	0	0	0	0		0	
	• Others	0	0	0	0		0	
	Total (1)	21.00	17.00	18.00	8.00		64.00	
2.	Other Non-Executive Directors				Dr. Bina Modi*	Mr. R.A. Shah	Mr. Ruchir Kumar Modi	
	• Fee for attending board / committee meetings				6.00	15.00	0	21.00
	• Commission				0	0	150.00	150.00
	• Others				0	0	0	0
	Total (2)				6.00	15.00	150.00	171.00
	Total (B)= (1+2)							235.00
	Total Managerial Remuneration							2834.41
	Ceiling as per the Act Rs. 476.39 lakhs (being 1% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)							

* Dr. Bina Modi was an Ordinary Director till 13th November, 2019 and thereafter, she was appointed as President and Managing Director w.e.f. 14th November, 2019.

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	151.30	123.33	274.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	50.35	15.86	66.21
	(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	201.65	139.19	340.84

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : None

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					
Compounding					
OTHER OFFICERS IN DEFAULT : None					
Penalty					
Punishment					
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	Rajputana Infrastructure Corporate Limited	Rajputana Developers Project	Flavors and More, Inc., USA	Godfrey Phillips middle east, DMCC
Date since when subsidiary was acquired	30-Jun-69	1-Feb-94	31-Jan-91	12-Aug-94	10-Jan-07	8-Jan-08	26-Jun-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
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	US Dollars USD 1 = INR 75.67	US Dollars USD 1 = INR 75.67
Share Capital	300.00	280.46	21.66	231.96	24.39	6,801.39	1,508.49	35.50
Reserves and Surplus	4,588.56	11,261.13	4,479.22	(29.47)	4,422.42	(135.64)	(1,476.12)	135.74
Other Liabilities	1,178.00	2,534.23	2.85	0.29	185.89	4.61	1.37	1,951.32
Total Liabilities	6,066.56	14,075.82	4,503.73	202.78	4,632.70	6,670.36	33.74	2,122.56
Total Assets	6,066.56	14,075.82	4,503.73	202.78	4,632.70	6,670.36	33.74	2,122.56
Investments (other than in subsidiaries/fellow subsidiaries)	-	13,633.33	22.51	-	-	-	-	-
Turnover/ Total Income	5,994.27	44.62	2.51	5.04	24.71	0.15	-	16,137.90
Profit/(loss) before taxation	382.41	(676.95)	0.02	(5.33)	(77.78)	(24.71)	(14.95)	48.61
Provision for taxation	149.56	(76.81)	0.47	-	(1.31)	-	-	-
Profit/(loss) after taxation	232.85	(600.14)	(0.45)	(5.33)	(76.47)	(24.71)	(14.95)	48.61
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	87.99%	66.67%	87.99%	63.79%	100.00%	100.00%

Remarks

1. Rajputana Infrastructure Corporate Limited is a 100% subsidiary of Friendly Reality Projects Limited.
2. Shares in Rajputana Developers Projects are held through Rajputana Infrastructure Corporate Limited.
3. Shares in Unique Space Developers Limited are held through Chase Investments Limited and International Tobacco Company Limited.
4. Shares in Friendly Reality Projects Limited are partly held through Chase Investments Limited.
5. 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	IPM India Wholesale Trading Pvt. Limited	KKM Management Centre Middle East (FZC)
Latest audited Balance Sheet Date	31-Mar-20	31-Dec-19	31-Mar-20
Shares of Associate/ Joint Venture held by the Company on the year end			
Number of shares	1,102,500	4,960,000	144
Amount of Investment	110.25	496.00*	25.89
Extent of Holding %	36.75	24.80	36.00
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	356.43	.**	102.47
Profit / (Loss) for the year	(5.64)	9,545.39#	143.87
Considered in consolidation	(2.07)	.**	51.78
Not considered in consolidation	(3.57)	9,545.39	92.09

*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.

For the period of 9 months ended on December 31, 2019.

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
of Godfrey Phillips India Limited

BHISHAM WADHERA
Chief Executive Officer

DR. BINA MODI
(DIN 00048606)
President & Managing Director

DR. LALIT BHASIN
(DIN 00001607)

SUNIL AGRAWAL
Chief Financial Officer

SAMIR MODI
(DIN 00029554)
Executive Director

ANUP N. KOTHARI
(DIN 00294737)

SANJAY GUPTA
Company Secretary

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

NIRMALA BAGRI
(DIN 01081867)

Directors

Place : New Delhi
Date : June 30, 2020

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 10th August, 2019 and the same can be viewed at <https://www.godfreyphillips.com/community/#csr>.

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, etc.

2. The Composition of the CSR Committee:

The CSR Committee comprises of Mr. R.A. Shah as its Chairman and Mr. Anup N Kothari, Dr. Bina Modi, Dr. Lalit Bhasin and Mrs. Nirmala Bagri as its members.

3. Average net profit of the Company for last three financial years: Rs. 23100.84 lakhs.
4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : Rs. 462.02 lakhs.
5. Details of CSR expenditure during the financial year:
 - (a) Total amount to be spent for the financial year : Rs.462.02 lakhs
 - (b) Amount unspent, if any : Nil
 - (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.	Promotion of education & healthcare	Education & Healthcare improvement	Khwabgah, Ambassadors of Change, Partners in Change, New Delhi and Noida	230.00	230.00	-	230.00	Implementing Agency - Modicare Foundation
2.	Community Development Initiative	Livelihood Improvement	Guntur/ Ongole (Andhra Pradesh)	347.28	347.28	-	347.28	Implementing Agency - Assist
	Total amount spent			577.28	577.28	-	577.28	

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:- Not Applicable

7. Responsibility Statement:

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

Dr. Bina Modi
Managing Director

R.A. Shah
Chairman of the CSR Committee

Date: 22nd August, 2020

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

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: 22nd August, 2020

R.A. Shah

Chairman of the Board

Annexure - 5

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

The Members
Godfrey Phillips India Limited
Macropolo Building, Ground Floor,
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, 2020 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, 2020 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 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (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, 2018 (including erstwhile Regulation);
 - (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, 2018 (including erstwhile Regulation); 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

Managing Partner
Membership No. 16302
Certificate of Practice No. 5673
UDIN:A016302B000325811

Date: 08th June, 2020

Place: Delhi

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

- (i) Due to restricted movement amid COVID-19 pandemic, we conducted the secretariat audit by examining the Secretarial Records including minutes, Document, Registers and other records etc., and some of them received by way of electronic mode from the company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct.
- (ii) This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

SECRETARIAL AUDIT REPORT

Annexure-A

The Members
Godfrey Phillips India Limited
Macropolo Building, Ground Floor,
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
Managing Partner

Membership No. 16302
Certificate of Practice No. 5673
UDIN:: A016302B000325811

Date: 8th June, 2020
Place: Delhi

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

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 2019-20 is as follows:

Mr. K. K. Modi#	N. A.
Dr. Bina Modi*/**	0.74:1
Mr. Samir Modi	294.12:1
Mr. R.A. Shah*	1.85:1
Dr. Lalit Bhasin*	2.59:1
Mr. Anup N. Kothari*	2.10:1
Mr. Atul Kumar Gupta*	2.22:1
Mrs. Nirmla Bagri*	0.99:1
Mr. Sharad Aggarwal	26.85:1
Mr. Ruchir Kumar Modi	18.52:1

#ceased to be the President and Managing Director upon his demise on 2nd November, 2019.

*the ratio has been calculated based on sitting fees paid.

**Dr. Bina Modi was an Ordinary Director till 13th November, 2019 and thereafter, she was appointed as President and Managing Director w.e.f. 14th November, 2019.

N.A. means 'Not Applicable'

- (ii) Percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2019-20 is as follows:

<u>DIRECTORS</u>	<u>DESIGNATION</u>	
Mr. K. K. Modi#	Managing Director (MD)	N.A.
Dr. Bina Modi**	Managing Director (MD)	(25.00)
Mr. Samir Modi	Executive Director (ED)	35.12
Mr. R. A. Shah	Non-Independent and Non-executive Director	25.00
Dr. Lalit Bhasin	Independent Director	61.54
Mr. Anup N. Kothari	Independent Director	30.77
Mr. Atul Kumar Gupta	Independent Director	63.64
Mrs. Nirmla Bagri*	Independent Director	N.A.
Mr. Ruchir Kumar Modi	Non-Independent and Non-executive Director	0.00
Mr. Sharad Aggarwal	Whole-time Director (WTD)	14.33

#ceased to be the President and Managing Director upon his demise on 2nd November, 2019.

*appointed w.e.f. 1st April, 2019.

**Dr. Bina Modi was an Ordinary Director till 13th November, 2019 and thereafter, she was appointed as President and Managing Director w.e.f. 14th November, 2019.

N.A. means Not Applicable.

KEY MANAGERIAL PERSONNEL (other than Directors)

Mr. Sunil Agrawal	Chief Financial Officer	7.12
Mr. Sanjay Gupta	Company Secretary	11.68

- (iii) The Percentage increase in the median remuneration of all employees in the financial year 2019-20 was 25.19.
- (iv) The Company had 1016 permanent employees on its rolls as on 31st March, 2020.
- (v) The average percentile increase in salaries of employees other than managerial personnel in the financial year 2019-20 was 14.42% in comparison with 33.09% increase in total managerial remuneration.
- (vi) The Company confirms that remuneration paid during the year 2019-20, 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 energy efficient static UPS with 'Li Ion' battery resulting in energy saving approx. 10K units per month.
2. Replaced existing conventional diaphragm type valves with spool type mac valves for dust removing filter units resulting in efficient cleaning of dust bags and savings in compressed air consumption of approx. 6K units per month.
3. Installed harmonics filter in transformer resulting in energy saving of around 9K units per month.
4. Replaced all SMF batteries for better performance resulting in 2% reduction in power loss.
5. Installed Buffer system on chewing products packing machines for smooth and breakage free auto splicing of laminate roll thereby reducing its wastage by 0.5% apart from improving machine efficiency by 2%.

(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. Designed and developed new filter feeding mechanism to overcome frequent downtime on high speed cigarette making machines attached with filter shooter system.
2. Designed and developed local shrink kit and feeding conveyor for cigarette wrapping machine in order to overcome poor wrapping quality and high retracted ends in KSFT 10s packs.
3. Fitted new camera on infeed section of high speed cigarette wrapping machine for missing date code and brand mix detection.
4. Developed and installed unwinding system with servo drives on Focke cigarette packing machine so as to run both normal and jumbo TOR rolls.
5. Developed separate conversion kit for PV 100g so that both PV 100g & Rajrasa SKU's are catered by single tin seaming machine.
6. Designed and installed the combo pack machine for PV (1.55g) + PVSD (0.14g) SKU and D-motion machine for packing date based mouth freshener.
7. Modified existing cardamom peeler to process black cardamom (Badi Elaichi) for PVSD.
8. Converted Domino printer to facilitate use of UV coated laminate for chewing product pouches.

(C) RESEARCH & DEVELOPMENT

(i) New Product Development:

1. Work continues to be done on new product development to launch various new products along with improvement in existing products.
2. Working on in-house flavour creation which will enable us to reduce dependency on external suppliers and also reduce inventory levels.
3. New methods have been developed in analytical testing to measure various tobacco & smoke specific parameters. This financial year we have added 8 new tests under the scope of accreditation, with these, we now have 29 tests under scope of ISO 17025 Laboratory accreditation.
4. Research work continues to be done to understand the consumer preferences and the sensory profile leading to the development of new products in the range of premium and mid-premium pan masala, confectioneries as well as mouth-fresheners.

DIRECTORS' REPORT

5. A comprehensive product library has been created and new developments keep getting added to it which helps us quickly respond to changing consumer preferences.

(ii) Benefits derived as result of these developments:

1. Enhanced the sensory profile of smoke in order to be more competitive in the market.
2. Reduced dependency on external suppliers particularly for flavors.
3. Achieved product cost optimization.
4. Achieved process improvement and reduction in generation of waste.

Created differentiation across the product segments in order to respond to changing consumer preferences.

(iii) Future plan of action:

1. To further strengthen innovation in design and development.
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 continue to work on developing range of alternative and new generation products and automation solutions with reduced risk products.

(iv) Expenditure incurred on Research & Development

(Rs. Lakhs)

	2019-20	2018-19
(a) Revenue Expenditure	1040.98	961.44
(b) Capital Expenditure	52.27	226.73
Total	1093.25	<u>1118.17</u>

AWARDS AND RECOGNITION

Our Cigarette plant is ISO 5001, ISO 9001, ISO 14001 and OSHAS 18001 certified & Chewing plant is ISO 22000, ISO 14001 & ISO -45001 certified.

1. Guldhar factory received Greentech Environment "Winner Award" for exceptional achievement & initiatives in environment management.
2. Rabale factory received Green tech Safety "Platinum Award" for outstanding achievement in safety management and environment management.
3. Rabale factory received excellence award from 'INSAAN' society on suggestions schemes.
4. Chewing Ghaziabad plant won Prestigious "GREENTECH Award 2019" in the field of "Environment safety 2019".
5. Participated in the Asia Collaborative Study organized by TIOJ, Japan in which 69 laboratories from 54 countries took part. The results obtained by our laboratory were found to be at par with any national or international laboratory on the basis of the Z-score issued by TIOJ.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings in freely convertible currency by way of exports and other receipts during the year amounted to Rs. 597 crores (previous year Rs. 493 crores) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 244 crores (previous year Rs. 181 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.

DIRECTORS' REPORT

Annexure – 9

KEY FINANCIAL RATIOS

[Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

(i)	Operating Profit Margin ^{2&3} (%)	14.44	11.56
(ii)	Net Profit Margin ^{2&3} (%)	12.40	9.23
(iii)	Debtors Turnover Ratio ¹ – Based on Gross Value	106.91	80.19
(iv)	Inventory Turnover Ratio ²	5.10	4.75
(v)	Current Ratio	1.32	1.36
(vi)	Return on net worth ³ (%)	19.09	13.27

Notes :

- Debtors Turnover ratio** has been computed for both years on the basis of Gross Sales Value inclusive of all applicable taxes instead of Gross Revenue.
 - Improvement in Debtors Turnover Ratio for the year ended 31st March, 2020 is largely attributed to efficiency in realization of outstanding dues from the customers.
- Inventory Turnover, Operating Profit Margin and Net Profit Margin ratios** for the year 2018-19 have been recomputed on the full year basis in order to facilitate like to like comparison.
- Net Profit Margin and Return on Net worth ratios** have been computed based on Total Comprehensive Income. Operating Profit Margin, Net Profit Margin and Return on Net Worth is higher for the year ended 31st March, 2020 due to higher rate of growth in Gross Profit margins and overall improved profitability.
- Interest Coverage Ratio and Debt Equity ratio** are not relevant for the Company as it has negligible debt other than that arising out of accounting impact of lease liability as per Ind AS 116 applicable w.e.f. 2019-20.

On behalf of the Board

R. A. SHAH
Chairman of the Board

Date : 22nd August, 2020

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (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

A good Corporate Governance system is key to meaningful and holistic growth of an organization and it lays the foundation through which its sustainable progress into the future is nurtured.

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 executives ample freedom to operate and secure the Company's target by putting in their best efforts. The Board 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. It is imperative that our Company affairs are managed in a fair and transparent manner. We, therefore, ensure that we evolve and follow the Corporate Governance guidelines and best practices.

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, 2015, 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, 2020, the Board comprised four independent directors (including a woman director), three executive directors and two non-executive & non-independent directors.

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, 2020.



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, 2020	Membership/ Chairmanship of other Board Committees** as at March 31, 2020
1	Mr. R.A. Shah DIN 00009851	Non-Executive & Non-Independent	7	Yes	6 (includes 2 as Chairman)	3 (includes 2 as Chairman)
2	Mr. K K Modi #	Executive	2	No	N.A.#	N.A.#
3	Dr. Bina Modi@@ DIN 00048606	Executive	6	No	5	Nil
4	Mr. Sharad Aggarwal DIN 07438861	Executive	7	Yes	1	Nil
5	Dr. Lalit Bhasin DIN 00001607	Non-Executive & Independent	7	Yes	6	4 (includes 2 as Chairman)
6	Mr. Anup N. Kothari DIN 00294737	Non-Executive & Independent	7	Yes	2	Nil
7	Mr. Samir Modi@ DIN 00029554	Executive	6	Yes	5	Nil
8	Mr. Atul Kumar Gupta DIN 01734070	Non-Executive & Independent	7	Yes	1	1 (includes 1 as Chairman)
9	Mr. Ruchir Kumar Modi DIN 07174133	Non-Executive & Non-Independent	6	No	4	Nil
10	Mrs. Nirjala Bagri DIN 01081867	Non-Executive & Independent	6	No	2	2 (includes 1 as Chairman)

* 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).

Ceased to be the director on his demise on 2nd November, 2019

@ Son of Late Mr. K. K. Modi and Dr. Bina Modi.

@@ Wife of Late Mr. K. K. Modi and Mother of Mr. Samir Modi.

iii) **Name of the listed entities in which the Directors are holding directorship including category of directorship:**

S.No.	Name of the Director	Name of the Listed entity	Category of directorship
1.	Mr. R.A. Shah	Godfrey Phillips India Limited	Non - Executive & Non – Independent
		Lupin Limited	Non – Executive & Independent
		Pfizer Limited	Non – Executive & Independent
		Procter & Gamble Hygiene and Healthcare Limited	Non – Executive & Independent
		BASF India Limited	Non – Executive & Independent
		Atul Limited	Non - Executive & Non – Independent
		Colgate-Palmolive (India) Ltd. **	Non – Executive & Independent



S.No.	Name of the Director	Name of the Listed entity	Category of directorship
2.	Dr. Bina Modi	Godfrey Phillips India Limited Premium Merchants limited	Executive & Non – Independent Non - Executive & Non - Independent
3.	Mr. Sharad Aggarwal	Godfrey Phillips India Limited	Executive & Non - Independent
4.	Dr. Lalit Bhasin	Godfrey Phillips India Limited Asian Hotels (North) Ltd. Asian Hotels (West) Ltd.	Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent
5.	Mr. Anup N. Kothari	Godfrey Phillips India Limited	Non – Executive & Independent
6.	Mr. Samir Modi	Godfrey Phillips India Limited	Executive & Non - Independent
7.	Mr. Atul Kumar Gupta	Godfrey Phillips India Limited Yash Pakka Limited	Non – Executive & Independent Non – Executive & Independent
8.	Mr. Ruchir Kumar Modi	Godfrey Phillips India Limited	Non - Executive & Non - Independent
9.	Mrs. Nirmla Bagri	Godfrey Phillips India Limited APM Finvest Limited	Non - Executive & Independent Non - Executive & Independent

** Resigned from the Directorship with effect from close of business hours on 31st March, 2020.

(iv) Board Meetings held during the year

7 (Seven) Board Meetings were held during the financial year 2019-20. They were held on 30th May, 2019, 10th August, 2019, 23rd September, 2019, 14th November, 2019, 8th January, 2020, 7th February, 2020 and 5th March, 2020. 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.

(v) 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.)	43.14	Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates
2	Dr. Lalit Bhasin (Proprietor of Bhasin & Co.)	28.38	Payment for professional services to Bhasin & Co., Advocates

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

In pursuance of the provisions of Section 149 of the Companies Act, 2013 Mr. Atul Kumar Gupta was appointed as an Independent Director of the Company at the Annual General Meeting (AGM) held on 29th September, 2015 to hold office for a term of 5 (five) consecutive years upto the conclusion of AGM to be held in the calendar year 2020. Further, the Board of Directors has recommended his reappointment as an Independent Director for another term of 5 (five) consecutive years effective from 20th June, 2020 till 19th June, 2025 subject to approval of shareholders to be obtained at the ensuing AGM.

Mr. R.A. Shah and Mr. Sharad Aggarwal, both being non-independent directors, shall be retiring by rotation and being eligible, have offered themselves for reappointment in the ensuing AGM in accordance with the provisions of Section 152(6) of the Companies Act, 2013.



Brief profile of the aforesaid Directors is given as under:

Name of the Director	Mr. Atul Kumar Gupta
Director Identification Number	01734070
Date of joining the Board	20/06/2015
Qualification	M.Sc (Physics) from Allahabad University, Masters in Social Sciences (Development Administration) from University of Birmingham, U.K.
Profile of the Director	<ul style="list-style-type: none"> - Retired IAS Officer (worked as Chief Secretary to the Govt. of U.P. from May 2008 to March, 2011) - Also chaired the 4th State Finance Commission of U.P. from Dec, 2011 to Dec, 2014. - Also worked as Infrastructure and Industrial Development Commissioner and Principal Secretary to the State Govt., prior to elevation as Chief Secretary.
Directorships and Committee memberships in other companies*	Yash Pakka Limited (Vice- Chairman and member of Audit Committee)
Number of Shares held in the Company	Nil
Name of the Director	Mr. R.A. Shah
Director Identification Number	00009851
Date of joining the Board	07/06/1969
Qualification	Solicitor
Profile of the Director	<ul style="list-style-type: none"> - Leading Solicitor and Senior Partner of Messrs Crawford Bayley & Co., Solicitors & Advocates, Mumbai - Specialises in a broad spectrum of Corporate Laws in general with special focus on Foreign Investments, Joint Ventures, Technology and License Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti-Trust and Competition Law. - Member of the Managing Committee of Bombay Chamber of Commerce - Member of Indo German Chamber of Commerce.
Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 1. Lupin Ltd. 2. Colgate-Palmolive India Ltd. (Vice- Chairman of the Board and Chairman of Audit Committee)** 3. Pfizer Limited (Chairman of the Board and Audit Committee) 4. Procter & Gamble Hygiene and Healthcare Limited (Chairman of the Board and Audit Committee) 5. BASF India Ltd. (also a member of Audit Committee) 6. Atul Ltd
Number of Shares held in the Company	20000
Name of the Director	Mr. 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	Over 20 years of professional experience, responsible for manufacturing, engineering, research and development, innovation and supply chain functions in the Company.
Directorships and Committee memberships in other companies*	International Tobacco Company Limited
Number of Shares held in Company	Nil



- * 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.
- ** Resigned from the Directorship with effect from close of business hours on 31st March, 2020.

(vii) 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.

(viii) 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 communication describing their roles, functions, duties and responsibilities as a Director and the same is uploaded on the Company's website at <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>.

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.

During the year under report, the Directors of the Company were also familiarised in details about the industry in which Company is operating and the business & revenue models and various segments in which the Company has been operating. Further, they were also made conversant about their roles, rights and responsibilities.

(ix) 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 the date of this report, have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2020. A declaration to this effect signed by Dr. Bina Modi, Managing Director as the Chief Executive Officer of the Company is annexed to this report.

(x) Key Board qualifications, expertise and attributes

The Company's Board comprises qualified members who bring in the requisite skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Company's Board is in compliance with the highest standards of corporate governance.

The following are the skills/expertise/competencies that are required in the context of the company's business(es) and sector(s) and the directors who possesses such skills/expertise/competencies:

S.No	Name of the Director	Skills/Expertise/Competencies
1.	Mr. R.A. Shah	Expertise in the field of Foreign Investments, Joint Ventures, Intellectual Property Rights, Mergers and Acquisitions, Anti-Trust and Competition Laws
2.	Dr. Bina Modi	Leadership and Entrepreneurship skills
3.	Dr. Lalit Bhasin	Legal Acumen
4.	Mr. Anup N. Kothari	Architectural skills
5.	Mr. Atul Kumar Gupta	Public Relations skills
6.	Mr. Sharad Aggarwal	Expertise in Operations, Research & Development, Innovation, Technology and Supply Chain functions
7.	Mr. Samir Modi	Innovation, Leadership and Marketing skills and expertise in Retail
8.	Mr. Ruchir Kumar Modi	Innovation and Entrepreneurship skills
9.	Mrs. Nirmala Bagri	Financial and Administrative skills



- (xi) The Board of Directors of the Company has confirmed that in their opinion the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations, 2015 and are independent of the management.
- (xii) No Independent Director of the Company has resigned from the Company during the year under 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, Company Secretary, acts as the Secretary to the Committee.

Dr. Lalit Bhasin, Chairman of the Committee, was present at the Annual General Meeting held on 23rd September, 2019 to answer the shareholders' queries.

Audit Committee meetings are also attended by the Managing Director in his/her 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 2019-20 i.e. on 4th May, 2019, 30th May, 2019, 10th August, 2019, 14th November, 2019 and 7th February, 2020.

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: <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>
- 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 30th June, 2020.
- iv) Copies of the minutes of the board meetings of all the unlisted subsidiaries held during the year 2019-20 were placed at the board meeting of the Company held on 30th June, 2020.
- v) The requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiaries are placed before the Board from time to time.
- vi) Since none of the subsidiaries of the Company are material, hence requirement of Secretarial Audit does not apply to any of them. However, Secretarial Audit of the Company was carried out by M/s Chandrasekaran Associates for the financial year ended 31st March, 2020 and their report is annexed to the Directors' report.

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 standalone financial statements for the year ended 31st March, 2020 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meetings held on 10th August, 2019, 14th November, 2019, 7th February, 2020 and 30th June, 2020. 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 31st March, 2020, 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 31st March, 2020, 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 : <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>

(B) Disclosure of accounting treatment

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.

(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. Further, it is clarified that SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/000000141



dt. 15th November, 2018 with regard to disclosures regarding commodity risks by listed entities is not applicable on the Company since the Company doesn't trade in commodity market.

The Risk Management Committee comprises of Dr. Lalit Bhasin as its Chairman and Mr. Atul Kumar Gupta, Mr. Sharad Aggarwal and Mr. Bhasham Wadhera as its members.

Details of meetings held and attendance:

The Risk Management Committee met on 5th March, 2020.

S. No.	Name	Category of directors	No. of Meetings attended
1	Dr. Lalit Bhasin	Non-Executive & Independent	1
2	Mr. Sharad Aggarwal	Executive & Non-Independent	1
3	Mr. Bhasham Wadhera	Chief Executive Officer	1
4	Mr. Atul Kumar Gupta	Non-Executive & Independent	1

The terms of reference of this committee are as under:

- (i) To review the risk profile and risk registers of the Company from time to time in respect of various business/ functions including cyber security.
- (ii) Any other function as may be assigned by the Board from time to time.

(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 <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>. 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, Qualified Institutions Placement 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) Certificate from Company Secretary in Practice

M/s Chandrasekaran Associates, Practising Company Secretaries and also the Secretarial Auditors of the Company, has issued a certificate as required under the SEBI Listing Regulations, 2015, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority. The certificate is attached with this report.

- (H) There is no instance during the financial year 2019-20 where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required to be accepted.



(I) Details of Total fees paid to statutory auditors

The details of total fees for all services by the company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

Type of service	Amount (Rs. in lakhs)
Audit and Related Service Fees (Audit & Review of Financial Statements and Certification)	219.87
Tax Audit Fees	23.64
Non-Audit fees	23.52
Reimbursement of Out of Pocket Expenses	15.59
Total	282.62

(J) Disclosures in relation to the Sexual Harassment of Women at Work-place (Prevention, Prohibition and Redressal) Act, 2013:

During the year under report, no complaint was filed with the Company and no complaint is pending at the end of the financial year.

(K) 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.

(L) Annual Secretarial Compliance Report

The Company has undergone an audit for the financial year 2019-20 for all applicable compliances as per SEBI Listing Regulations, 2015 and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within the extended time limit as prescribed by SEBI.

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	15,00,000	15,00,000
Mr. K. K. Modi ⁵	Nil	Nil	Nil	Nil	Nil
Mr. Sharad Aggarwal ¹	1,83,99,603	33,47,116	Nil	Nil	2,17,46,719
Dr. Lalit Bhasin	Nil	Nil	Nil	21,00,000	21,00,000
Mr. Anup N. Kothari	Nil	Nil	Nil	17,00,000	17,00,000
Mr. Atul Kumar Gupta	Nil	Nil	Nil	18,00,000	18,00,000
Mr. Samir Modi ²	2,40,00,000	3,56,34,366	17,85,59,911	Nil	23,81,94,277
Dr. Bina Modi ³	Nil	Nil	Nil	6,00,000	6,00,000
Mr. Ruchir Kumar Modi ⁴	Nil	Nil	1,50,00,000	Nil	1,50,00,000
Mrs. Nirmala Bagri	Nil	Nil	Nil	8,00,000	8,00,000
Total	4,23,99,603	3,89,81,482	19,35,59,911	85,00,000	28,34,40,996

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

\$ Excluding Goods & Service Tax paid under reverse charge.

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

¹ The Company has service contract with Mr. Sharad Aggarwal, Whole-time Director for a period of five years with effect from 1st October, 2017. The notice period is three calendar months by either party. No severance fees is payable to him.

² The Company has service contract with Mr. Samir Modi, Executive Director for a period of three years with effect from 1st October, 2018. The notice period is three calendar months by either party. No severance fees is payable to him. Mr. Samir Modi is the son of Late Mr. K.K. Modi and Dr. Bina Modi.

³ The Company has service contract with Dr. Bina Modi, Managing Director for a period of five years with effect from 14th November, 2019. The notice period is six calendar months by either party. No severance fees is payable to her. Dr. Bina Modi is wife of Late Mr. K. K. Modi.

⁴ Mr. Ruchir Kumar Modi is entitled to 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. Further, the shareholder has approved his remuneration for a further period of three years with effect from 1st July 2019.

⁵ Ceased to be the Managing Director upon his demise on 2nd November, 2019. Since contract with him also ceased with his demise.

(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, 2020
1.	Mr. R. A. Shah	20000
2.	Dr. Lalit Bhasin	2000
3.	Mr. Anup N Kothari	6000
4.	Mr. Atul Kumar Gupta	Nil
5.	Mr. Ruchir Kumar Modi	2000
6.	Mrs. Nirmala Bagri	Nil



(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.

Independent Directors in their separate meeting held on 5th March, 2020 evaluated the replies/feedbacks received in response to the questionnaire circulated and expressed their satisfaction with the evaluation process.

7. MANAGEMENT

As per Regulation 26(5) of SEBI Listing Regulations, 2015, all members of the senior management team are required to 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 the 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 31st March, 2020 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 22nd August, 2020.

8. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Dr. Lalit Bhasin, as its Chairman and Mr. R.A. Shah, Mr. Anup N. Kothari and Mrs. Nirmala Bagri as its members. During the year, Dr. Bina Modi ceased to be the member after being appointed as the Managing Director and Mrs. Nirmala Bagri was appointed as a new member.

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) To recommend to the Board, all remuneration, in whatever form, payable to senior management.
- (vi) Any other matter as may be assigned by the Board from time to time.

The Committee met two times during the financial year 2019-20 i.e. on 10th August, 2019 and 14th November, 2019.

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

The Nomination and Remuneration Committee has formulated a criteria for evaluation of every Director's performance including Independent Directors. Various parameters of evaluation include level of participation in the meeting of the Board / Committees 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. Atul Kumar Gupta and Dr. Bina Modi as its members. Mr. K. K. Modi ceased to be the member upon his demise on 2nd November, 2019.

This Committee, besides sanctioning share transfers/transmissions and other related matters, also looks into various aspects of interest of shareholders' and other investors' complaints. Further, the role of the committee shall be as specified as in Part D of the Schedule II of SEBI Listing Regulations, 2015. Mr. Sanjay Gupta, Company Secretary, is designated as Compliance Officer.

During the year, the Committee met three times i.e. on 23rd September, 2019, 8th January, 2020 and 7th February, 2020.

S. No.	Name	Category of directors	No. of meetings attended
1.	Dr. Lalit Bhasin	Non-Executive & Independent	3
2.	Mr. Atul Kumar Gupta	Non-Executive & Independent	3
3.	Dr. Bina Modi	Non-Executive & Non-Independent	2

14 (fourteen) complaints were received during the year from the shareholders/investors. One complaint was pending for redressal as on 31st March, 2020 which was resolved post 31st March, 2020.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee comprises of Mr. R.A. Shah, as its Chairman and, Mr. Anup N. Kothari, Dr. Bina Modi, Dr. Lalit Bhasin and Mrs. Nirmla Bagri as its members. During the year, Mr. K. K. Modi ceased to be the member on his demise on 2nd November, 2019 and Mrs. Nirmla Bagri was appointed as a new member.

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 10th August, 2019 and the meeting was attended by Mr. R.A. Shah, Mr. K.K. Modi, Mr. Anup N. Kothari, Dr. Bina Modi, and Dr. Lalit Bhasin.

11. INDEPENDENT DIRECTORS' MEETING

All the Independent Directors met on 14th November, 2019 primarily to take stock of developments arising from the sad demise of Mr. K. K. Modi on 2nd November, 2019 and deliberate on who should succeed him to the position of the Managing Director and again on 5th March 2020, 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
2016-17	15 th September, 2017	3:30 PM	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate Mumbai – 400 020	Alteration in the terms and conditions relating to payment of remuneration to Mr. K.K. Modi with effect from 1 st April, 2017 for the remaining period of his current tenure i.e. upto 13 th August, 2018.
2017-18	25 th September, 2018	3:15 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	<ol style="list-style-type: none"> (1) Re-appointment of Mr. K.K. Modi (DIN 00029407) as Managing Director for a period of three years effective from 14th August, 2018. (2) Re-appointment of Mr. Samir Modi (DIN 00029554) as an Executive Director and approving remuneration for a period of three years effective from 1st October, 2018. (3) Approval for continuing the directorship of Mr. R.A. Shah (DIN 00009851) as Non-Executive Director of the Company. (4) Approval for continuing the directorship of Dr. Lalit Bhasin (DIN 00001607) as Non-Executive and Independent Director of the Company. (5) Approval for continuing the directorship of Mr. Anup N. Kothari (DIN 00294737) as Non-Executive and Independent Director of the Company. (6) Approval for continuing the directorship of Mrs. Bina Modi (DIN 00048606) as Non-Executive Director of the Company. (7) Approval for continuation of remuneration to be paid to Mr. Ruchir Kumar Modi (DIN 07174133) till the expiry of his tenure of remuneration i.e. till 30th June, 2019.
2018-19	23 rd September, 2019	3:15 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	<ol style="list-style-type: none"> (1) Appointment of Mrs. Nirmala Bagri (DIN 01081867) as a Woman Independent Director for a term of 5 (five) consecutive years upto 31st March, 2024. (2) Re-appointment of Dr. Lalit Bhasin (DIN 00001607) as an Independent Director for a term of 5 (five) consecutive years upto the conclusion of 87th Annual General Meeting of the Company in the calendar year 2024. (3) Re-appointment of Mr. Anup N. Kothari (DIN 00294737) as an Independent Director for a term of 5 (five) consecutive years upto the conclusion of 87th Annual General Meeting of the Company in the calendar year 2024. (4) To approve payment of remuneration by way of commission to Mr. Ruchir Kumar Modi (DIN 07174133), a Non-Executive Director, for a period of three years from 1st July 2019 till 30th June, 2022.

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



One resolution was put through postal ballot during the financial year 2019-20 whose details are furnished below:

Special Resolution Passed	No. of shares	No. of Votes polled	No. of Votes casted in favour	% of votes casted in favour	No. of Votes casted against	% of Votes casted against	Date of Declaration of Results
Appointment Dr. Bina Modi as President and Managing Director of the Company	51993920	31436694	26416795	84.0317	5019899	15.9863	6 th January, 2020

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 29th September, 2020.

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.

Earnings Presentations relating to the Quarters ended on 30th June, 30th September, 31st December, 2019 and 31st March, 2020 were submitted to the Stock Exchange(s) and are also available on the Company's website.

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

14. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting

Date and Time : 29th September, 2020 at 12:30 P.M.
Venue : Convened through Video Conference ("VC") / Other Audio Visual Means ("OVAM")

ii) Financial Calendar for 2019-20

First Quarter Results : 22nd August, 2020
Second Quarter Results : Latest by 14th November, 2020
Third Quarter Results : Latest by 14th February, 2021
Annual Results : Latest by 30th May, 2021

iii) Date of Book Closure : 28th September, 2020 to 29th September, 2020
(Both days inclusive)

iv) Dividend Payment Date : Not Applicable

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).

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

The Company has paid the listing fees to the above Stock Exchange(s) for the financial year 2020-21.

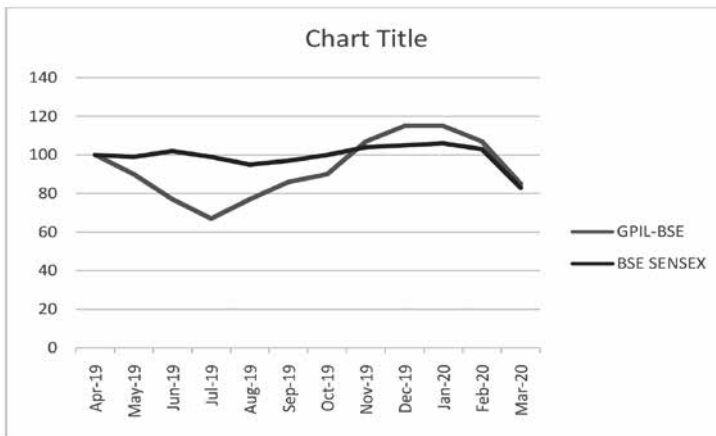
vi) Market Price Data of equity shares of the Company

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, 2020 are as under:



Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
Apr-19	1,209.00	1,088.00	1,209.90	1,087.00
May-19	1,132.90	934.35	1,110.00	929.20
Jun-19	942.20	826.15	941.35	825.25
Jul-19	847.00	686.70	846.80	684.00
Aug-19	1,098.00	675.30	1,097.80	673.30
Sep-19	1,052.00	933.20	1,053.00	932.50
Oct-19	1,130.00	930.10	1,130.00	926.00
Nov-19	1,377.00	1,070.00	1,374.90	1,082.45
Dec-19	1,428.00	1,215.80	1,428.00	1,214.00
Jan-20	1,480.40	1,172.45	1,481.75	1,172.00
Feb-20	1,408.40	1,060.50	1,410.00	1,057.05
Mar-20	1,227.50	732.40	1,226.00	732.00

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 2019-20.

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: mt.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, 2020

Range of Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1-5000	22188	99.18	46,31,989	8.91
5001-10000	89	0.40	6,18,970	1.19
10001-20000	25	0.11	3,67,826	0.71
20001-30000	16	0.07	3,83,529	0.74
30001-40000	5	0.02	1,69,455	0.32
40001-50000	6	0.03	2,79,186	0.54
50001-100000	19	0.08	13,72,817	2.64
100001 and above	23	0.10	4,41,70,148	84.95
TOTAL	22371	100.00	5,19,93,920	100.00

xi) Categories of shareholding as on March 31, 2020

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	0	0.00
Foreign Banks	1,500	0.00
Foreign Portfolio Investors – Corp.	60,81,097	11.70
Mutual Funds/UTI	10,38,864	2.00
Financial Institutions/Banks	93,636	0.18
Bodies Corporate	3,66,450	0.70
Individuals	62,25,534	11.97
Central Government/ State Government(s)	2,51,906	0.48
NRIs and OCBs	1,36,309	0.26
Other Directors & Relatives	28,000	0.05
Unclaimed Suspense Account	1,83,005	0.35
Others	52,833	0.10
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, 2020, a total of 5,12,37,533 equity shares of the Company, which forms 98.55% 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), Ongole, 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.
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.
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
Noble Heights , 1st Floor , Plot NH2
C-1 Block LSC Near Savitri Market , Janakpuri , New Delhi 110058
Phone – 011-41410592
Fax No : 011- 41410591
E-mail : delhi@linkintime.co.in

xvi) Credit Ratings

The Company has obtained rating from CRISIL ratings on the bank facilities availed by the Company during the year ended 31st March, 2020 which was as specified below:

Rating Agency	Rating	Bank Loan Facilities rated (Cash Credit, Letter of Credit, Bank Guarantee & Bank Loan Facility)
CRISIL Ratings	CRISIL AA+/Stable CRISIL A1+	Long-Term Rating Short-Term Rating

xvii) Corporate Identity Number (CIN): L16004MH1936PLC008587



15. DETAILS OF UNCLAIMED SHARES

Equity Shares in the Suspense Account

The requisite disclosures under Schedule V of SEBI Listing Regulations, 2015, in respect of the Unclaimed Shares, pursuant to Regulation 39 read with Schedule VI of the SEBI Listing Regulations, 2015 are provided hereinunder:

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 st April, 2019	243	196,480
Number of shareholders and the outstanding shares are transferred to suspense account during the reporting period	0	0
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	6	5200
Shareholders to whom shares were transferred from the suspense account during the year	6	5200
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	25	8275
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2020	212	183005

All corporate benefits on such shares in the nature of rights, bonus, split, etc., shall be credited to 'Unclaimed Suspense Account', as applicable for a period of 7 years and thereafter shall be transferred in line with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with Section 124(5) and Section 124(6) of the Companies Act, 2013. The voting rights in respect of these equity shares are frozen until the rightful owner claims them.

16. CEO/CFO CERTIFICATION

A certificate signed by Dr. Bina 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 Para 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 : 22nd August, 2020

R.A. SHAH
Chairman



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

**The Board of Directors
Godfrey Phillips India Limited
Omaxe Square, Plot No. 14
Jasola District Centre, Jasola
New Delhi - 110 025**

I, Dr. Bina 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, 2020.

Place : New Delhi
Date : June 30, 2020

DR. BINA MODI
Managing Director
(Chief Executive Officer)

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

**The Board of Directors
Godfrey Phillips India Limited
Omaxe Square, Plot No. 14
Jasola District Centre, Jasola
New Delhi - 110 025**

We, Dr. Bina 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, 2020 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, 2020 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, 2020 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.

DR. BINA MODI
Managing Director
(Chief Executive Officer)

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

Place: New Delhi
Date : June 30, 2020



GODFREY PHILLIPS
—INDIA LIMITED—

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
**The Members of
M/s. GODFREY PHILLIPS INDIA LIMITED
Macropolo Building, Ground Floor,
Dr. Babasaheb Ambedkar Road,
Lalbaug Mumbai-400033**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Godfrey Phillips India Limited having CIN L16004MH1936PLC008587 and registered office at Macropolo Building, Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug Mumbai-400033 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

SR.NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
1.	Mr. Lalit Bhasin	00001607	31/03/1986
2.	Mr. Rajendra Ambalal Shah	00009851	07/06/1969
3.	Mr. Samir Modi	00029554	11/01/1994
4.	Mrs. Bina Modi	00048606	07/04/2014
5.	Mr. Anup Narender Kothari	00294737	15/03/1989
6.	Ms. Nirmla Bagri	01081867	01/04/2019
7.	Mr. Atul Kumar Gupta	01734070	20/06/2015
8.	Mr. Ruchir Kumar Modi	07174133	19/03/2016
9.	Mr. Sharad Aggarwal	07438861	01/10/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN:A016302B000325853

Date: June 8, 2020
Place: Delhi



Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

THE MEMBERS OF

GODFREY PHILLIPS INDIA LIMITED

1. The Corporate Governance Report prepared by Godfrey Phillips India Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. 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.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1, 2019 to March 31, 2020:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);

- (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee;
 - (g) Independent Director's meetings; and
 - (h) Corporate Social Responsibility (CSR) Committee
- v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report 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.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria
Partner
Membership Number: 086370
UDIN: 20086370AAAACR6958

Place of Signature: Faridabad

Date: August 22, 2020



{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, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai-400033, Maharashtra
4.	Website	www.godfreyphillips.com
5.	E-mail id	isc-gpi@modi-ent.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Cigarettes (12003) and Pan Masala (12008), Retail Store Products & Services (47) 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 store operations
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. 304466.87 Lakhs
3.	Total profit after taxes	Rs. 38787.97 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.	Not directly

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

No.	Particulars	Details
1.	DIN Number	00048606
2.	Name	Dr. Bina Modi
3.	Designation	Managing Director

(b) Details of the BR head

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

2.

The operating principles adopted by the Company to supplement the requirements under the National voluntary Guidelines (NVGs)	The National Voluntary Guidelines provide for the following nine principles: 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 join 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 assessment of working of these policies and principles is within the framework of internal control system of the Company.								



4. Governance related to BR	As a statutory requirement, this report has been compiled and is annexed to the duly approved report of the Board of Directors. Various policies are 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. There are laid down structures, procedures and practices to promote this principle across the value chain. By virtue of the 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 is committed to provide full, fair, accurate, timely and understandable disclosure in reports and documents required to be filed / submitted to the regulatory authorities while protecting and maintaining confidentiality and disclosure of price sensitive information as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

Consumer grievance cell addresses complaints related to product and all logical complaints are addressed in the same financial year. All statutory and local body compliances are done within the statutory timelines.

14 (fourteen) complaints were received during the year from the shareholders/investors. One complaint was pending for redressal as on 31st March, 2020 which was resolved post 31st March, 2020.

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 re use of treated water and optimizing utilization of natural resources. All out efforts are made at the manufacturing plants to improve efficiency and productivity and reduce wastage. Environmental friendly practices are adopted and product integrity and quality are of prime importance. Tobacco contained in rejected cigarettes is retrieved and used back and plastic core bobbins, shipper cases, wooden pallets, C-48 boxes, filter rod boxes and filter trays are reused and rejected pouches are ripped and recycled to conserve resources. Your Company introduced use of recyclable paper-based laminate for packing of chewing products and implemented strip color-coded packaging to maintain product integrity & hence consumer safety. Various measures are taken to save energy at all factory locations.

The Company also carries out regular vendor audits and guides its vendors on different areas of improvement on a regular basis. It is the Company's endeavor to make its local supplier to meet international specifications for imported spare parts and help them in developing imported spares.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Vendors operating from the close vicinity to the plant location are given preference as it helps saving on transportation and inventory carrying costs. Suppliers and service providers are encouraged to follow applicable laws, rules and regulations as well as the standards relevant to their business and fair work practices. Systematic documentation and records are maintained. Non-conformities are identified & addressed through appropriate process controls.



Similarly, employees in the plant locations are hired keeping in mind proximity of their residence. Company imparts on-the-job training to unskilled employees in order to upgrade their level of skills and thereby improve their earning ability.

All our major suppliers of raw and packing materials are ISO Certified. The Company undertakes vendor development activities for our raw material and packaging material suppliers.

For Domestic movement the Company has reputed transporters on board who are ISO certified. There are also few transporters such as East India Transport and Chinar Road Lines who are associated with the Company for over 30 years. RFQ is floated almost every six month to top freight forwarders for submitting their best rates, basis which contracting is done with the most competitive vendors. In order to monitor and standardize we have SOP's in place and are being followed by our factories as well as transporter.

All our manufacturing facilities offer dust free environment through closed dust collection systems.

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: 1016
2. Total number of employees hired on temporary/contractual/casual basis: 708
3. The Number of permanent women employees: 52
4. The Number of permanent employees with disabilities: None
5. Any employee association that is recognized by management.: Yes, Tambakoo Janya Padarth Mazdoor Union
6. Percentage of permanent employees being members of this recognized employee association: 12.40%
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	None	None
2.	Sexual harassment	None	None
3.	Discriminatory employment	None	None

8. Percentage of under mentioned employees were given safety & skill up-gradation training in the last year
 - (a) Permanent employees : 72%
 - (b) Permanent women employees : 42%
 - (c) Casual/Temporary/Contractual employees : 75%
 - (d) Employees with disabilities : Not Applicable



There are established procedures aimed at accidents and injuries at workplaces. The Company ensures fair treatment to contract workers and there are checks and balances to ensure their statutory contributions and provision of safe working environment. The Company provides welfare facilities like subsidized food, medical checkup, medical facilities including medical insurance, yoga and other wellness sessions to its on-roll employees. Welfare and development of employees at all levels in the organization remains one of the key agenda in the functioning of the organization.

Your Company has been adjudged among the 'Best Places to Work' in India, consecutively for the second year. This external recognition has been made possible through progressive human resource policies, people practices and organizational culture.

Various platforms and forums are available internally to acknowledge exceptional performance and desired behaviors. These serve as strong endorsements of high performance and encourage others to make similar contributions.

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, surveys, feedbacks, internal meetings 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.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth.

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. The said Policy and its implementation is directed towards adherence to applicable laws and upholding the spirit of human rights. No complaints of sexual harassment, gender or caste based discrimination or child labour were received in the financial year under the report. Company is committed to the manufacture and supply of quality and safe products to the entire satisfaction of customer and will continually strive to improve the effectiveness as well as implementation of the established quality & food safety management systems and practices.



Principle 6 – Environmental Responsibility

Your Company believes in following best practices in the field of environment, health and safety. As a responsible corporate citizen, the 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 22000:2005, ISO 14000(2015), ISO 50000 (energy), ISO 14001, ISO 50001 (EnMS) certification of the plants is further proof of the Company's commitment towards the environment. The manufacturing facility at Rabale is a IGBC certified Gold rated green factory building. The manufacturing unit at Guldhar has received Greentech Platinum Awards during the year. All the major parameters on energy conservation, water conservation, sustainable site selection, indoor air quality, reuse of waste water, natural light use, reducing energy load by design of structure have been taken care during the construction phase.

The Company understands the criticality and consequences of global environmental issues. Wide range of initiatives such as plantation, use of energy efficient technologies, reduction in use of energy and water, rainwater harvesting, use of solar power, etc. are some of the steps in this direction. Some of the recently taken initiatives include synchronization of power between DG based source and PNG based source in order to optimize load sharing and re-setting of RH point in HVAC, thereby reduce fuel consumption. Similarly, re-use of treated water waste for horticulture has led to water conservation and zero discharge. All utilities in the plants are being gradually replaced with more energy efficient models. All these measures are aimed at conserving natural resources, maintaining qualitatively superior work environment and reducing wasteful consumption. The Company continually identifies and assesses potential environmental risks associated with its operations and complies with applicable environmental regulations set by regulatory authorities.

The Company has a strategy to execute projects in an environmental sustainable way. All the major parameters on energy conservation, water conservation, sustainable site selection, indoor air quality, reuse of waste water, natural light use, reducing energy load by design of structure have been taken care during construction phase. In Guldhar, the Company has developed & maintained recharge structure in ponds of 2 nearby villages (Khimaoti & Shahzadpur) for rain water recharge capacity of more than 1.10 lakh litres to maintain ground water within vicinity.

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 and administration, economic reforms, environmental safety, public health, education, inclusive development policies, energy security, sustainable business principles, taxes, water and food security, etc. Some of the trade associations with which we are associated are; Federation of Indian Chambers of Commerce and Industry, Ghaziabad Management Association, Confederation of Indian Industry, Central Ground Water Authority (CGWA), Indian Chamber of Commerce and Industry (ICCI), PHDCCI, ASSOCHAM, Tobacco Institute of India, Thane Belapur Industrial Association Trans Thane Creek Waste Management Association and Common Effluent Treatment Plant Authority (CETP).



The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

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. Other initiatives taken during the year include tree plantation drive and water conservation in village ponds. 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. The Company undertakes a number of surveys in order to assess consumer satisfaction with reference to product formulation, packaging and advertising. Customers are the centric part of the Company's business hence all necessary policies are framed around customer satisfaction. A structured customer complaint redressal system is in place to address all issues related to customer. All complaints received from the customers are acknowledged, investigated and responded to as per the Standard Operating Procedures. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. 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.

The Company is committed to providing products and services that offer best-in-class quality and user experience. The Company also makes efforts to educate customers on responsible usage of its products and services.

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

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 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 5(a) of the accompanying standalone Ind AS financial statements, which describes the uncertainties and the possible effects of uncertainties related to outbreak of COVID-19 on the business operations of the Company as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.



Key audit matters	How our audit addressed the key audit matter
Recoverability of carrying value of net assets relating to retail and chewing business (as described in notes 5 (d) (i) and 5 (d) (ii) of the standalone Ind AS financial statements)	
<p>As at March 31, 2020, the carrying value of net assets relating to retail and chewing business was Rs. 8,603.17 lakhs and Rs. 6,386.99 lakhs respectively.</p> <p>Recoverability of carrying value of assets relating to retail and chewing business have been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> - The significance of the carrying value of assets being assessed. - Significant losses being incurred in the retail business and continuing losses in the chewing business. - The assessment of the recoverable amount of the Company's Cash Generating Units (CGUs) involves significant judgements and estimates including the potential impact of COVID 19 on the future cash flows. <p>The key judgements and estimates centred on identification of indicators of impairment and future projections relating to the aforesaid business.</p>	<p>Our procedures amongst others included the following:</p> <ul style="list-style-type: none"> - Obtained and assessed management analysis of internal and external factors impacting the Company's retail and chewing business in line with Ind AS 36. - In relation to the retail business, obtained and evaluated the valuation report of management appointed expert for the purpose of testing the key assumptions and valuation methodologies used to determine the recoverable amount by engaging valuation specialists. - In relation to the chewing business, critically evaluated the key assumptions used by the management including forecasted revenues, appropriateness of the weighted average cost of capital used to discount the future cash flows by engaging valuation specialists. - Assessed the independence, competence and objectivity of the management appointed expert used for determining the recoverable amount. - Compared the recoverable amount of the assets relating to retail business to the carrying value in books. - Assessed the disclosures made in the financial statements by the Company in this regard.
Revenue recognition (as described in notes 4.1.1 and 26 of the standalone Ind AS financial statements)	
<p>For the year ended March 31, 2020 the Company has recognized revenue from operations of Rs. 304,468.87 lakhs.</p> <p>Revenue recognition has been recognized as a key audit matter due to the following consideration:</p> <ul style="list-style-type: none"> - Completeness and Occurrence: The variety of terms that define when control is transferred to the customer. Further the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control is transferred. This give rise to the risk that revenue is not recognized in the correct period. - Measurement: Revenue is measured net of pricing allowances, other trade discounts, and price promotions to customers (collectively 'trade spend'). There is a risk that trade spend accruals are incorrectly recorded as its also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual. 	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> - Read and assessed the Company's revenue recognition accounting policies including the recognition and classification criteria for trade spend in accordance with the requirements of Ind AS 115. - Performed walkthroughs and test of controls, assisted by our IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls. - Selected a sample of transactions taking place at either side of the balance sheet date to evaluate whether revenue was recognised in the correct period by agreeing the date of revenue recognition to third party supports such as bill of lading, lorry receipts etc. - Tested the calculations of provision related to trade spend by agreeing a sample of amounts recognised to underlying arrangements and other supporting documents. Compared the year end rebate provisions and rebate costs in the year to prior year amounts and expectations in order to identify unusual trends.



Key audit matters	How our audit addressed the key audit matter
Accuracy and completeness of related party transactions (as described in note 45 of the standalone Ind AS financial statements)	
<p>The Company has undertaken transactions with its related parties. These include sale of goods to related parties, purchase of goods and services from related parties.</p> <p>We identified accuracy and completeness of the said related party transactions as a key audit matter due to significance of related party transactions, risk of transactions entered not transacted on an arm's length basis and risk of such transactions remaining undisclosed.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> - Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions. - Read minutes of shareholder meetings, board meetings and audit committee meetings regarding Company's assessment of related party transactions being in the ordinary course of business at arm's length. - Tested, on a sample basis, related party transactions with the underlying contracts, confirmation letters and other supporting documents. - Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis. - Assessed the related party disclosures in the financial statements through review of statutory information, books and records and other documents obtained during the course of our audit.
Adoption of Ind AS 116 'Leases' (as described in notes 4.3, 4.23.1 and 42 of the standalone Ind AS financial statements)	
<p>Effective 01 April 2019, the Company has adopted Ind AS 116 "Leases" and has recognised right of use assets (adjusted for prepaid & accrued lease payments) of Rs. 35,748.92 lakhs and lease liabilities of Rs. 33,953.72 lakhs as of April 01, 2019 by applying a modified retrospective approach.</p> <p>Application of Ind AS 116 requires significant judgement and estimate in determining the right of use assets and lease liabilities based on terms of the underlying lease agreements, hence we considered this as a key audit matter.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> - Read and assessed the Company's accounting policies in accordance with the requirements of Ind AS 116. - Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to accounting of leases under Ind AS 116; - Tested the accuracy and completeness of the underlying lease master by agreeing the underlying data pertaining to lease rentals, term, escalation and other relevant terms and conditions to lease agreements and recomputed the calculations involved on a sample basis. - Evaluated the underlying assumptions and estimates including the discount rates. - Assessed the disclosures made in the financial statements by the Company in this regard.

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.



Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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 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 loss, 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) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for



expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria

Partner

Membership Number: 086370

UDIN: 20086370AAAABP6936

Place of Signature: Faridabad

Date: 30 June, 2020

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, 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 Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provision of section 186 of the Companies Act 2013 in respect of investments and guarantees made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company. Therefore, in our opinion the provisions of clause 3(vi) of the Order are not applicable to the Company and hence not commented upon.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, duty of custom, duty of excise, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income tax, excise duty, goods and service tax, sales tax, value added tax and service tax which have not been deposited on account of any dispute and where the Company is in appeal are as follows:



Nature of Statute	Nature of Dues	Amount (In Rs. Lakhs)	Amount deposited (In lakhs)	FY to which it relates	Forum where dispute is pending
Central Sales Tax 1956	Sales Tax	37.72	18.86	2006-07	Sales Tax Tribunal
Central Sales Tax 1956	Sales Tax	0.28	-	2015-16	Upto Commissioner (Appeals) level
Madhya Pradesh VAT Act, 2002	VAT	2.13	0.23	2014-15	Sales Tax Tribunal
	VAT	21.50	6.06	2012-13	Upto Commissioner (Appeals) level
Goa VAT Act, 2005	VAT	0.99	-	2009-10	Upto Commissioner (Appeals) level
Rajasthan VAT Act, 2003	VAT	205.05	64.53	2008-09 to 2013-14	High Court
	VAT	45.80	-	2008-09 to 2013-14	Upto Commissioner (Appeals) level
CGST ACT 2017	GST	10.80	10.80	2018-19	Appellate Authority, GST, Jaipur
Uttar Pradesh (UP) VAT Act, 2008	VAT	68.65	68.65	2007-08	High Court
	VAT	250.32	136.96	2012-13 and 2015-16	Sales Tax Tribunal
	VAT	292.22	116.89	2014-15 and 2015-16	Upto Commissioner (Appeals) level
Central Excise Act, 1944	Excise Duty	918.08	244.09	2007-08 to 2011-12	High Court
	Excise Duty	1,277.64	123.63	2008-09 to 2016-17	Customs, Excise and Service tax Appellate Tribunal
	Excise Duty	71.42	71.42	2010-11	Upto Commissioner (Appeals) level
Income Tax Act, 1961	Income Tax	244.00	244.00	1979-80 to 1982-83, 1995-96 to 1997-98	High Court
		14.55	14.55	2009-10	Income tax Appellate Tribunal
		598.24	106.86	2012-13 to 2015-16	Commissioner of Income Tax (Appeals)
		169.21	153.50	1999-2000, 2005-06 to 2008-09	Matters referred back to Assessing officer



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:

Nature of Statute	Nature of Dues	Amount (In Rs. Lakhs)	FY to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	340.54	1969, 1974 to 1977; 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
Income Tax Act, 1961	Income Tax	63.21	2011-12	Income Tax Appellate Tribunal
Central Sales Tax 1956	Sales tax	10.40	2007-08	High Court
Central Excise Act, 1944	Excise Duty	130.83	2009-10, 2010-11 & 2012-13	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	13867.30*	2002-03 to 2007-08	Commissioner by Customs, Excise and Service tax Appellate Tribunal

* Favourable order received from Commissioner by the Company on June 22, 2020.

There are no dues of custom duty and cess which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing due towards bank. The Company did not have any dues in respect of a financial institution or debenture holders or any dues in the nature of loan towards Government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.



GODFREY PHILLIPS
—INDIA LIMITED—

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria
Partner
Membership Number: 086370
UDIN: 20086370AAAABP6936

Place of Signature: Faridabad

Date: 30 June, 2020

**Annexure 2 referred to in paragraph 2(f) under the heading
“Report on other legal and regulatory requirements” of
our report of even date on the standalone Ind AS financial
statements of Godfrey Phillips India Limited**

Report on the Internal Financial Controls 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, 2020 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 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 the 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone Ind AS financial statements 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 internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements.

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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria

Partner

Membership Number: 086370

UDIN: 20086370AAAABP6936

Place of Signature: Faridabad

Date: 30 June, 2020



BALANCE SHEET

as at March 31, 2020

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2020	As at 31.3.2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	62499.83	65329.38
Capital work-in-progress	6	1590.04	1431.64
Investment property	7	822.10	849.46
Right of use assets	42	34474.80	-
Intangible assets	8	395.20	315.41
Intangible assets under development	8	60.96	-
Financial assets			
- Investments	9	106272.82	90354.35
- Loans	10	551.03	610.53
- Other financial assets	15	1547.28	1713.43
Income tax assets (Net)	24	2506.11	2655.67
Other non-current assets	16	3079.27	2334.79
Total non-current assets		213799.44	165594.66
Current assets			
Inventories	12	61401.22	56899.68
Financial assets			
- Investments	9	12719.26	23913.33
- Trade receivables	13	6667.48	6697.41
- Cash and cash equivalents	14	1717.17	1445.13
- Other bank balances	14	1960.51	1363.77
- Loans	10	140.20	126.30
- Other financial assets	15	840.63	761.86
Other current assets	16	10483.18	7603.69
Total current assets		95929.65	98811.17
Total assets		309729.09	264405.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1039.88	1039.88
Other equity	18	205045.00	188587.52
Total equity		206084.88	189627.40
Liabilities			
Non-current liabilities			
Financial liabilities			
- Lease liabilities	19	28373.23	-
- Other financial liabilities	20	94.30	85.80
Provisions	21	2350.74	2041.83
Deferred tax liabilities (Net)	11	242.36	208.22
Total non-current liabilities		31060.63	2335.85
Current liabilities			
Financial liabilities			
- Borrowings	22	1114.22	4117.86
- Lease liabilities	19	6085.54	-
- Trade payables	23		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		365.65	1020.85
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		24689.29	28070.40
- Other financial liabilities	20	2887.16	3260.22
Other current liabilities	25	35424.17	34433.83
Provisions	21	1506.56	1054.33
Income tax liabilities (Net)	24	510.99	485.09
Total current liabilities		72583.58	72442.58
Total liabilities		103644.21	74778.43
Total equity and liabilities		309729.09	264405.83
Notes forming part of the financial statements	1-50		

As per our report of even date

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

DR. BINA MODI
(DIN 00048606)
President & Managing Director

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

Directors

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2020	Year ended 31.3.2019
I Revenue from operations	26	304468.87	259203.25
II Other income	27	10633.12	7899.45
III Total income (I+II)		315101.99	267102.70
IV Expenses			
Cost of materials consumed	28	69734.30	65470.89
Purchases of stock-in-trade goods	29	57031.24	43025.23
Changes in inventories of finished goods, stock-in-trade and work-in-process	30	(1502.35)	(1448.61)
Excise duty		19143.56	11499.05
Employee benefits expenses	31	25001.30	25160.16
Finance costs	32	3013.25	85.84
Depreciation and amortisation expenses	6,7, 8 & 42	15238.39	9591.82
Provision made for decline in the value of non-current investments	48	-	1508.50
Other expenses	33	75852.50	75946.09
Total expenses		263512.19	230838.97
V Profit before tax (III-IV)		51589.80	36263.73
VI Tax expense:	11		
- Current tax		12613.16	12030.75
- Deferred tax charge		188.67	136.25
		12801.83	12167.00
VII Profit for the year (V-VI)		38787.97	24096.73
VIII Other comprehensive income			
Items that will not to be reclassified to profit or loss			
(i) (Loss) on remeasurements of the defined benefit/contributions plans	41	(1361.46)	(280.72)
(ii) Tax relating to items that will not be reclassified to profit or loss	11	342.65	98.10
Total other comprehensive income, net of tax (i+ii)		(1018.81)	(182.62)
I X Total comprehensive income for the year (VII+VIII)		37769.16	23914.11
Basic and Diluted Earnings per share after tax (Face value of share - Rs. 2 each)	35	Rs. 74.60	Rs. 46.35
Notes forming part of the financial statements	1-50		

As per our report of even date

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants
Per Atul Seksaria
Partner
Membership No.: 086370

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

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President & Managing Director

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(DIN 00029554)
Executive Director

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Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

Directors

Place : Faridabad
Date : June 30, 2020

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

Rupees in Lakhs

(a) Equity share capital	<u>Amount</u>				
Balance at April 1, 2018	1039.88				
Changes in equity share capital during the year	-				
Balance at March 31, 2019	1039.88				
Changes in equity share capital during the year	-				
Balance at March 31, 2020	1039.88				
(b) Other equity		Reserves and surplus			
		General reserves	Capital redemption reserve	Retained earnings	Total
Balance at April 01, 2018	34430.72	30.00	135227.20	169687.92	
Profit for the year	-	-	24096.73	24096.73	
Other comprehensive income for the year, net of income-tax	-	-	(182.62)	(182.62)	
Total comprehensive income	-	-	23914.11	23914.11	
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	(4159.51)	
Dividend distribution tax thereon	-	-	(855.00)	(855.00)	
Transfer to general reserve from retained earnings	3000.00	-	(3000.00)	-	
Balance at March 31, 2019	37430.72	30.00	151126.80	188587.52	
Profit for the year	-	-	38787.97	38787.97	
Other comprehensive income for the year, net of income-tax	-	-	(1018.81)	(1018.81)	
Total comprehensive income	-	-	37769.16	37769.16	
Payment of dividends (Rs.10 per equity share)	-	-	(5199.39)	(5199.39)	
Dividend distribution tax thereon	-	-	(1068.75)	(1068.75)	
Interim dividend (Rs. 24 per equity share)	-	-	(12478.54)	(12478.54)	
Dividend distribution tax thereon	-	-	(2565.00)	(2565.00)	
Balance at March 31, 2020	37430.72	30.00	167584.28	205045.00	

Notes forming part of the financial statements 1-50

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants
Per Atul Seksaria
Partner
Membership No.: 086370

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

Place : Faridabad
Date : June 30, 2020

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

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(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

} Directors

CASH FLOW STATEMENT

for the year ended March 31, 2020



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in Lakhs

Particulars	For the year ended 31.3.2020	For the year ended 31.3.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	51589.80	36263.73
Adjustments for:		
Depreciation and amortisation expenses	15238.39	9591.82
Interest income from:		
- Debts, deposits, loans and advances, etc.	(314.12)	(237.28)
- Non-current investments	(57.22)	(35.57)
Dividend income	(656.46)	(240.95)
Net gain on sale/redemption/fair value of long term investments	(6438.06)	(4674.74)
Net gain on sale/redemption/fair value of short term investments	(1879.19)	(1443.14)
Exchange (gain)/loss on foreign currency bank balance	(0.32)	(0.43)
Interest expenses		
- On borrowings	29.69	28.66
- On lease liabilities	2879.58	-
- Others	77.33	39.36
Bad debts and advances written off	98.38	33.76
Provision for doubtful debts and advances	326.69	218.18
Liabilities and provisions no longer required, written back	(303.15)	(142.43)
Provision made for decline in the value of non-current investments	-	1508.50
Property, plant and equipment written off	162.72	89.93
Loss on sale of property, plant and equipment (net)	64.07	24.82
Loss on modification of leases	4.30	-
	<u>9232.63</u>	<u>4760.49</u>
Operating profit before working capital changes	60822.43	41024.22
Adjustments for:		
(Increase) /Decrease in Trade receivables, loans, other financial assets and other assets	(3598.87)	262.16
Increase in Inventories	(4501.54)	(5798.37)
(Decrease)/Increase in Trade payables, other financial liabilities, other liabilities and provisions	(2814.74)	12433.79
	<u>(10915.15)</u>	<u>6897.58</u>
Cash generated from operating activities	49907.28	47921.80
Income taxes paid (net)	(12249.59)	(12767.97)
Net cash generated by operating activities	37657.69	35153.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, capital work in progress, investment property, intangible assets and intangible assets under development	(11666.31)	(12539.08)
Proceeds from sale of property, plant and equipment, capital work in progress, investment property, intangible assets and intangible assets under development	168.20	162.30
Investment made in subsidiaries	(480.02)	(609.60)
Purchase of other current and non-current investments	(532858.15)	(398097.13)
Proceeds from sale of investment in associate	-	61.62
Proceeds from sale of other current and non-current investments	536931.42	378502.92
Dividend received	656.46	240.95
Interest received	364.07	201.90
Fixed deposits (made)/released	(153.37)	884.07
	<u>(7037.70)</u>	<u>(31192.05)</u>
Net cash used in investing activities		
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment of)/proceeds from current borrowings (Net)	(3003.64)	1445.92
Interest paid	(2994.88)	(408.53)
Dividend paid	(17234.56)	(4123.58)
Dividend distribution tax paid	(3633.75)	(855.00)
Repayment of lease obligation	3038.07	-
	<u>(29904.90)</u>	<u>(3941.19)</u>
Net cash used in financing activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	715.09	20.59
Cash and cash equivalents at the beginning of the year (Refer Note 1 below)	1691.70	1670.68
	<u>2406.79</u>	<u>1691.27</u>
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	0.32	0.43
Cash and cash equivalents at the end of the year (Refer Note 1 below)	2407.11	1691.70
Note 1:		
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
	As at	As at
	31.3.2020	31.3.2019
Cash and cash equivalents (Refer Note No.14)	1717.17	1445.13
Earmarked unpaid dividend accounts* (Refer Note No.14)	689.94	246.57
Total	2407.11	1691.70
*Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend		
Note 2:		
The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements		
Notes forming part of the financial statements 1-50		

As per our report of even date

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants
Per Atul Seksaria
Partner
Membership No.: 086370

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Chief Executive Officer

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ANUP N. KOTHARI
(DIN 00294737)

Directors

Place : Faridabad
Date : June 30, 2020

SANJAY GUPTA
Company Secretary

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

NIRMALA BAGRI
(DIN 01081867)

Place: New Delhi
Date: June 30, 2020

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, tobacco products and chewing products and in trading of tobacco products, and other retail products.

The address of its registered office is 'Macropolo Building', Ground Floor, 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. The financial statements were approved for issue by the Board of Directors on June 30, 2020.

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 and as amended. The financial statements are presented in rupees 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

4.1.1. Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Revenue excludes amounts collected on behalf of third parties.

Sale of Products

The Company earns revenue from domestic and export of goods (both manufactured and traded). In domestic sales, the Company sells products to wholesaler dealers, modern trade retailers and to retail customers.

Revenue from sale of products is recognised at a point in time when control of the goods is transferred to the customer. Following delivery/loading for shipment, as the case maybe, the customer has full discretion over the responsibility, manner of distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. Payment is generally due within 0-90 days as per credit terms with the customers. The Company considers the effects of variable consideration, if any, the existence of significant financing components and consideration payable to the customer (if any).

For sale of retail goods, revenue is recognised when control of the goods is transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.



(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled to in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company recognizes changes in the estimated amount of variable consideration in the period in which the change occurs.

-Rebates and discounts

The Company accounts for cash discounts, volume discounts, redemption schemes and pricing incentives to customers or end users as a reduction of revenue based on the rateable allocation of the discounts/ incentives to the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments.

Contract liabilities

Contract liabilities (termed as Advance from customers in the financial statements) represents the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Cost to obtain a contract

The Company pays sales commission to its selling agents for contracts that they obtain for the Company. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included in other expenses) because the amortization period of the asset that the Company otherwise would have used is one year or less.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognized as an expense in the period in which related revenue is recognised.

4.1.2. 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.

4.1.3. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

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

Company as a lessor

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 lessee 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.

4.3.3. Company as a lessee

At the date of commencement of the lease, the Company recognises a right-of-use-asset ("ROU") and a corresponding lease liability for all the lease arrangements in which it is a lessee, except for the leases with a term of 12 months or less (short term leases) and the leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on accrual basis.

i) Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The ROU assets are initially recognised at cost, which comprise of the initial amount of the lease liability adjusted for any payment made at or prior to the commencement date of the lease plus any initial direct cost less any lease incentive. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The ROU asset are depreciated on a straight line basis over the shorter of the lease term and the estimated useful life of the underlying asset, as follows:

Office buildings, warehouses and stores: 2 to 18 years

Store equipment & furniture: 5 years

Land: 45 to 99 years

Vehicles : 3 to 5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 4.11.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

4.4 Borrowing costs

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 consist of interest and other costs that an entity incurs in connection with the borrowing of funds. 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.

4.6.3. 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.

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. 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, 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 based on technical estimates are as under:

Buildings	30 - 60 years
Plant and machinery	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

Leasehold building improvements and Plant & Machinery (Retail Segment) are depreciated on a straight line basis over the period of lease (5 to 18 years) or, if shorter, their useful economic life.



The useful life estimated above are less than or equal to those indicated in Schedule II of the Companies Act, 2013.

Freehold land is not amortised.

The ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful life of the underlying asset (Refer Note No. 4.3.3).

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.

The Company based on technical assessment made by it, depreciates building component of investment property on a straight line basis over a period of 30 to 60 years from the date of original purchase.

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.

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, if any. 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. Amortisation method and useful life

Intangible assets are amortised on straight line method over their estimated useful life as follows:

Computer software – 5 years

4.10.4. Intangible assets under development

Intangible assets under development represents the expenditure incurred on the development phase of completing the intangible assets. Expenditure incurred on the research phase however, are recognised as expense as and when they are incurred.

4.11. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years generally. For longer periods, a long-term growth rate is calculated and applied to project future cash flows. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.12. Inventories

Inventories are stated at lower of cost and net realisable value. The cost of raw materials, stores and spares and stock in trade 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 and 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.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

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 and associates

Investments representing equity interest in subsidiaries and associates 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 (or where applicable, a part of financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the companies Balance Sheet) 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 lease liabilities, 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.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings, lease liabilities, trade and other payables 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.

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.

4.14.2.3. 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 and cash equivalents comprises of cash on hand and at banks, 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.

For the purpose of the Statement of Cash Flows, Cash & Cash Equivalents consists of Cash and Short term deposits as defined above net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management and balance in unclaimed dividend accounts.

4.17. Earnings per share (EPS)

Basic 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.

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 are adjusted for the effects of all dilutive potential equity shares.

4.18. Derivative financial instruments

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.

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 nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.21. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

4.22. Dividend distribution to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4.23. Application of new Standards

4.23.1 Ind AS 116 - Lease Accounting (Company as a lessee)

The Company has adopted IND AS 116 - leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been re-stated.

The standard replaces the current policy of lease accounting in the cases where the Company is a lessee. The core principle of the standard is to recognise a 'Right of Use Asset (ROU)' and a corresponding lease liability for all the lease arrangements in which it is a lessee, except for the leases with a term of 12 months or less (short term leases) and the leases of low value assets.

Additional disclosures as required by Ind AS 116 and impact of transition on the financial statements have been provided in Note No. 42.

Previous Period Accounting Policy (Company as a lessee)

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.

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.

4.23.2 Appendix C to IND AS 12 - Uncertainty over Income Tax Treatments

The Company has adopted Appendix C to IND AS 12 - Uncertainty over Income Tax Treatments, effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been re-stated.

If the Company concludes that it is not probable that the taxation authority will accept an uncertain



tax treatment, it reflects the effect of uncertainty in determining the taxable profit, tax bases, unused tax losses, or tax rates.

The Company expects to better predict the resolution of the uncertainty by using 'The most likely amount' approach. Consequently, it uses the singly most likely amount in the range of possible outcomes to predict the resolution of the uncertainty.

The same did not have a material impact on the Company's financial statements.

4.24 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the Company's financial statements. The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

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:

a) Impact of Covid19 pandemic

The outbreak of Covid19 pandemic and the nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Company in terms of sales and production. The Company has considered the risk that may result from the uncertainty relating to this pandemic and its consequential impact on the carrying amounts of the assets. Based on the Company's analysis of current indicators of the future economic activities on its businesses and the estimates used in its financial statements, the Company does not foresee any material impact in the recoverability of the carrying value of the assets. The risk assessment is a continuous process and the Company will continue to monitor the impact of the changes in future economic conditions on its businesses.

b) 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.

c) 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.

Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Liability for interest, if any, on the amount of entry tax provided in the books but not paid as per stay ordered by the appellate authorities/courts is considered as remote.

When considering the classification of legal or tax cases as probable, possible or remote, there is judgement involved. Management uses in-house and external professionals to make informed decision. These are set out in Note no. 37.

d) Assessment of carrying value of retail and chewing business

i) Retail business

In view of the continuing operating losses despite increased business operations, the Company has reviewed the carrying value of its assets relating to retail business and estimated the



recoverable amount of the assets in accordance with the requirements of Ind AS 36 for which an external professional agency has been engaged. Based on the said assessment, it has been concluded that the recoverable value of the retail business is higher than its carrying value as at 31 March, 2020 and therefore, no impairment was required to be recorded in these financial statements. The Company has determined the recoverable value using fair value less cost to sell ('FVLCS'), a level 2 valuation technique and key inputs centred around the forecasted revenue, market multiple and transaction multiple.

The recoverable value of the Retail business has been assessed at Rs. 13636.00 lakhs as against the carrying value of the net assets of the business which is Rs. 8603.17 lakhs as at March 31, 2020.

ii) Chewing business

In view of the continuing operating losses, an impairment trigger has been identified in the chewing business of the Company. The Company has carried out an impairment analysis, based on value in use approach, considering the key variables and concluded that the recoverable value is higher than the carrying value of the assets and there exists no impairment. Key variables centred around weighted average cost of capital and forecasted volumes for the next 4 years and thereafter a growth of 5% based on initiatives including increasing its geographic footprints, strengthening presence in the existing markets, exiting from less profitable product segments etc.

The recoverable value of the Chewing business has been assessed at Rs. 10138.00 lakhs as against the carrying value of the net assets of the business which is Rs. 6386.99 lakhs as at March 31, 2020.

Rupees in Lakhs

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

	As at 31.3.2020	As at 31.3.2019							
Carrying amount of:									
Property, plant and equipment	62499.83	65329.38							
Capital work-in-progress	1590.04	1431.64							
	Land-freehold	Buildings*	Leasehold building improvements	Plant and machinery	Electrical installation and equipments	Computers & information technology equipments	Furniture, fixtures and office equipments	Motor vehicles	Total
Cost									
Balance at April 1, 2018	959.11	21074.84	2755.81	54755.45	753.63	2266.12	3244.63	3146.29	88955.88
Additions	-	3041.06	3074.00	5216.66	454.35	574.35	1150.56	480.95	13991.93
Disposals	-	-	-	(206.43)	(17.71)	(81.15)	(71.33)	(213.96)	(590.58)
Balance at March 31, 2019	959.11	24115.90	5829.81	59765.68	1190.27	2759.32	4323.86	3413.28	102357.23
Additions	-	1921.57	623.06	3864.06	76.19	514.14	338.54	181.75	7519.31
Reclassification	-	-	-	136.65	(116.99)	15.29	(34.95)	-	-
Disposals	-	-	(203.82)	(351.01)	(2.55)	(76.99)	(32.54)	(296.35)	(963.26)
Balance at March 31, 2020	959.11	26037.47	6249.05	63415.38	1146.92	3211.76	4594.91	3298.68	108913.28
Accumulated depreciation									
Balance at April 1, 2018	-	2589.59	357.07	21263.54	197.19	1312.35	1166.59	1012.24	27898.57
Depreciation expense	-	709.24	598.91	6710.51	128.68	382.39	492.37	420.91	9443.01
Eliminated on disposals of assets	-	-	-	(77.02)	(5.66)	(53.87)	(36.09)	(141.09)	(313.73)
Balance at March 31, 2019	-	3298.83	955.98	27897.03	320.21	1640.87	1622.87	1292.06	37027.85
Depreciation expense**	-	776.94	861.84	6759.86	101.54	514.25	521.15	418.29	9953.87
Reclassification	-	-	-	23.67	(16.81)	10.13	(16.99)	-	-
Eliminated on disposals of assets	-	-	(43.36)	(247.59)	(1.72)	(67.07)	(20.64)	(187.89)	(568.27)
Balance at March 31, 2020	-	4075.77	1774.46	34432.97	403.22	2098.18	2106.39	1522.46	46413.45
Net book value									
Balance at March 31, 2020	959.11	21961.70	4474.59	28982.41	743.70	1113.58	2488.52	1776.22	62499.83
Balance at March 31, 2019	959.11	20817.07	4873.83	31868.65	870.06	1118.45	2700.99	2121.22	65329.38

Notes:

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

** During the current year, the Group has revised its estimate of useful lives of certain items of plant and machinery and accordingly charged accelerated depreciation to the extent of Rs.1144.63 lakhs.



Rupees in Lakhs

7. Investment Property			
	Freehold Land	Building	Total
Cost			
Balance as at April 1, 2018	1.60	926.80	928.40
Additions	-	25.02	25.02
Disposals	-	(0.26)	(0.26)
Balance as at March 31, 2019	1.60	951.56	953.16
Balance as at March 31, 2020	1.60	951.56	953.16
Accumulated depreciation and impairment			
Balance as at April 1, 2018	-	74.45	74.45
Depreciation expense	-	29.31	29.31
Disposals	-	(0.06)	(0.06)
Balance as at March 31, 2019	-	103.70	103.70
Depreciation expense	-	27.36	27.36
Balance as at March 31, 2020	-	131.06	131.06
Carrying amount			
Balance at March 31, 2020	1.60	820.50	822.10
Balance at March 31, 2019	1.60	847.86	849.46

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 and Bazpur, Uttarakhand.

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 31.3.2020	As at 31.3.2019
Located in Maharashtra	33466.77	35699.01
Located in Uttarakhand	861.44	923.68
	34328.21	36622.69

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 Company has earned rental income of Rs. 78.20 lakhs (previous year Rs. 75.87 lakhs) from investment properties.

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.

The Company has used Level 3 valuation technique to arrive at the fair values.

Description of valuation technique

	Valuation technique	Significant unobservable inputs	Assumption used	
			As on March 31, 2020	As on March 31, 2019
Located in Maharashtra				
Factory Land and Building (including Godown)	Market Value Method	Industrial rate for sales (Rs./Sq.Ft.)	13000 to 15000	15000 to 17500
Residential Land and Building	Market Value Method	Residential rate for sales (Rs./Sq.Ft.)	16000	16000
Office Building	Market Value Method	Fair Market Value (Rs./Sq.Ft.)	30000	35000
Located in Uttarakhand				
Factory Land and Building (including Admin Block)	Market Value Method	Fair Market Value (Rs./Sq.Mt.)	1235 to 9070	1480 to 9252

Significant increases / (decreases) in the assumptions in isolation or with combined effect would accordingly result in significantly higher / (lower) fair value of the properties.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
8. Intangible assets and Intangible assets under development		
Carrying amount of:		
Intangible assets	395.20	315.41
Intangible assets under development	60.96	-
	456.16	315.41
	Computer Software	
Cost		
Balance at April 1, 2018	1001.26	
Additions	2.09	
Balance at March 31, 2019	1003.35	
Additions	179.14	
Balance at March 31, 2020	1182.49	
Accumulated amortisation		
Balance at April 1, 2018	568.45	
Amortisation expense	119.49	
Balance at March 31, 2019	687.94	
Amortisation expense	99.35	
Balance at March 31, 2020	787.29	
Net book value		
Balance at March 31, 2020	395.20	
Balance at March 31, 2019	315.41	
9. Financial assets - Investments		
Non-current		
Investment in equity instruments		
- Subsidiary Companies	7939.67	7459.65
- Associate Companies	110.25	110.25
Investment in mutual funds	96449.15	80892.03
Investment-others	1773.75	1892.42
	106272.82	90354.35
Current		
Investment in mutual funds	12152.56	23548.56
Investment-others	566.70	364.77
	12719.26	23913.33
Aggregate value of unquoted investments non-current	10054.42	9574.40
Aggregate value of quoted investments non-current	98222.90	82784.45
Aggregate value of quoted investments current	12719.26	23913.33
Market value of quoted investments non-current	98256.55	82819.24
Market value of quoted investments current	12719.26	23913.33
Aggregate value of diminution other than temporary in value of investments non-current	2004.50	2004.50
Classification of investments as per Ind AS 109		
Investments carried at fair value through profit or loss (FVTPL)	110507.15	106262.77
Investments carried at amortised cost	435.01	435.01
	110942.16	106697.78
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
Godfrey Phillips Middle East DMCC 200 Equity shares of AED 1000 each fully paid up	35.50	35.50
Flavors And More, Inc. (Refer Note No.48) 1,130 Ordinary shares with no par value Less: Provision made for decline in the value	1508.50 1508.50	1508.50 1508.50
	-	-



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
Chase Investments Limited		
2,01,210 Equity shares of Rs.100 each fully paid up	360.26	360.26
1,58,490 Equity shares of Rs.100 each Rs.50 paid up	79.24	79.24
Friendly Reality Projects Limited		
11,650 Equity shares of Rs. 100 each fully paid up	3734.65	3734.65
11,550 Equity shares of Rs. 100 each Rs.20 paid up (subscribed during the year)	480.02	-
	7939.67	7459.65
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
Less: Provision made for decline in the value	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	110.25
	8049.92	7569.90
9.3 Investment in mutual funds		
Non-current investment in mutual funds (valued at fair value through profit or loss)	96449.15	80892.03
Current investment in mutual funds (valued at fair value through profit or loss)	12152.56	23548.56
Break-up of non-current investment in mutual funds		
Franklin Templeton Mutual Fund		
1,00,00,000 Units of Franklin India Fixed Maturity Plans-Series 2- Plan C (1205 Days)- Direct- Growth of Rs. 10 each	1189.63	1091.87
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 3- Plan C (1132 Days) - Direct-Growth of Rs. 10 each	589.01	539.31
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan C (1098 Days)- Direct-Growth of Rs. 10 each	580.78	530.81
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan D (1098 Days)- Direct-Growth of Rs. 10 each	554.22	529.06
Nil (Previous year 7,69,483) Units of Franklin India Corporate Debt Fund Plan A Direct of Rs. 10 each	-	533.55
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan D (1238 Days)- Direct-Growth of Rs. 10 each	563.95	513.54
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan F (1203 Days)- Direct-Growth of Rs. 10 each	559.88	508.85
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 6- Plan C (1169 Days)- Direct-Growth of Rs. 10 each	553.43	502.59
1,21,40,782 Units of Franklin India Banking And PSU Debt Fund - Direct Growth of Rs.10 each (purchased during the year)	2054.08	-
ICICI Prudential Mutual Fund		
41,57,762 Units of ICICI Prudential Short Term Fund-Direct Plan-Growth Option of Rs.10 each	1844.64	1677.44
1,05,70,087 Units of ICICI Prudential Banking and PSU Debt Fund-Direct Plan-Growth of Rs.10 each	2499.14	2279.36
75,73,199 Units of ICICI Prudential Medium Term Bond Fund Direct Plan-Growth of Rs. 10 each	2515.27	2271.39
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1275 Days Plan K-Direct Plan of Rs.10 each	583.09	530.20
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1287 Days Plan I- Direct Plan of Rs.10 each	579.11	523.91
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1245 Days Plan N-Direct Plan of Rs.10 each	579.28	525.88
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1254 Days Plan U-Direct Plan of Rs.10 each	566.86	515.12
1,00,00,000 Units of ICICI Prudential Fixed Maturity Plan Series 84-1188 Days Plan Z-Direct Plan of Rs. 10 each	1127.42	1025.54
50,00,000 Units of ICICI Prudential Fixed Maturity Plan Series 85-1178 Days Plan B-Direct Plan of Rs. 10 each	562.81	511.17
50,00,000 Units of ICICI Prudential Fixed Maturity Plan Series 85-1175 Days Plan D-Direct Plan of Rs. 10 each	560.02	508.44



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
Break-up of non-current investment in mutual funds (continued)		
98,98,160 (Previous year - 25,72,969) Units of ICICI Prudential Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each	2129.10	506.01
66,56,202 ICICI Credit Risk Fund- Direct Growth of Rs. 10 each (purchased during the year)	1540.78	-
Aditya Birla Sunlife Mutual Fund		
Nil (previous year 50,00,000) Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each	-	565.91
8,72,520 Units of Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan of Rs. 10 each	688.28	629.66
1,00,00,000 Units of Aditya Birla Sunlife Fixed Term Plan -Series PG (1148 Days) - Direct-Growth of Rs.10 each	1184.71	1085.59
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QQ (1100 Days) -Direct Growth of Rs. 10 each	526.80	521.52
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QU (1100 Days) -Direct Growth of Rs. 10 each	581.51	532.23
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QO- (1100 Days) -Direct Growth of Rs. 10 each	575.40	534.83
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RH (1281 Days) -Direct -Growth of Rs. 10 each	579.55	529.15
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan -Series QR (1126 Days) -Direct Growth of Rs. 10 each	570.57	527.02
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RN (1240 Days) -Direct Growth of Rs. 10 each	575.87	525.47
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RW (1202 Days) -Direct Growth of Rs. 10 each	568.40	517.34
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SG (1155 DAYS)-Direct Growth of Rs. 10 each	559.39	509.10
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SJ (1135 DAYS)-Direct Growth of Rs. 10 each	554.77	504.50
50,00,000 units of Aditya Birla Sun Life Fixed Term Plan Series SN (1099 Days) Direct Growth of Rs. 10 each (purchased during the year)	549.71	-
15,86,927 Aditya Birla Sunlife Income Fund-Growth-Direct Plan of Rs.10 each (purchased during the year)	1506.88	-
IDFC Mutual Fund		
12,82,926 Units of IDFC Bond Fund-Short Term Plan-Growth-Direct Plan of Rs. 10 each	556.31	507.33
78,77,427 Units of IDFC Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each	1099.89	1013.07
50,00,000 Units of IDFC Fixed Term Plan Series 176 Direct Plan -Growth (1170 Days) of Rs. 10 each	560.35	508.99
50,00,000 Units of IDFC Fixed Term Plan Series 177 Direct Plan -Growth (1160 Days) of Rs. 10 each	555.77	504.93
31,47,920 Units of IDFC Banking & PSU Debt Fund-Direct Plan-Growth of Rs. 10 each	565.50	510.80
1,62,83,851 Units of IDFC Credit Risk Fund Direct Plan-Growth of Rs.10 each (purchased during the year)	2072.89	-
HDFC Mutual Fund		
2,60,51,855 Units of HDFC Banking and PSU Debt Fund Direct Growth Option of Rs. 10 each	4383.34	3969.57
68,09,948 Units of HDFC Credit Risk Debt Fund-Direct -Growth of Rs.10 each	1187.87	1084.04
50,00,000 Units of HDFC FMP 1177D March, 2018(1) -Direct-Growth-Series 39 of Rs.10 each	577.81	534.77
1,00,00,000 Units of HDFC FMP 1141D August 2018(1) -Direct-Growth-Series 42 of Rs.10 each	1129.92	1047.59
1,00,00,000 Units of HDFC FMP 1344D October 2018(1) -Direct-Growth-Series 43 of Rs.10 each	1156.47	1050.57
50,00,000 Units of HDFC FMP 1274D October 2018(1) -Direct-Growth-Series 43 of Rs.10 each	584.89	532.05
50,00,000 Units of HDFC FMP 1154D February 2019 (1) -Direct-Growth Series 43 of Rs.10 each	559.05	508.89



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
Break-up of non-current investment in mutual funds (continued)		
50,00,000 Units of HDFC FMP 1126D March 2019 (1)		
-Direct-Growth Series 44 of Rs.10 each	555.30	504.96
88,53,353 (Previous year - 60,89,466) Units of HDFC Corporate Bond Fund-Direct Plan-Growth Option of Rs. 10 each	2043.66	1274.87
89,83,476 Units of HDFC Short Term Debt Fund-Direct Plan-Growth Option (purchased during the year)	2056.16	-
SBI Mutual Fund		
1,26,95,752 (Previous year- 83,68,144) Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs. 10 each	3064.01	1844.42
Nil (Previous year 36,78,702) Units of SBI Credit Risk Fund-Direct-Growth of Rs.10 each	-	1140.68
50,00,000 Units of SBI Debt Fund Series -C-12-(1122 Days)		
-Direct-Growth of Rs. 10 each	578.39	538.59
1,00,00,000 Units of SBI Debt Fund Series -C-22-(1100 Days)		
-Direct-Growth of Rs. 10 each	1154.50	1053.98
50,00,000 Units of SBI Debt Fund Series -C-25-(1100 Days)		
-Direct-Growth of Rs. 10 each	581.22	529.96
50,00,000 Units of SBI Debt Fund Series -C-27-(1260 Days)		
-Direct-Growth of Rs. 10 each	581.15	529.68
50,00,000 Units of SBI Debt Fund Series -C-28-(1240 Days)		
-Direct-Growth of Rs. 10 each	576.61	525.22
50,00,000 Units of SBI Debt Fund Series -C-33-(1216 Days)		
-Direct-Growth of Rs. 10 each	567.36	516.50
50,00,000 Units of SBI Debt Fund Series C-40 (1177 Days)		
-Direct Growth of Rs. 10 each	562.68	512.35
50,00,000 Units of SBI Debt Fund Series C-44 (1175 Days)		
-Direct Growth of Rs. 10 each	558.44	507.71
50,00,000 Units of SBI Debt Fund Series C-43 (1176 Days)		
-Direct Growth of Rs. 10 each	559.88	509.49
50,00,000 Units of SBI Debt Fund Series C-48 (1177 Days)		
-Direct Growth of Rs. 10 each	552.57	503.02
43,174 Units of SBI Banking & PSU Debt Fund-Direct Growth of Rs. 1000 each (purchased during the year)	1021.21	-
90,59,366 Units of SBI Corporate Bond Fund-Direct Plan- Growth of Rs.10 each (purchased during the year)	1022.42	-
AXIS Mutual Fund		
Nil (Previous year 72,29,194) Units of AXIS Credit Risk Fund		
-Direct-Growth (IO-DG) of Rs.10 each	-	1110.28
50,00,000 Units of AXIS Fixed Term Plan Series-96 (1124 Days)		
-Direct-Growth (WH-DG) of Rs.10 each	527.04	520.39
83,523 units of Axis Banking & PSU Debt Fund		
-Direct Growth (BD-DG) (purchased during the year) of Rs. 1000 each	1621.18	-
22,47,887 Units of Axis Short Term Fund - Direct Plan - Growth(ST-DG) of Rs. 10 each (purchased during the year)	525.43	-
DSP Mutual Fund		
1,00,00,000 Units of DSP FMP- Series 221-40M -Direct-Growth of Rs 10 each	1183.05	1087.35
50,00,000 Units of DSP FMP -S241-36M-Direct-Growth of Rs. 10 each	573.05	525.42
PGIM India Mutual Fund (Formerly known as DHFL Pramerica Mutual Fund)		
Nil (Previous year 50,000) Units of PGIM India Fixed Duration Fund-Series AC		
-Direct Plan-Growth of Rs. 1000 each	-	583.59
50,000 Units of PGIM India Fixed Duration Fund-Series AR		
-Direct Plan-Growth of Rs. 1000 each	543.72	505.32
50,000 Units of PGIM India Fixed Duration Fund Series BE-Direct Plan-Growth of Rs. 1000 each	488.97	480.89
Nil (Previous year 1,00,000) Units of PGIM India Fixed Duration Fund Series BC		
-Direct Plan Growth of Rs. 1000 each	-	1043.26
Nippon India Mutual Fund (Formerly known as Reliance Mutual Fund)		
Nil (Previous year 32,66,543) Units of Nippon India Short Term Fund		
-Direct Plan Growth Option of Rs. 10 each	-	1178.36
Nil (previous year 1,00,00,000) Units of Nippon India Mutual Fund Fixed Horizon Fund XXXIII-Series 5-Direct- Growth Plan of Rs. 10 each	-	1179.94
Nil (Previous year 73,87,161) Units of Nippon India Strategic Debt Fund-Direct-Growth Plan of Rs.10 each	-	1134.29



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
Break-up of non-current investment in mutual funds (continued)		
Nil (Previous year 1,00,00,000) Units of Nippon India Fixed Horizon Fund -XXXV-Series 16- Direct Growth Plan of Rs.10 each	-	1088.55
Nil (Previous year 50,00,000) Units of Nippon India Fixed Horizon Fund -XXXVI-Series 8- Direct Growth Plan of Rs.10 each	-	536.59
50,00,000 Units of Nippon India Fixed Horizon Fund -XXXVII-Series 04- Direct- Growth Plan of Rs.10 each	602.98	547.00
Nil (Previous year 1,00,00,000) Units of Nippon India Fixed Horizon Fund -XXXVIII-Series 02- Direct Growth Plan of Rs.10 each	-	1064.20
50,00,000 Units of Nippon India Fixed Horizon Fund -XXXIX-Series 9- Direct -Growth Plan of Rs.10 each	584.92	531.74
UTI Mutual Fund		
Nil (Previous year 1,51,52,603) Units of UTI- Short Term Income Fund- Direct Growth Plan of Rs. 10 each	-	3511.54
Nil (Previous year 1,52,09,282) Units of UTI Credit Risk Fund- Direct-Growth Plan of Rs. 10 each	-	2739.21
1,00,00,000 Units of UTI Fixed Term Income Fund Series XXX-III-1106 Days - Direct-Growth Plan of Rs. 10 each	1006.85	1045.00
50,00,000 Units of UTI Fixed Term Income Fund Series XXXI-I-(1209 Days) - Direct-Growth Plan of Rs. 10 each	566.34	515.95
50,00,000 Units of UTI Fixed Term Income Fund Series XXXI-III-1174 Days- Direct Growth Plan of Rs. 10 each	562.21	512.08
1,76,45,229 Units of UTI Corporate Bond Fund- Direct Growth Plan of Rs 10 each (purchased during the year)	2085.51	-
TATA Mutual Fund		
Nil (Previous year 34,85,851 Units) of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	-	1185.84
50,00,000 Units of Tata Fixed Maturity Plan Series 53 Scheme A- Direct Plan-Growth of Rs. 10 each	589.71	539.81
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme E-Direct Plan-Growth of Rs. 10 each	530.06	523.94
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme F-Direct Plan-Growth of Rs. 10 each	525.49	521.52
Kotak Mutual Fund		
76,74,987 Units of Kotak Credit Risk Fund-Direct Plan-Growth of Rs. 10 each	1800.57	1652.99
50,00,000 Units of Kotak FMP Series 220 - Direct-Growth of Rs. 10 each	590.07	539.37
50,00,000 Units of Kotak FMP Series 234 - Direct-Growth of Rs. 10 each	579.56	528.63
50,00,000 Units of Kotak FMP Series 250 - Direct-Growth of Rs. 10 each	583.08	529.62
50,00,000 Units of Kotak FMP Series 252 - Direct-Growth of Rs. 10 each	574.99	521.90
19,858 Units of Kotak Corporate Bond Fund Direct Growth of Rs. 1000 each	548.14	501.87
44,56,464 Units of Kotak Banking and PSU Debt Fund Direct-Growth of Rs. 10 each (purchased during the year)	2123.36	-
60,86,604 (Previous year 33,48,603) Units of Kotak Bond (Short Term) - Direct Plan-Growth of Rs. 10 each	2441.55	1221.36
Edelweiss Mutual Fund		
Nil (Previous year 50,000) Units of Edelweiss Alpha Fund Scheme I of Rs. 1,000 each	-	514.36
1,00,000 Units of Edelweiss Mutual Fund Bharat Bond ETF-April 2030 (purchased during the year)	1040.34	-
1,01,43,531 Units of BHARAT Bond FOF-April 2023-Regular Plan-Growth (purchased during the year)	1037.90	-
IIFL Mutual Fund		
Nil (Previous year 35,22,764) Units of IIFL Dynamic Bond Fund - Direct Plan-Growth of Rs. 10 each	-	536.41
50,00,000 Units of IIFL Select Series II of Rs. 10 each	453.02	489.03
HSBC Mutual Fund		
1,00,00,000 Units of HSBC FTS 133-Growth-Direct -1134 days of Rs.10 each	1144.77	1072.05
L&T Mutual Fund		
Nil (Previous year 24,92,473) Units of L&T Credit Risk Fund -Direct Plan -Growth of Rs. 10 each	-	541.47
27,52,410 Units of L&T Short Term Bond Fund-Direct Plan-Growth of Rs. 10 each	554.23	505.41
54,59,152 Units of L&T Banking and PSU Debt Fund-Direct Plan- Growth of Rs 10 each (purchased during the year)	1013.55	-



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
Break-up of non-current investment in mutual funds (continued)		
49,16,716 Units of L& T Triple Ace Bond Fund Direct Plan Growth of Rs. 10 each (purchased during the year)	2717.30	-
10,02,536 Units of L&T Triple Ace Bond Fund Growth of Rs 10 each (purchased during the year)	529.50	-
58,18,859 Units of L&T Banking and PSU Debt Fund-Growth of Rs 10 each (purchased during the year)	1046.50	-
Sundaram Mutual Fund		
1,50,00,000 Units of Sundaram Fixed Term Plan IE Direct -Growth of Rs. 10 each	1768.16	1622.18
50,00,000 Units of Sundaram Fixed Term Plan IK Direct -Growth of Rs. 10 each	586.13	536.45
34,70,150 Units of Sundaram Corporate Bond Fund Direct-Growth of Rs. 10 each (purchased during the year)	1019.96	-
BOI AXA Mutual Fund		
Nil (Previous year 37,28,783) Units of BOI AXA Credit Risk Fund -Direct Plan of Rs. 10 each	-	496.48
Total aggregate non-current investment in mutual funds	96449.15	80892.03
Break-up of current investment in mutual funds		
SBI Mutual Fund		
Nil (Previous year 1,43,44,289) Units of SBI Arbitrage Opportunities Fund Direct Plan Dividend of Rs 10 each	-	2048.46
Nil (Previous year 20,565) Units of SBI Magnum Low Duration Fund-Direct-Growth of Rs 10 each	-	500.20
ICICI Mutual Fund		
Nil (Previous year 1,40,61,128) Units of ICICI Prudential Equity Arbitrage Fund Direct Plan Dividend of Rs. 10 each	-	2037.65
UTI Mutual Fund		
Nil (Previous year 1,19,80,317) Units of UTI Arbitrage Fund-Direct Dividend Plan Reinvestment of Rs. 10 each	-	2031.05
Tata Mutual Fund		
Nil (Previous year 50,00,000) Units of Tata Arbitrage Fund Direct Plan Monthly Dividend of Rs. 10 each	-	508.87
Kotak Mutual Fund		
3,14,41,297 (Previous year 5,37,51,016) Units of Kotak Savings Fund-Direct Plan- Growth of Rs. 10 each	10329.63	16422.33
Nippon India Mutual Fund (Formerly known as Reliance Mutual Fund)		
1,00,00,000 Units of Nippon India Mutual Fund Fixed Horizon Fund XXXIII-Series 5- Direct- Growth Plan of Rs. 10 each	1204.82	-
Aditya Birla Sunlife Mutual Fund		
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each	618.11	-
Total aggregate current investment in mutual funds	12152.56	23548.56
9.4 Investment-others-non-current		
Indian Railway Finance Corporation Limited (valued at amortized cost)		
43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up	435.01	435.01
Investment in Alternative Investment Funds (valued at fair value through profit or loss)		
19,96,885 units of IIFL India Housing Fund of Rs. 10 each	219.00	207.65
Investment in Market Lined Debentures (MLD) (valued at fair value through profit or loss)		
500 units of Samasta Micro Finance Limited Rs. 100,000 each	577.05	538.35
Nil (Previous year 50) Units of JM Financial Products Limited of Rs 10,00,000 each	-	507.71
187 Units of IIFL Wealth Finance Limited of Rs. 1,00,000 each	229.04	203.70
150 Units of JM Financial Products Limited Series XXII BR NCD of Rs 200,000 each (purchased during the year)	313.65	-
	1773.75	1892.42
9.5 Investment-others-current		
Investment in Market Linked Debentures (MLD) (valued at fair value through profit or loss)		
50 Units of JM Financial Products Limited of Rs.10,00,000 each	566.70	-
Nil (Previous year 35) units of Home Credit India Finance Private Limited Rs. 10,00,000 each	-	364.77
	566.70	364.77
9.6 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
Less: Written-off	(0.25)	(0.25)
Investment in other equity instruments	-	-



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
10. Financial assets - Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)		
Non-current		
Loans to related parties (Refer Note No.45)		
- Loan to officers	11.71	16.40
Loans to employees	539.32	594.13
	<u>551.03</u>	<u>610.53</u>
Current		
Loans to related parties (Refer Note No.45)		
- Loan to officers	4.70	4.70
Loans to employees	135.50	121.60
	<u>140.20</u>	<u>126.30</u>
Total	691.23	736.83

11. Income taxes

The major components of Income tax expenses are:

	Year ended 31.3.2020	Year ended 31.3.2019
Statement of profit and loss:		
Current income tax		
In respect of the current year	12454.94	12277.10
In respect of the prior years	158.22	(246.35)
Deferred tax		
In respect of the current year	181.32	116.15
In respect of the prior years	7.35	20.10
Total income tax expense recognised in the statement of profit and loss	<u>12801.83</u>	<u>12167.00</u>
Statement of Other Comprehensive Income:		
Current income tax		
In respect of the current year	188.12	98.10
Deferred tax		
In respect of the current year	154.53	-
Income tax charged to OCI	<u>342.65</u>	<u>98.10</u>
The income tax expense for the year can be reconciled to the accounting profit multiplied by corporate tax rate as follows:		
Profit before tax	51589.80	36263.73
Income tax expense calculated at corporate tax rate of 25.168% (previous year 34.944%)	12984.12	12672.00
Differential tax rate on long term capital gain on sale of investments and fair value (gain)/loss on investments	(571.57)	(603.93)
Differential tax rate on provision made due to decline in value of non current investments	-	175.71
Effect of expenses that are not deductible in determining taxable profit	155.56	240.87
Impact of changes in tax rates	206.94	-
Impact of additions made as per probable income-tax assessments (Refer Note No. 4.23.2)	191.17	-
Effect of exempt non-operating income	(173.98)	(100.42)
Others	9.59	(217.23)
At the effective income tax rate of 24.81% (Previous year: 33.55%)	<u>12801.83</u>	<u>12167.00</u>

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (22% + surcharge @10% and cess @ 4%) ((Previous year 34.944%) (30% + surcharge @12% and cess @ 3%)) payable by corporate entities in India on taxable profits under the Indian tax laws.



Deferred tax balances along with movement are as follows:

Rupees in Lakhs

	Opening Balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing Balance
For the year ended March 31, 2020				
Deferred tax assets in relation to:				
Provisions for compensated absences	1933.69	(816.87)	-	1116.82
Accrued expenses deductible on payment basis	838.50	(360.76)	-	477.74
Foreign exchange difference arising on account of import of Property, plant and equipments	33.95	(9.50)	-	24.45
Provision for decline in value of non current investments	351.42	31.05	-	382.47
Other financial assets (Net)	8.10	220.21	-	228.31
Provision for doubtful debts	94.85	9.05	-	103.90
Right to use asset	-	406.44	-	406.44
Provision for employee benefits - Others (Refer Note No. 21)	-	-	154.53	154.53
	3260.51	(520.38)	154.53	2894.66
Deferred tax liabilities in relation to:				
Investment in mutual funds and market linked debentures fair valued through profit or loss	(1314.68)	(677.91)	-	(1992.59)
Property, plant and equipments, intangible assets and investment properties	(2154.05)	1009.62	-	(1144.43)
	(3468.73)	331.71	-	(3137.02)
	(208.22)	(188.67)	154.53	(242.36)
Net deferred tax (liabilities)/assets				
For the year ended March 31, 2019				
Deferred tax assets in relation to:				
Provisions for compensated absences	2206.52	(272.83)	-	1933.69
Accrued expenses deductible on payment basis	968.68	(130.18)	-	838.50
Foreign exchange difference arising on account of import of Property, plant and equipments	33.95	-	-	33.95
Provision for decline in value of non current investments	-	351.42	-	351.42
Other financial assets (Net)	-	8.10	-	8.10
Provision for doubtful debts	65.07	29.78	-	94.85
Long term capital loss on investments sold	0.38	(0.38)	-	-
	3274.60	(14.09)	-	3260.51
Deferred tax liabilities in relation to:				
Investment in mutual funds fair valued through profit or loss	(1099.41)	(215.27)	-	(1314.68)
Other financial assets (Net)	(0.45)	0.45	-	-
Property, plant and equipments, intangible assets and investment properties	(2246.73)	92.68	-	(2154.05)
	(3346.59)	(122.14)	-	(3468.73)
	(71.99)	(136.23)	-	(208.22)
Net deferred tax (liabilities)/assets				



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
12. Inventories		
(Lower of cost and net realisable value)		
Raw and packing materials	48001.21	44999.94
Work-in-process	615.22	687.88
Finished goods*		
- Cigarettes	5272.09	4485.69
- Chewing products	359.78	283.76
Stock-in-trade	5872.48	5159.89
Stores and spare parts (Net of provision of Rs.221.53 lakhs (Previous year Rs. 147.32 lakhs))	1280.44	1282.52
	61401.22	56899.68
Inventories include in-transit inventory of:		
Raw and packing materials	1895.00	2346.38
Work-in-process	-	43.96
Finished goods		
- Cigarettes	43.75	563.55
<p>The cost of inventories recognised as an expense include Rs. 39.36 lakhs (Previous year Rs. 22.58 lakhs) in respect of write-downs of inventory to net realisable value.</p> <p>* Includes excise duty of Rs. 1711.30 lakhs (Previous year Rs. 534.38 lakhs)</p>		
13. Financial assets - Trade receivables (at amortised cost)		
Unsecured - considered good	5570.42	4876.99
Unsecured - considered good - receivable from Subsidiary (Refer Note No.45)	1097.06	1820.42
Unsecured - credit impaired	412.81	271.43
	7080.29	6968.84
Less: Impairment allowance	412.81	271.43
Total	6667.48	6697.41
<p>The average credit period on sale of goods ranges upto 90 days. Generally no interest is charged on trade receivables.</p>		
Age of receivables		
Not due	3816.42	4469.72
1-30 days past due	1706.97	1225.63
31-45 days past due	383.42	169.26
46-90 days past due	104.33	299.06
91-180 days past due	134.17	120.68
More than 180 days past due	522.17	413.06



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
14. Financial assets - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	111.80	126.35
Balances with banks		
- In current accounts	1605.37	1318.78
	1717.17	1445.13
Other bank balances:		
In earmarked accounts for		
- Margin money*	1268.55	1115.18
- Unpaid dividend	689.94	246.57
- Fixed deposit receipts lodged with government authorities	2.02	2.02
	1960.51	1363.77
Cash and bank balances	3677.68	2808.90
*The Company has given margin money to fulfill collateral requirements.		
15. Other financial assets (at amortised cost)		
(unsecured considered good unless otherwise stated)		
Non-current		
Security deposits	1547.28	1713.43
	1547.28	1713.43
Current		
Security deposits	76.08	107.94
Interest accrued on bank and other deposits	71.39	64.12
Other receivables	693.16	589.80
	840.63	761.86
16. Other assets		
(unsecured considered good unless otherwise stated)		
Non-current		
Capital advances	2980.46	56.79
Prepaid expenses	98.45	655.93
Leasehold land under operating lease (Refer Note No.42)	-	1621.71
Others	0.36	0.36
	3079.27	2334.79
Current		
Balance with government authorities	8156.83	4960.90
Prepaid expenses	453.92	572.74
Leasehold land under operating lease (Refer Note No.42)	-	36.92
Export incentives accrued/available	66.96	77.16
Prepayment to suppliers	1615.50	1707.34
Others	189.97	248.63
	10483.18	7603.69



	Rupees in Lakhs	
	As at 31.3.2020	As at 31.3.2019
17. Equity share capital		
Authorised		
60,000 preference shares of Rs. 100 each	60.00	60.00
12,20,00,000 equity shares of Rs. 2 each	2440.00	2440.00
	2500.00	2500.00
Issued, subscribed and fully paid up		
5,19,93,920 equity shares of Rs. 2 each	1039.88	1039.88

- (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) Details of shareholders holding more than 5% shares in the company:

Name of the shareholder	As at 31.3.2020		As at 31.3.2019	
	Number of shares	% holding	Number of shares	% holding
a) Philip Morris Global Brands Inc.	13050475	25.10%	13050475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	15196660	29.23%	15196660	29.23%
c) Good Investment (India) Ltd.	4309220	8.29%	4309220	8.29%
d) The Jupiter India Fund (Previous year: National Westminster Bank Plc As Trustee of The Jupiter India Fund)	3787763	7.29%	4058434	7.81%

Note: As per records of the Company, the above shareholding represents legal ownership of shares.

	Rupees in Lakhs	
	As at 31.3.2020	As at 31.3.2019
18. Other equity		
Capital redemption reserve	30.00	30.00
General reserve	37430.72	37430.72
Retained earnings	167584.28	151126.80
	205045.00	188587.52
General reserve		
Opening balance	37430.72	34430.72
Add: Transfer from retained earnings	-	3000.00
Closing balance	37430.72	37430.72
Retained earnings		
Balance at beginning of year	151126.80	135227.20
Profit for the current year	38787.97	24096.73
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax*	(1018.81)	(182.62)
Payment of dividend on equity shares (Rs.10 per share; previous year Rs.8 per share)	(5199.39)	(4159.51)
Dividend distribution tax thereon	(1068.75)	(855.00)
Interim dividend (Rs. 24 per share)	(12478.54)	-
Dividend distribution tax thereon	(2565.00)	-
Transfer to general reserve	-	(3000.00)
Balance at end of year	167584.28	151126.80

* Net of income tax of Rs. 342.65 lakhs (Previous year Rs. 98.10 lakhs)

Capital redemption reserve:

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

General reserve:

In current year amount transferred to general reserve is Rs.Nil (previous year Rs.3000 lakhs). 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.

The Board of Directors, at its meeting held on March 5, 2020, has declared and paid an interim dividend of Rs. 24/- per equity share for the year 2019-20. No final dividend is proposed to be paid for the year.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
19. Financial liabilities - Lease liabilities		
Non-current		
Lease liabilities (Refer Note No.42)	28373.23	-
	28373.23	-
Current		
Lease liabilities (Refer Note No.42)	6085.54	-
	6085.54	-
20. Other financial liabilities		
Non-current		
Security deposits - at amortised cost	94.30	85.80
	94.30	85.80
Current		
Interest accrued but not due on borrowings	-	1.27
Interest accrued on other than borrowings	412.59	417.99
Unclaimed dividends	689.94	246.57
Payable to gratuity fund (Refer Note No.41)	1244.40	617.92
Liability towards property, plant & equipments	526.28	1351.14
Security deposits - at amortised cost	13.95	14.15
Book overdrafts	-	611.18
	2887.16	3260.22
21. Provisions		
Non-current		
Provision for employee benefits		
provision for compensated absences	2350.74	2041.83
	2350.74	2041.83
Current		
Provision for employee benefits		
-provision for compensated absences	892.56	1054.33
-others*	614.00	-
	1506.56	1054.33
	3857.30	3096.16

*Based on the review of the investments held by the Employee Provident Fund Trust as at March 31, 2020, a provision has been created to cover the possible loss on account of non-realisation of some of such investments.

Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
22. Financial liabilities - Borrowings		
Current borrowings-carried at amortised cost		
Secured		
Loans from banks repayable on demand*	1114.22	4117.86
Total current borrowings	1114.22	4117.86

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 7.50% to 9.00% per annum.

Change in liability arising from financing activities as per IND AS-7

Particulars	Borrowing-Current
Balance at April 1, 2018	2671.94
Cash Flow	1445.92
Balance at March 31, 2019	4117.86
Cash Flow	(3003.64)
Balance at March 31, 2020	1114.22



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
23. Financial liabilities - Trade payables		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises	365.65	1020.85
	365.65	1020.85
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		
- Others	19138.11	21248.76
- Payables to subsidiaries (Refer Note No.45)	422.09	979.18
- Employee payables	5129.09	5842.46
	24689.29	28070.40

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. Income tax assets and liabilities		
Income tax assets (net)		
Income tax recoverable	2506.11	2655.67
Total income tax assets	2506.11	2655.67
Income tax liabilities (net)		
Income tax payable (net of advance tax and TDS recoverable)	510.99	485.09
Total income tax liabilities	510.99	485.09

25. Other liabilities		
Current		
Statutory dues	32025.99	31178.98
Advances from customers (Contract liabilities)*		
- From subsidiaries (Refer Note No. 45)	670.11	453.23
- From others	2678.31	2772.53
Others	49.76	29.09
	35424.17	34433.83

*Advances from customers relate to payments received in advance of performance under the contract. Advances from customers are recognized as revenue as (or when) the Company performs under the contract.

Balance of Advances from customers at beginning of the year	3225.76	2236.85
Revenue recognised from amounts included in Advances from customers at beginning of the year	3225.76	2236.85
Management expects that the entire transaction price allocated to the unsatisfied contracts at end of the year will be recognised as revenue during the next year.		



26. i) Revenue from contracts with customers (including excise duty)

Sources of revenue

The Company derives its revenue from the transfer of goods at a point in time in the following major product lines:

a) Disaggregated revenue information	Rupees in Lakhs	
	Year ended 31.3.2020	Year ended 31.3.2019
Cigarettes*	210879.70	179560.93
Unmanufactured tobacco**	37940.01	26726.50
Cut tobacco	5570.31	4619.16
Chewing products#	11475.69	16865.24
Other traded goods	36019.08	28670.41
Total (A)	301884.79	<u>256442.24</u>

*includes incremental revenue of Rs. 11275.10 lakhs (previous year Rs. 7766.44 lakhs) arising from resale of Marlboro cigarettes manufactured by the Company

**transferred from raw and packing materials

#includes chewing tobacco purchased for resale

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of the revenues and cash flows are affected by industry, market and other economic factors.

Revenues by Geography

Particulars	Rupees in Lakhs	
	Year ended 31.3.2020	Year ended 31.3.2019
Within India	242106.62	207083.09
Outside India	59778.17	49359.15
Total	301884.79	<u>256442.24</u>

The Company's accounting policies for its revenue streams are disclosed in detail in Note 4.1.1.

Reconciling the amount of revenue recognized in the statement of profit and loss with the contracted price:

Revenue as per contract	310505.31	265860.10
Adjustments:		
Sales return	(618.49)	(576.93)
Discounts, rebates, etc.	(8002.03)	(8840.93)
Revenue from contracts with customers	301884.79	<u>256442.24</u>



Rupees in Lakhs

	Year ended 31.3.2020	Year ended 31.3.2019
ii) Other operating revenues		
Export incentives	86.92	77.39
Recovery towards services rendered	190.13	597.63
Receipts from sale of scrap and ancillary products	735.98	998.45
Insurance claims	167.84	30.24
Display income received by retail stores	918.85	682.36
Other receipts	484.36	374.94
Total (B)	2584.08	2761.01
Total revenue from operations (A+B)	304468.87	259203.25

27. Other income		
Interest income from:		
- Debts, deposits, loans and advances, etc.*	314.12	237.28
- Non-current investments valued on amortised cost	57.22	35.57
Dividend income	656.46	240.95
Rent and hire charges from:		
- Subsidiary company	4.80	4.80
- Others	239.26	258.85
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	6438.06	4633.09
- Long term investments carried at cost	-	41.65
- Short term investments fair valued through profit or loss	1879.19	1443.14
Liabilities written back	303.15	142.43
Foreign currency fluctuation (net)	573.71	631.74
Miscellaneous Income	167.15	229.95
	10633.12	7899.45
*includes interest income calculated in relation to financial assets valued on amortised cost basis.	78.66	74.88

28. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	29237.93	25479.20
Cigarette paper	947.48	837.20
Cardboard (shells, slides and others)	9348.96	8526.00
Filter rods	13541.48	10961.76
Aluminium foil/metallised paper	1018.09	1524.43
Cellulose paper	1046.99	1003.25
Flavours for chewing products	366.35	773.94
Betel nut	3411.61	4649.89
Katha, lime and bulking agent	706.81	1442.92
Paper/Laminate pouches for chewing products	1758.92	3076.13
Miscellaneous	8349.68	7196.17
	69734.30	65470.89



Rupees in Lakhs

	Year ended 31.3.2020	Year ended 31.3.2019
29. Purchases stock-in-trade		
Unmanufactured tobacco (transferred from raw and packing materials)	27344.54	19721.43
Other goods (including cigarettes purchased for resale)	29686.70	23303.80
	57031.24	43025.23

30. Changes in Inventories of finished goods, stock-in-trade and work-in-process		
Opening stock:		
Work-in-process	687.88	640.28
Finished goods		
- Cigarettes	4485.69	3308.40
- Chewing products	283.76	443.97
Stock-in-trade	5159.89	4775.96
Opening stock	10617.22	9168.61
Closing stock:		
Work-in-process	615.22	687.88
Finished goods		
- Cigarettes	5272.09	4485.69
- Chewing products	359.78	283.76
Stock-in-trade	5872.48	5159.89
Closing stock	12119.57	10617.22
(Increase) in inventories	(1502.35)	(1448.61)

31. Employee benefits expenses		
Salaries and wages	21093.34	21414.55
Contribution to provident and other funds	1479.68	1460.43
Workmen and staff welfare expenses	1791.45	1702.19
Contribution to gratuity and superannuation fund (refer Note No.41)	636.83	582.99
	25001.30	25160.16

32. Finance costs		
Interest expenses on:		
- Borrowings	26.69	28.66
- Lease liabilities (refer Note No.42)	2879.58	-
- Others*	77.33	39.36
Other borrowing costs	26.65	17.82
	3013.25	85.84

*including Rs. Nil (Previous year Rs. 6.93 lakhs) towards interest on entry tax.



	Rupees in Lakhs	
	Year ended 31.3.2020	Year ended 31.3.2019
33. Other Expenses		
Manufacturing charges paid to a subsidiary company for cigarette manufactured on our behalf (Refer Note No. 45)	5973.89	5678.28
Consumption of stores and spare parts*	218.29	140.34
Power and fuel	3920.54	3435.16
Rent (Refer Note No. 42)	349.85	5063.27
Repairs and maintenance		
- Buildings	494.22	759.64
- Plant and machinery	977.17	1094.16
- Others	1925.87	1374.02
Insurance	515.54	398.45
Rates and taxes	2348.15	1857.16
Freight and cartage	4223.81	4029.91
Legal and professional expenses	7806.66	9166.21
Auditors' Remuneration (net of GST)		
- Audit fees	99.00	90.00
- For tax audit	21.00	21.00
- For limited review of unaudited financial statements	80.00	62.00
- For consolidated financial statements	7.50	7.50
- For other services and certificates	2.50	2.90
- Reimbursement of expenses and expenses incurred	13.94	18.30
Commission paid to other than sole selling agents	165.57	249.26
Commission paid to non-executive director (Refer Note No.45)	150.00	150.00
Advertising and sales promotion	15587.32	14554.66
Selling and distribution expenses	8336.34	7285.92
Travelling and conveyance	2960.17	2943.29
Donations	585.64	777.51
Contributions/expenses towards Corporate social responsibility (Refer Note No. 34)	577.28	568.55
Bad debts and advances written off	98.38	33.76
Provision for doubtful debts and advances**	326.69	218.18
Property, plant and equipment written off	162.72	89.93
Loss on sale of property, plant and equipment (net)	64.07	24.82
Technical services fee and royalty	1466.07	1329.16
Consumer research activity	789.17	995.89
Contract labour for factories and retail stores operations	4072.75	3039.32
Machine and material handling expenses	43.15	99.40
Miscellaneous expenses	11489.25	10388.14
	75852.50	75946.09

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

**Net of Rs. 34.73 lakhs written-off/reversed during the year (Previous year Rs.132.95 lakhs).



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, enhancing livelihood opportunities for backward communities & women, safeguarding the interest of farmers and other projects focusing on education on HIV/AIDS.

Gross amount required to be spent by the Company during the year is Rs. 462.00 lakhs (Previous year Rs. 396.00 lakhs) and the details of amount spent are as under:

	Year ended 31.3.2020	Year ended 31.3.2019
a) By way of contribution for the above mentioned activities	577.28	541.48
b) Administrative expenses incurred (restricted to 5%)	-	27.07
	577.28	568.55

35. Earnings per share

Profit after tax (A)	38787.97	24096.73
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 after tax (Rs.) [A/B] (Face value of Rs. 2 each)	74.60	46.35

36. Managerial remuneration

a) Included in expenses are:		
Salaries*	424.00	377.47
Monetary value of benefits	389.81	277.36
Commission**	1935.60	1448.25
Sitting fees (excluding GST paid under reverse charge)	85.00	57.00
	2834.41	2160.08

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

**includes Rs.150 lakhs (Previous year Rs. 150 lakhs) payable to a non-working director.

b) Computation of directors' remuneration and commission:		
Profit before tax	51589.80	36263.73
Add/(less):		
Directors' remuneration	2834.41	2160.08
Net gain on sale/redemption/fair valuation of long term investments	(6438.06)	(4674.74)
Unrealised gain on fair valuation of short-term investments	(347.38)	-
Provision made for decline in the value of non-current investments	-	1508.50
	47638.77	35257.57
Maximum remuneration to working directors @ 10% of above	4763.88	3525.76
Restricted to	2599.41	1953.08
Maximum remuneration to non-working directors @ 1% of above	476.39	352.58
Restricted to	150.00	150.00



Rupees in Lakhs

As at 31.3.2020 As at 31.3.2019

37. Contingent liabilities not provided for

a) Demands from excise, income tax, goods and services tax, sales tax and other authorities not accepted by the Company @	4922.37*	3304.39*
b) Uncalled liability on shares partly paid (including share premium)	1920.07	79.24
c) Guarantee given to a bank on behalf of subsidiary company:		
– International Tobacco Company Limited	47.58	47.58
– Godfrey Phillips Middle East DMCC (AED 34.36 lakhs)	708.12@@	647.13@@

*includes Rs. 1682.88 lakhs (Previous year - Rs. 322.54 lakhs) relating to demands received by the subsidiary company – International Tobacco Company Limited from the excise authorities. Out of this Rs. 1366.56 lakhs relates to an order received during the current year from the Allahabad High Court upturning the earlier order of the CESTAT in favour of the subsidiary company. Against this order the subsidiary company has filed an appeal before the Hon'ble Supreme Court and has been legally advised that it has a strong case.

@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 statements of the Company when ultimately concluded.

@@this is to secure overdraft limit given by the bank. The actual overdrawn balance as on March 31, 2020 is Rs. Nil (Previous year Rs. Nil).

d) The following are the particulars of dues (including the amounts already provided for in the books) on account of sales tax, goods and services tax, value added tax, excise duty and income-tax as at March 31, 2020 that have been not accepted by the Company and are in appeals:

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
Central Sales Tax Act, 1956	Sale tax	32.72	18.86	2006-07	Sales Tax Tribunal
		0.28	-	2015-16	Upto Commissioner (Appeals) Level
Madhya Pradesh VAT Act, 2002	Value Added Tax	2.13	0.23	2014-15	Sales Tax Tribunal
		21.50	6.06	2012-13	Upto Commissioner (Appeals) Level
Goa VAT Act, 2005	Value Added Tax	0.99	-	2009-10	Upto Commissioner (Appeals) Level
Rajasthan VAT Act, 2003	Value Added Tax	205.05	64.53	2008-09 to 2013-14	High Court
		45.80	-	2008-09 to 2013-14	Upto Commissioner (Appeals) Level



Rupees in Lakhs

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
CGST Act 2017	GST	10.80**	10.80	2018-19	Appellate Authority, GST, Jaipur
Uttar Pradesh (UP) VAT Act, 2008	Value Added Tax	250.32***	136.96	2012-13 & 2015-16	Sales Tax Tribunal
		68.65***	68.65	2007-08	High Court
		292.22	116.89	2014-15 & 2015-16	Upto Commissioner (Appeals) Level
Central Excise Act, 1944	Excise duty	71.42	71.42	2010-11	Upto Commissioner (Appeals) Level
		1277.64^	123.63	2008-09 to 2016-17	Customs, Excise & Service Tax Appellate Tribunal
		918.08^	244.09	2007-08 to 2011-12	High Court
Income-tax Act, 1961	Income tax	244.00^^	244.00	1979-80 to 1982-83 & 1995-96 to 1997-98	High Court
		14.55^^	14.55	2009-10	Income Tax Appellate Tribunal
		598.24^^	106.86	2012-13 to 2015-16	Commissioner of Income Tax (Appeals)
		169.21^^	153.50	1999-2000, 2005-06 to 2008-09	Matters have been referred back to the Assessing officer

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

** provided for in the accounts amounting to Rs. 10.80 lakhs

*** provided for in the accounts amounting to Rs. 140.34 lakhs

^ provided for in the accounts amounting to Rs. 521.17 lakhs

^^ provided for in the accounts amounting to Rs. 405.46 lakhs

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
Income-tax Act, 1961	Income tax	63.21	2011-12	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	130.83	2009-10, 2010-11 & 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales tax	10.40	2007-08	High Court
Central Sales Tax Act, 1956	Excise duty	13867.30*	2002-03 to 2007-08	Commissioner of Customs, Excise and Service tax Appellate Tribunal

* Favourable order received from Commissioner by the Company on June 22, 2020.

- 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 those notices should not be paid. As those notices are in the nature of explanations required, the Company does not consider them to constitute a liability of any kind.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
38. Commitments		
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	8992.27	1640.66

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, 2020 are as under:

	As at 31.3.2020	As at 31.3.2019
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of Year are as under:		
-Principal amount	365.65	1020.85
-Interest due thereon	0.14	0.04
Amount of payments made to suppliers beyond the appointed day during the year are as under:		
-Principal amount	57.52	20.92
-Interest actually paid under section 16 of MSMED	-	0.01
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	0.18	0.21
-Interest remaining unpaid as at the end of the year	2.64	2.32
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961.	0.32	0.25

	Year ended 31.3.2020	Year ended 31.3.2019
40. Expenditure on scientific research and development		
Revenue expenditure	1040.98	961.44
Capital expenditure	52.27	226.73



Rupees in Lakhs

41. Employee benefit plans

(a) Defined contribution plans and amounts recognised in the Statement of profit and loss/Other Comprehensive Income

	Year ended 31.3.2020	Year ended 31.3.2019
Contribution towards provident fund (Refer Note No.31)*	1479.68	1460.43
Contribution towards superannuation fund	139.89	133.55
Employers' contribution to employee's state insurance scheme	8.93	11.28
	1628.50	1605.26

* The above does not include Rs. 614.00 lakhs provided through Other Comprehensive Income in current year to cover the possible loss to the PF Trust on account of non-realisation of some of the investments held by it as at March 31, 2020.

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

	Year ended 31.3.2020	Year ended 31.3.2019
Compensated absences – amount recognized in the Statement of profit and loss	663.63	937.98

(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, 1972 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 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:

	Year ended 31.3.2020	Year ended 31.3.2019
Current service cost	449.14	462.21
Net interest cost	41.67	(12.81)
	490.81	449.40
Excess/(Shortfall) of fair value over book value of plan assets	6.13	0.04
Net employee benefit expense recognized in employee cost	496.94	449.44



Rupees in Lakhs

	Year ended 31.3.2020	Year ended 31.3.2019
Amount recognised in other comprehensive income:		
Actuarial loss on obligations arising from changes in financial assumptions	598.90	224.91
Actuarial loss on obligations arising from changes in demographic assumptions	-	0.31
Actuarial loss on obligations arising on account of experience adjustments	184.45	140.96
Return on plan assets (excluding amounts included in net interest expense)	(35.89)	(85.46)
Net expense/(income) for the year recognized in other comprehensive income	747.46	280.72
(I) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined obligation	8758.04	8448.64
Current service cost	449.13	462.21
Interest cost (gross)	578.63	588.82
Benefits paid	(579.06)	(1107.81)
Actuarial loss on obligations arising from changes in financial assumptions	598.90	224.91
Actuarial loss on obligations arising from changes in demographic assumptions	-	0.31
Actuarial loss/(gain) on obligations arising on account of experience adjustments	184.45	140.96
Closing defined benefit obligation	9990.09	8758.04
(II) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	8144.89	8561.81
Interest income (gross)	536.95	601.63
Return on plan assets (excluding amounts included in net interest expense)	35.89	87.11
Contribution by employer	617.92	2.15
Benefits paid	(579.06)	(1107.81)
Closing fair value of plan assets	8756.59	8144.89
(III) Excess of fair value over book value of plan assets	10.90	4.77
(IV) Net liability/(recoverability) recognised in the balance sheet (I - II + III)	1244.40	617.92

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, 2020		
Government debt securities	183.62	2.10%
Other debt instruments	10.35	0.13%
Insurer managed funds	8577.75	97.96%
Others net assets / (liabilities)	(15.13)	-0.17%
	8756.59	100.00%
As at March 31, 2019		
Government debt securities	259.56	3.19%
Other debt instruments	93.38	1.15%
Insurer managed funds	7767.41	95.36%
Others net assets	24.54	0.30%
	8144.89	100.00%



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

	As at 31.3.2020	As at 31.3.2019
Discount rate (in %)	6.35%	7.40%
Salary escalation rate (in %)	8.00%	8.00%
Expected rate of return on plan assets	6.35%	7.40%
Expected average remaining working lives of employees	6.19 years	5.84 years

A quantitative sensitivity analysis for significant assumption shown above as at March 31, 2020 is as shown below:

Assumption	Impact on defined benefit obligation	
	As at 31.3.2020	As at 31.3.2019
Impact of increase in 0.5% in discount rate	-2.94%	-2.85%
Impact of decrease in 0.5% in discount rate	3.11%	3.01%
Impact of increase in 0.5% in salary escalation rate	3.05%	2.97%
Impact of decrease in 0.5% in salary escalation rate	-2.91%	-2.84%

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.

Sensitivities due to mortality and withdrawals are insignificant and hence ignored. Sensitivities as to rate of inflations, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

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

	Rupees in Lakhs	
	Year ended 31.3.2020	Year ended 31.3.2019
Within the next 12 months (next annual reporting period)	1929.36	1877.51
Between 2 and 5 years	4182.28	3682.64
Between 6 and 9 years	3557.61	3323.89
10 years and above	6130.95	6013.19
Total expected payments	15800.20	14897.23

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.19 years (Previous year 5.84 years).

42. Leases

42.1 Company as a lessee

The Company has lease contracts for various items of land, offices, warehouses, retail stores, store equipment and vehicles used in its operations. Leases of land have a term ranging from 45 to 99 years, offices, warehouses and stores have lease terms between 2 and 18 years, store equipment have a lease terms of 5 years, while motor vehicles generally have lease terms between 3 and 5 years. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed.

The Company also has certain leases of warehouses of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:



Rupees in Lakhs
As at
31.3.2020

Carrying amount of:

Right-of-Use: Office buildings, warehouses and stores	28815.27
Right-of-Use: Store equipment & furnitures	3612.68
Right-of-Use: Land	1621.71
Right-of-Use: Vehicles	425.14
Total	34474.80

	Right-of-Use: Office buildings, warehouses and stores	Right-of-Use: Store equipment & furniture	Right-of-Use: Land	Right-of-Use: Vehicles	Total
Cost					
Balance at April 1, 2019	29960.57	4129.72	1658.63	-	35748.92
Additions / Modifications	3686.38	668.07	-	509.25	4863.70
Derecognition	(1043.04)	-	-	-	(1043.04)
Balance at March 31, 2020	32603.91	4797.79	1658.63	509.25	39569.58
Accumulated depreciation					
Balance at April 1, 2019	-	-	-	-	-
Depreciation expense	3851.67	1185.11	36.92	84.11	5157.81
Derecognition	(63.03)	-	-	-	(63.03)
Balance at March 31, 2020	3788.64	1185.11	36.92	84.11	5094.78
Balance at March 31, 2020	28815.27	3612.68	1621.71	425.14	34474.80
Balance at April 1, 2019	29960.57	4129.72	1658.63	-	35748.92

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	As at 31.3.2020
Balance at April 1, 2019	33953.72
Addition / Modification	4518.81
Accretion of interest*	2879.58
Payments	(5917.64)
De-recognition of lease liabilities on termination	(975.70)
Balance at March 31, 2020**	34458.77
Current	6085.54
Non-current	28373.23

* Lease liabilities carry an effective interest rate of 9%

** For maturities of lease liabilities, Refer Note No. 43

The following are the amounts recognised in profit or loss:

	For the year ended 31.3.2020
Depreciation expense of right-of-use assets	5157.81
Interest expense on lease liabilities (Refer Note 32)	2879.58
Expense relating to short-term leases (Refer Note 33)	213.05
Variable lease payments (Refer Note 33)	136.80
Loss on termination of leases	4.30
	8391.54

The Company has lease contracts for stores that contains variable payments based on the revenue earned during the year. These terms are negotiated by management for certain stores as per prevalent market conditions. Management's objective is to align the lease expense with the revenue earned. The following provides information on the Company's variable lease payments:



For the year ended
31.03.2020

Variable rent	136.80
	136.80

42.2 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. These leases have terms ranging between 11 months to 3 years. Rental income recognised by the Company during the year is INR 244.06 Lakhs.

42.3 The effect of adoption of Ind As 116 as at 1st April, 2019 is as follows:

Ind AS 116 was notified with effect from April 1, 2019 which replaces Ind AS 17. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The effect of adoption Ind AS 116 as at April 1, 2019 (increase/(decrease)) is as follows:

	Amount
Assets	
Right-of-use assets	35748.92
Other assets	(2298.83)
Total assets	33450.09
Liabilities	
Financial liabilities - Lease liabilities	33953.72
Trade payables	(503.63)
Total liabilities	33450.09
Impact on Statement of Profit and Loss	
Increase in depreciation & amortisation expense	5157.82
Increase in finance cost	2879.58
Decrease in rent & other expense	(5900.51)
Decrease in profit before tax	2136.89
Tax effect	(537.94)
Decrease in profit after tax	1598.95

The Company has lease contracts for Land, Stores, office, warehouses, vehicles and equipments. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 4.3 for the accounting policy on Ind AS 116. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.



Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The lessee recognizes a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and correspondingly measured the right-of-use asset at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

	As at 01.04.2019
Assets	
Operating lease commitments as at March 31, 2019	5445.16
Weighted average incremental borrowing rate as at April 1, 2019	9%
Discounted operating lease commitments as at April 1, 2019	4534.47
Less:	
Commitments relating to short-term leases	(83.02)
Add:	
Lease payments relating to renewal and cancellable periods not included in operating lease commitments as at March 31, 2019	29502.27
Lease liabilities as at April 1, 2019	33953.72

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, lease liabilities, security deposits received, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

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, bonds or debentures.

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.

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.



Rupees in Lakhs

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, 2020	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- mutual funds	108601.71	108601.71	108601.71	-	-
- others	1905.44	1905.44	1905.44	-	-
Financial instruments at amortised cost:					
Investment in					
- others (IRFC Bonds)	435.01	468.67	468.67	-	-
Trade receivables	6667.48	6667.48			
Cash and cash equivalents	1717.17	1717.17			
Other bank balances	1960.51	1960.51			
Loans	691.23	691.23			
Other financial assets					
- Security deposits	1623.36	1623.36			
- Interest accrued on bank and other deposits	71.39	71.39			
- Other recoverables	693.16	693.16			
Total financial assets	124366.46	124400.12	110975.82	-	-
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	1114.22	1114.22			
Lease liabilities	34458.77	34458.77			
Trade payables	25054.94	25054.94			
Other financial liabilities					
- Security deposits	108.25	108.25			
- Interest accrued on other than borrowings	412.59	412.59			
- Unclaimed dividends	689.94	689.94			
- Payable to gratuity fund	1244.40	1244.40			
- Liability towards property, plant & equipments	526.28	526.28			
Total financial liabilities	63609.39	63609.39			
As at March 31, 2019					
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- mutual funds	104644.29	104644.29	104644.29	-	-
- others	1618.48	1618.48	1618.48	-	-
Financial instruments at amortised cost:					
Investment in					
- others (IRFC Bonds)	435.01	469.80	469.80	-	-
Trade receivables	6697.41	6697.41			
Cash and cash equivalents	1445.13	1445.13			
Other bank balances	1363.77	1363.77			
Loans	736.83	736.83			
Other financial assets					
- Security deposits	1821.37	1821.37			
- Interest accrued on bank and other deposits	64.12	64.12			
- Other recoverables	589.80	589.80			
Total financial assets	119416.21	119451.00	106732.57	-	-
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	4117.86	4117.86			
Trade payables	29091.25	29091.25			
Other financial liabilities					
- Security deposits	99.95	99.95			
- Interest accrued but not due on borrowings	1.27	1.27			



43.2. Fair value hierarchy (continued)

As at March 31, 2019	Carrying amount	Fair Value	Level 1	Level 2	Level 3
- Interest accrued on other than borrowings	417.99	417.99			
- Unclaimed dividends	246.57	246.57			
- Payable to gratuity fund	617.92	617.92			
- Liability towards property, plant & equipments	1351.14	1351.14			
- Book overdrafts	611.18	611.18			
Total financial liabilities	36555.13	36555.13			

Note: Investment in equity of subsidiaries, associates and joint ventures which are carried at cost are not covered under Ind AS 107 and hence not been included above.

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

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 Board of Directors.

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 Board of Directors. 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. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial



assets disclosed in the financial statement. The Company's maximum credit exposure to credit risk is Rs.120688.78 lakhs (previous year Rs.116607.31 lakhs). The Company has excluded cash and cash equivalents, other bank balances and investments in subsidiaries and associates as the credit risk associated with them is minimal.

Financial assets are provided for, 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 provided for, 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 other than those for which impairment allowance has been recorded. For details of trade receivables those are past due, refer Note No.13.

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 Board of Directors. 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, except lease liabilities, 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 1Year	More than 1Year	Total
As at March 31, 2020			
Lease liabilities	6322.94	44196.73	50519.67
Borrowings	1114.22	-	1114.22
Trade payables	25054.94	-	25054.94
Other financial liabilities	2887.16	94.30	2981.46
	35379.26	44291.03	79670.29
As at March 31, 2019			
Borrowings	4117.86	-	4117.86
Trade payables	29091.25	-	29091.25
Other financial liabilities	3260.22	85.80	3346.02
	36469.33	85.80	36555.13

(B) Foreign currency risk exposure

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

Particulars	Currency	As at 31.3.2020		As at 31.3.2019	
		Amount in foreign currency (Lakhs)	Amount in Rs. Lakhs	Amount in foreign currency (Lakhs)	Amount in Rs. Lakhs
Trade receivables	USD	41.01	3109.49	54.97	3801.15
Current liabilities	USD	21.00	1588.72	30.66	2120.78
	EURO	5.85	484.33	2.20	170.64
	GBP	1.38	129.20	0.53	48.36
	SGD	0.08	4.49	0.02	0.93
	JPY	-	-	3.86	2.41
	AED	0.10	2.08	2.38	44.75
	CHF	-	-	0.02	1.59



Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rate such as USD, 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	Rupees in Lakhs			
	As at 31.3.2020		As at 31.3.2019	
	5% increase	5% decrease	5% increase	5% decrease
Impact on profit before tax as at the end of the reporting year - USD	76.04	(76.04)	84.02	(84.02)

(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 31.3.2020 would have increased/decreased by Rs.1086.02 lakhs (for the year ended 31.3.2019 by Rs. 1046.44 lakhs).

44. Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. Net debts comprises of non-current and current debts (including trade payables, lease liabilities and other financial liabilities), other current liabilities as reduced by cash and cash equivalents and current investments. 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.

Gearing ratio	Rupees in Lakhs	
	As at 31.3.2020	As at 31.3.2019
Borrowings	1114.22	4117.86
Trade payables	25054.94	29091.25
Lease liabilities	34458.77	-
Other financial liabilities	2981.46	3346.02
Other current liabilities	35424.17	34433.83
Less : Cash and cash equivalents	1717.17	1445.13
: Current investments	12719.26	23913.33
Net debt (A)	84597.13	45630.50
Total equity	206084.88	189627.40
Capital and net debt (B)	290682.01	235257.90
Gearing Ratio (A/B)	29.10%	19.40%

No changes were made in the objectives, policies or processes during the year ended 31 March, 2020.



45. Related party transactions

45.1 Disclosure of related parties	Principal Activities	Place of incorporation and operation	Proportion of ownership interest / voting rights held by the parent entity	
			As at 31.3.2020	As at 31.3.2019
(a) Subsidiaries				
International Tobacco Company Limited	Manufacturing of cigarette & tobacco products	India	100%	100%
Chase Investments Limited	Investment activities	India	100%	100%
Godfrey Phillips Middle East DMCC	Trading of cigarette, tobacco & other retail products	U.A.E.	100%	100%
Flavors And More, Inc.	Trading & distribution of vaping devices	U.S.A.	100%	100%
Friendly Reality Projects Limited	Real Estate	India	87.99%*	86.56%*
* Held partly through other subsidiary				
(b) Subsidiaries through the subsidiary companies:				
Unique Space Developers Limited (subsidiary of Chase Investments Limited)		India	66.67%	66.67%
Rajputna Infrastructure Corporate Ltd. (subsidiary of Friendly Reality Projects Limited)		India	87.99%	86.56%
Gopal Krishna Infrastructure & Real Estate Limited (subsidiary of Unique Space Developers Limited, ceased to be a subsidiary w.e.f. February 25, 2019)		India	-	-
Rajputana Developers Projects (AOP)		India	63.79%	58.86%
(c) Associates:				
Success Principles India Limited (ceased to be an associate w.e.f. March 15, 2019)		India	-	-
IPM India Wholesale Trading Private Limited		India	24.80%	24.80%
KKM Management Centre Private Limited		India	36.75%	36.75%
(d) Associate through the subsidiary companies				
KKM Management Centre Middle East (FZC)		U.A.E.	36.00%	36.00%
(e) Entities of which the Company is an associate:				
K K Modi Investment & Financial Service Private Limited, India				
Philip Morris Global Brands Inc.,USA				
(f) Member entities of the Group to which Philip Morris Global Brands Inc.,USA, belongs to :				
Philip Morris Philippines Manufacturing Inc.				
Philip Morris Products S.A.				
PT Hanjaya Mandala Sampoerna Tbk.				
Philip Morris International Management SA (merged with Philip Morris Products S.A., effective April 1, 2019)				
Philip Morris Izhora, Russia				



(g) Key management personnel & their relatives and other directors:

Late Mr. K.K.Modi	President and Managing Director (upto November 2, 2019)
(Dr.) Mrs. Bina Modi	President and Managing Director (ordinary director upto November 13, 2019)
Mr. Samir Modi	Executive Director
Mr. Ruchir Kumar Modi	Ordinary Director and a relative of Late Mr. K.K.Modi, Mr. Samir Modi and (Dr.) Mrs. Bina Modi
Mr. Sharad Aggarwal	Whole-time Director
Mr. Bhasham Wadhwa	Chief Executive Officer
Mr. Sunil Agrawal	Chief Financial Officer
Mr. Sanjay Gupta	Company Secretary
Mr. R A Shah	(Non Independent Director and Chairman of Board)
Mr. Lalit Bhasin	Independent Director
Mr. Anup N. Kothari	Independent Director
Mr. Atul Kumar Gupta	Independent Director
Mrs. Nirmala Bagri	Independent Director(w.e.f. April 1,2019)

(h) 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
MHP Staffing Private Limited
Modi Innovative Education Society
Modi Stratford Enterprise Management Private Limited
International Research Park Laboratories Limited
Crawford Bayley & Co.
Bhasin & Co.
Rajputana Developers Limited
Quick Investment (India) Limited
Good Investment (India) Limited
Super Investment (India) Limited
Premium Tradelinks Private Limited

(i) Others related parties:

Godfrey Phillips India Limited employees Gratuity Fund No.1
Godfrey Phillips India Limited employees Gratuity Fund No.2
Godfrey Phillips India Limited Management Staff Superannuation Fund
Godfrey Phillips India Limited Provident Fund



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 key management personnel and their relatives are able to exercise significant influence		Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the entity		Other related parties	
	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019
i) Trading transactions														
Sale of goods, spare parts, etc.	13851.51***	14500.40***	24580.58@	15860.66@	-	-	168.56	243.27	20575.65&	12932.06&	-	-	-	-
Purchase of goods/services/spare parts	36.25*	37.94*	1026.03@	(981.03)@	-	-	1823.70\$	2169.49\$	5103.53&&	3954.93&&	-	-	-	-
Receipts from secondment of services	-	-	190.13@**	597.63@**	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	163.20@	151.50@	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	106.12@	567.34@	-	-	-	-	-	-	-	-	-	-
Rent and hire charges received	4.80*	4.80*	-	11.91@	-	-	96.02	92.68	-	-	-	-	-	-
Manufacturing charges paid	5973.89*	5678.28*	-	-	-	-	-	-	-	-	-	-	-	-
Payments for professional services availed	-	-	736.75@@	1138.15@@	-	-	71.53	55.04	-	-	-	-	-	-
Donation given \$\$	66.29#	51.31#	10756.04@*	8979.41@*	-	-	765.22	774.03	-	-	-	-	-	-
Expenses recovered	1147.26##	6354.48##	2.39@**	7.27@**	-	-	0.04	0.88	-	8.68&	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	-	17.19	2.35&	3.10&	-	-	-	-
ii) Other related party transactions														
Subscription to share capital	480.02	400.00	-	-	-	-	-	-	-	-	-	-	-	-
- Friendly Realty Projects Limited	-	209.60	-	-	-	-	-	-	-	-	-	-	-	-
- Flavors And More, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend payment including Interim Dividend(gross)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Philip Morris Global Brands Inc.	-	-	-	-	-	-	-	-	-	-	4437.16	1044.04	-	-
- K K Modi Investment & Financial Services Pw. Ltd.	-	-	-	-	-	-	-	-	-	-	5166.86	1215.73	-	-
- Quick Investment (India) Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Good Investment (India) Limited	-	-	-	-	-	-	760.17	178.86	-	-	-	-	-	-
- Super Investment (India) Limited	-	-	-	-	-	-	1465.13	344.74	-	-	-	-	-	-
- HMA Udyog Private Limited	-	-	-	-	-	-	179.27	42.18	-	-	-	-	-	-
- HMA Udyog Private Limited	-	-	-	-	-	-	23.12	5.44	-	-	-	-	-	-
Technical services fee and royalty	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Philip Morris Products S.A.	-	-	-	-	-	-	-	61.62	-	-	-	-	-	-
Sale of investments in Success	-	1508.50	-	-	-	-	-	-	-	-	-	-	-	-
Principles India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Premium Tradellinks Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision made for decline in value of non current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Flavors And More, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Contribution to trusts														
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Staff Superannuation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	133.55
Godfrey Phillips India Limited Provident Fund (Refer No. 41)	-	-	-	-	-	-	-	-	-	-	-	-	-	1307.28
Godfrey Phillips India Limited Gratuity Fund No.1	-	-	-	-	-	-	-	-	-	-	-	-	-	98.61
Godfrey Phillips India Limited Gratuity Fund No.2	-	-	-	-	-	-	-	-	-	-	-	-	-	44.73
iv) Compensation & Post Employment benefits of key management personnel and other directors \$\$														
- Samir Modi	2381.94	1762.87	-	-	-	-	2381.94	1762.87	-	-	-	-	-	-
- Bina Modi	6.00	8.00	-	-	-	-	6.00	8.00	-	-	-	-	-	-
- Ruchir Kumar Modi	150.00	150.00	-	-	-	-	150.00	150.00	-	-	-	-	-	-
- Bhisam Vadhwa	573.52	456.36	-	-	-	-	573.52	456.36	-	-	-	-	-	-
- Sunil Agrawal	201.65	188.25	-	-	-	-	201.65	188.25	-	-	-	-	-	-
- Sharad Aggarwal	217.47	190.20	-	-	-	-	217.47	190.20	-	-	-	-	-	-
- Sanjay Gupta	139.19	124.63	-	-	-	-	139.19	124.63	-	-	-	-	-	-
- R A Shah	15.00	12.00	-	-	-	-	15.00	12.00	-	-	-	-	-	-
- Lalit Bhasin	21.00	13.00	-	-	-	-	21.00	13.00	-	-	-	-	-	-
- Anup N Kohari	17.00	13.00	-	-	-	-	17.00	13.00	-	-	-	-	-	-
- Atul Kumar Gupta	8.00	11.00	-	-	-	-	8.00	11.00	-	-	-	-	-	-
- Nirmala Bagri	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99	1397.99

46. Segment Information

Products from which reportable segments derive their revenues

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

- Cigarette, tobacco and related products; and
- Retail and related products

Segment information for the year ended March 31, 2020 and March 31, 2019 is as follows:

	Year ended March 31, 2020			Year ended March 31, 2019		
	Cigarette, Tobacco and related products	Retail and related products	Total	Cigarette, Tobacco and related products	Retail and related products	Total
1. Segment revenue						
- External sales (gross)	266049.61	35835.18	301884.79	228044.70	28397.54	256442.24
- Other operating income	1658.75	925.33	2584.08	2070.51	690.50	2761.01
Total Revenue	267708.36	36760.51	304468.87	230115.21	29088.04	259203.25
2. Segment result						
Unallocable income net of unallocable expenses	54643.55	(12311.12)	42332.43	39618.22	(8270.83)	31347.39
Profit before finance costs and tax			9391.04			5002.18
Less: Finance costs			51723.47			36349.57
Profit before tax			133.67			85.84
3. Other information			51589.80			36263.73
Capital expenditure including capital work in progress and capital advances (excluding ROU Assets)	9093.02	1748.45	10841.47	7387.10	5438.66	12825.76
Depreciation and amortization	10074.40	5090.89	15165.29	8584.06	965.67	9549.73
Non cash expenditure other than depreciation*	423.16	228.70	651.86	154.98	211.71	366.69

*During the previous year Company has impaired Rs.1508.50 lakhs on account of investments in subsidiary which is part of unallocable expenditure (Refer Note No.48)

Segment information as at March 31, 2020 and March 31, 2019 is as follows:

	As at March 31, 2020			As at March 31, 2019		
	Cigarette, Tobacco and related products	Retail and related products	Total	Cigarette, Tobacco and related products	Retail and related products	Total
a) Segment assets						
Allocable assets	151179.50	34189.95	185369.45	132193.00	12782.01	144975.01
Unallocable assets			124359.64			119430.82
Total assets			309729.09			264405.83
b) Segment liabilities						
Allocable liabilities	75161.12	25925.64	101086.76	64635.76	5083.66	69719.42
Unallocable liabilities			2557.45			5059.01
Total liabilities			103644.21			74778.43
c) Equity/Capital Employed			206084.88			189627.40
Total (b+c)			309729.09			264405.83

d) Entity wide information

The Company operates in two principle geographical areas - India and Outside India.

The Company's revenue from operations by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from operations			Rupees in Lakhs	
	Year ended	Year ended	Year ended	As at	As at
	31.3.2020	31.3.2019	31.3.2020	31.3.2020	31.3.2019
India	244690.70	209844.10	105428.31	72916.35	
Outside India	59778.17	49359.15	-	-	
Total	304468.87	259203.25	105428.31	72916.35	

* Non current assets do not include financial assets-investments, loans & other non-current financial assets

e) 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.** During the year, the Company had been called upon by the Directorate of Enforcement ('ED') seeking certain information including those in connection with the business arrangements with IPM India Wholesale Trading Pvt. Ltd. (IPM), an associate of the Company. The Company has suitably responded and provided all the requisite information/details as sought by the ED from time to time and there is no further development in the matter before the ED as on date. Moreover, the Company is of the view that its business arrangements with IPM are in compliance to the extant FDI regulations.
- 48.** During the previous year, the Company identified impairment in the carrying value of its investments in the share capital of its wholly owned foreign subsidiary, Flavors and More, Inc. (F&M) owing to its decision for closure of its business operations and accordingly, 100% of the value of its investment in F&M was provided for in the previous year.
- 49.** 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.
- Loans:** There are no loans and advances in the nature of loans to the subsidiaries/associates firms and companies in which directors are interested.
- 50.** The figures for the previous year have been re-classified/re-grouped, wherever necessary, to correspond with the current year's classification/ disclosure.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

Place : Faridabad
Date : June 30, 2020

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

DR. BINA MODI
(DIN 00048606)
President & Managing Director

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

Directors



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

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Godfrey Phillips India Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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 other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 5 (a) of the accompanying consolidated Ind AS financial statements, which describes the uncertainties and the possible effects of uncertainties related to outbreak of COVID-19 on the business operations of the Group as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.



Key audit matters	How our audit addressed the key audit matter
<p>Recoverability of carrying value of net assets relating to retail and chewing business (as described in notes 5 (d) (i) and 5 (d) (ii) of the consolidated Ind AS financial statements)</p>	
<p>As at March 31, 2020, the carrying value of net assets relating to retail and chewing business was Rs. 8,603.17 lakhs and Rs. 6,386.99 lakhs respectively.</p> <p>Recoverability of carrying value of assets relating to retail and chewing business have been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> - The significance of the carrying value of assets being assessed. - Significant losses being incurred in the retail business and continuing losses in the chewing business. - The assessment of the recoverable amount of the Group's Cash Generating Units (CGUs) involves significant judgements and estimates. <p>The key judgements and estimates centred on identification of indicators of impairment and future projections relating to the aforesaid business including the potential impact of COVID 19 on the future cash flows.</p>	<p>Our procedures amongst others included the following:</p> <ul style="list-style-type: none"> - Obtained and assessed management analysis of internal and external factors impacting the Group's retail and chewing business in line with Ind AS 36. - In relation to the retail business, obtained and evaluated the valuation report of management appointed expert for the purpose of testing the key assumptions and valuation methodologies used to determine the recoverable amount by engaging valuation specialists. - In relation to the chewing business, critically evaluated the key assumptions used by the management including forecasted revenues, appropriateness of the weighted average cost of capital used to discount the future cash flows by engaging valuation specialists. - Assessed the independence, competence and objectivity of the management appointed experts used for determining the recoverable amount. - Compared the recoverable amount of the assets relating to retail business to the carrying value in books. - Assessed the disclosures made in the financial statements by the Group in this regard.
<p>Revenue recognition (as described in notes 4.1.1 and 27 of the consolidated Ind AS financial statements)</p>	
<p>For the year ended March 31, 2020 the Group has recognized revenue from operations of Rs. 306,801.72 lakhs.</p> <p>Revenue recognition has been recognized as a key audit matter due to the following consideration:</p> <ul style="list-style-type: none"> - Completeness and Occurrence: The variety of terms that define when control is transferred to the customer. Further the Group focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control is transferred. This give rise to the risk that revenue is not recognized in the correct period. - Measurement: Revenue is measured net of pricing allowances, other trade discounts, and price promotions to customers (collectively 'trade spend'). There is a risk that trade spend accruals are incorrectly recorded as its also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual. 	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> - Read and assessed the Group's revenue recognition accounting policies including the recognition and classification criteria for trade spend in accordance with the requirements of Ind AS 115. - Performed walkthroughs and test of controls, assisted by our IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls. - Selected a sample of transactions taking place at either side of the balance sheet date to evaluate whether revenue was recognised in the correct period by agreeing the date of revenue recognition to third party supports such as bill of lading, lorry receipts etc. - Tested the calculations of provisions related to trade spend by agreeing a sample of amounts recognised to underlying arrangements and other supporting documents. Compared the year end rebate provisions and rebate costs in the year to prior year amounts and expectations in order to identify unusual trends.



Key audit matters	How our audit addressed the key audit matter
<p>Accuracy and completeness of related party transactions (as described in note 44 of the consolidated Ind AS financial statements)</p>	
<p>The Group has undertaken transactions with its related parties. These include sale of goods to related parties, purchase of goods and services from related parties.</p> <p>We identified accuracy and completeness of the said related party transactions as a key audit matter due to significance of related party transactions, risk of transactions entered not transacted on an arm's length basis and risk of such transactions remaining undisclosed.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> - Obtained and read the Group's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions. - Read minutes of shareholder meetings, board meetings and audit committee meetings regarding Holding Company's assessment of related party transactions being in the ordinary course of business at arm's length. - Tested, on a sample basis, related party transactions with the underlying contracts, confirmation letters and other supporting documents. - Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis. - Assessed the related party disclosures in the financial statements through review of statutory information, books and records and other documents obtained during the course of our audit.
<p>Adoption of Ind AS 116 'Leases' (as described in notes 4.3, 4.25.1 and 40 of the consolidated Ind AS financial statements)</p>	
<p>Effective April 01, 2019, the Group has adopted Ind AS 116 "Leases" and has recognised right of use assets (adjusted for prepaid & accrued lease payments) of Rs. 35,964.81 lakhs and lease liabilities of Rs. 33,953.72 lakhs as of April 01, 2019 by applying a modified retrospective approach.</p> <p>Application of Ind AS 116, requires significant judgement and estimate in determining the right of use assets and lease liabilities based on terms of the underlying lease agreements, hence we considered this as a key audit matter.</p>	<p>- As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> - Read and assessed the Group's accounting policies in accordance with the requirements of Ind AS 116. - Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to accounting of leases under Ind AS116; - Tested the accuracy and completeness of the underlying lease master by agreeing the underlying data pertaining to lease rentals, term, escalation and other relevant terms and conditions to lease agreements and recomputed the calculations involved on a sample basis. - Evaluated the underlying assumptions and estimates including the discount rates. - Assessed the disclosures made in the financial statements by the Group in this regard.
<p>Fair valuation of Unquoted Equity Shares (as described in note 9.2.2 and 42 of the consolidated Ind AS financial statements)</p>	
<p>As at March 31, 2020, one of the subsidiary company of the Group holds 91,875 unquoted equity shares of Rs. 10 each in KK Modi Investment & Financial Services Private Limited ('KKMIF'). As on the balance sheet date, these shares have been accounted at fair value of Rs. 11,115.96 lakhs.</p> <p>The fair valuation of investments in KKMIF has been considered as key audit matter due to the following reason:</p> <ul style="list-style-type: none"> - Significance of the amounts involved - Estimation and judgement involved in carrying out the valuation 	<p>- Our audit procedures including the procedures of the component auditor include the following:</p> <ul style="list-style-type: none"> - Obtained the valuation report of the management expert and assessed the independence, competence and objectivity of the management experts used for determining the fair valuation. - Engaged valuation specialist to review the methodology used for carrying out the valuation. - Assessed the disclosures made in the financial statements by the Group in this regard.

We have determined that there are no other key audit matters to communicate in our report.



Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated 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) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 of the assets of the Group and of its associates 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 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 consolidated Ind AS 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast



significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements and other financial information, in respect of 7 subsidiaries, whose Ind AS financial statements include total assets of Rs.24,076.96 lakhs as at March 31, 2020, and total revenues of Rs.16,156.64 lakhs and net cash outflows of Rs.608.35 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs.49.71 lakhs for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 2 associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. 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-sections (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 such other auditors.

Certain of these subsidiaries and associates are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and associates located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associates located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

The consolidated Ind AS financial statements also include the Group's share of net profit of Nil for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 1 associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, 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 and other 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 report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of 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 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies, none of the directors of the Group's companies and its associates incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and associate companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associates incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates in its consolidated Ind AS financial statements – Refer Note 37 to the consolidated Ind AS financial statements;
 - ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2020. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiaries and its associates incorporated in India during the year ended March 31, 2020.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria
Partner
Membership Number: 086370
UDIN: 20086370AAAABQ6489

Place of Signature: Faridabad
Date: 30 June 2020

**Annexure 1 referred to in paragraph (f) under the heading
“Report on other legal and regulatory requirements” of our
report of even date on the consolidated Ind AS financial
statements of Godfrey Phillips India Limited**

Report on the Internal Financial Controls 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 Godfrey Phillips India Limited as of and for the year ended March 31, 2020, 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 Holding 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. 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 Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, 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 with reference to these consolidated Ind AS financial statements 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

A company’s internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements 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 with Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, in so far as it relates to these four subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and one associate incorporated in India. In respect of one associate company, incorporated in India, whose financial statements and other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the management, in our opinion and according to the information and explanations given to us by the management, the financial statements and other financial information in respect to the said associate are not material to the Group.

FOR S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria

Partner

Membership Number: 086370

UDIN: 20086370AAAABQ6489

Place of Signature: Faridabad

Date: 30 June 2020



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

Rupees in Lakhs

Particulars	Note No.	Rupees in Lakhs	
		As at 31.3.2020	As at 31.3.2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	65471.52	68250.46
Capital work-in-progress	6	1667.33	1433.53
Investment property	7	949.10	872.37
Right of use assets	40	34685.50	-
Intangible assets	8	395.20	315.41
Intangible assets under development	8	60.96	-
Financial assets			
- Investments	9	112191.08	98950.20
- Loans	10	588.80	637.42
- Other financial assets	15	1700.58	1861.63
Deferred tax assets (Net)	11	-	110.33
Income tax assets (Net)	25	3007.64	3030.56
Other non-current assets	16	3122.90	2557.96
Total non-current assets		223840.61	178019.87
Current assets			
Inventories	12	68794.72	64154.95
Financial assets			
- Investments	9	12865.85	24209.98
- Trade receivables	13	6887.06	6864.22
- Cash and cash equivalents	14	2464.34	2897.56
- Other bank balances	14	2346.12	1660.41
- Loans	10	148.14	138.43
- Other financial assets	15	883.02	814.09
Other current assets	16	11284.44	7913.84
Total current assets		105673.69	108653.48
Total assets		329514.30	286673.35
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1039.88	1039.88
Other equity	18	217692.77	202832.39
Equity attributable to owners of the Company		218732.65	203872.27
Non-controlling interests	19	2857.12	3279.99
Total equity		221589.77	207152.26
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	20	90.63	82.09
- Lease Liabilities	21	28373.23	-
- Other financial liabilities	22	94.70	86.20
Provisions	23	2689.46	2356.51
Deferred tax liabilities (Net)	11	2819.49	3229.75
Total non-current liabilities		34067.51	5754.55
Current liabilities			
Financial liabilities			
- Borrowings	20	1114.22	4117.86
- Lease Liabilities	21	6085.54	-
- Trade payables	24		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		369.29	1024.82
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		25033.15	27938.19
- Other financial liabilities	22	2936.94	3315.38
Other current liabilities	26	36156.03	35701.75
Provisions	23	1647.48	1181.18
Income tax liabilities (Net)	25	514.37	487.36
Total current liabilities		73857.02	73766.54
Total liabilities		107924.53	79521.09
Total equity and liabilities		329514.30	286673.35
Notes forming part of the consolidated financial statements	1-48		

As per our report of even date

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

DR. BINA MODI
(DIN 00048606)
President & Managing Director

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2020	Year ended 31.3.2019
I Revenue from operations	27	306801.72	261222.10
II Other income	28	10687.27	7912.01
III Total income (I+II)		317488.99	269134.11
IV Expenses			
Cost of materials consumed	29	70560.11	65593.11
Purchases of stock-in-trade	30	57153.69	43063.63
Changes in inventories of finished goods, stock-in-trade and work-in-process	31	(1590.84)	(1347.21)
Excise duty		19143.56	11499.05
Employee benefits expenses	32	27843.79	28069.80
Finance costs	33	3022.96	96.79
Depreciation and amortisation expenses	6,7,8 & 40	15521.59	9857.25
Other expenses	34	74532.57	74041.72
Total expenses		266187.43	230874.14
V Profit before share of profit of associates, and tax (III-IV)		51301.56	38259.97
VI Share of profit of associates		49.71	44.27
VII Profit before tax (V+VI)		51351.27	38304.24
VIII Tax expense:	11		
- Current tax		12657.20	12050.81
- Deferred tax charge		216.54	227.03
		12873.74	12277.84
IX Profit for the year (VII-VIII)		38477.53	26026.40
X Other comprehensive income			
Items that will not to be reclassified to profit or loss			
(i) (Loss) on remeasurements of the defined benefit/contribution plans		(1481.04)	(256.04)
(ii) Tax impact on remeasurements of the defined benefit/contribution plans		372.75	89.86
(iii) (Loss)/Gain on equity instruments fair valued through other comprehensive income		(1553.61)	4805.98
(iv) Tax impact on equity instruments fair valued through other comprehensive income		361.93	(1119.14)
Total other comprehensive income, net of tax (i+ii+iii+iv)		(2299.97)	3520.66
XI Total comprehensive income for the year (IX+X)		36177.56	29547.06
Profit/(loss) for the year attributable to:			
Owners of the Company		38487.12	26030.99
Non-controlling interests		(9.59)	(4.59)
		38477.53	26026.40
Other comprehensive income for the year attributable to:			
Owners of the Company		(2299.97)	3520.66
Non-controlling interests		-	-
		(2299.97)	3520.66
Total comprehensive income for the year attributable to:			
Owners of the Company		36187.15	29551.65
Non-controlling interests		(9.59)	(4.59)
		36177.56	29547.06
Basic and Diluted Earnings per share after tax	36	Rs. 74.02	Rs. 50.06
(Face value of share - Rs. 2 each)			
Computed on the basis of profit attributable to the owners of the company			
Notes forming part of the consolidated financial statements	1-48		

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

Place : Faridabad
Date : June 30, 2020

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

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Directors

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

Rupees in Lakhs

(a) Equity share capital	<u>Amount</u>
Balance at April 1, 2018	1039.88
Changes in equity share capital during the year	-
Balance at March 31, 2019	1039.88
Changes in equity share capital during the year	-
Balance at March 31, 2020	1039.88

(b) Other equity

	Reserves and surplus				Equity component of compound financial instrument	Reserve for equity instruments fair valued through other comprehensive income	Attributable to owners of the company (sub-total)	Non controlling interests	Total
	General reserve	Capital redemption reserve	Retained earnings	Statutory Reserve					
Balance at April 1, 2018	34431.89	30.13	137648.13	48.81	125.64	6010.65	178295.25	3663.74	181958.99
Profit for the year	-	-	26030.99	-	-	-	26030.99	(4.59)	26026.40
Other comprehensive income for the year, net of income-tax	-	-	(166.18)	-	-	3686.84	3520.66	-	3520.66
Total comprehensive income	-	-	25864.81	-	-	3686.84	29551.65	(4.59)	29547.06
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	-	-	-	(4159.51)	-	(4159.51)
Dividend distribution tax thereon	-	-	(855.00)	-	-	-	(855.00)	-	(855.00)
Transfer to statutory reserve from retained earnings	-	-	(6.53)	6.53	-	-	-	-	-
Transfer to general reserve from retained earnings	3000.00	-	(3000.00)	-	-	-	-	-	-
Arising from change in ownership interests in subsidiaries	-	-	-	-	-	-	-	(379.16)	(379.16)
Balance at March 31, 2019	37431.89	30.13	155491.90	55.34	125.64	9697.49	202832.39	3279.99	206112.38
Profit for the year	-	-	38487.12	-	-	-	38487.12	(9.59)	38477.53
Other comprehensive income for the year, net of income-tax	-	-	(1108.29)	-	-	(1191.68)	(2299.97)	-	(2299.97)
Total comprehensive income	-	-	37378.83	-	-	(1191.68)	36187.15	(9.59)	36177.56
Payment of dividends (Rs. 10 per equity share)	-	-	(5199.39)	-	-	-	(5199.39)	-	(5199.39)
Dividend distribution tax thereon	-	-	(1068.75)	-	-	-	(1068.75)	-	(1068.75)
Interim dividend paid (Rs. 24 per equity share)	-	-	(12478.54)	-	-	-	(12478.54)	-	(12478.54)
Dividend distribution tax thereon	-	-	(2565.00)	-	-	-	(2565.00)	-	(2565.00)
Transfer to statutory reserve from retained earnings	-	-	(15.54)	15.54	-	-	-	-	-
Transfer to general reserve from retained earnings	-	-	-	-	-	-	-	-	-
Arising from change in ownership interests in subsidiaries	-	-	-	-	(15.09)	-	(15.09)	(413.28)	(428.37)
Balance at March 31, 2020	37431.89	30.13	171543.51	70.88	110.55	8505.81	217692.77	2857.12	220549.89

Notes forming part of the Consolidated financial statements

1-48

As per our report of even date

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Sekaria
Partner
Membership No.: 086370

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

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ANUP N. KOTHARI
(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

Directors

Place: Faridabad
Date: June 30, 2020

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2020



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in Lakhs

Particulars	For the Year ended 31.3.2020	For the Year ended 31.3.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	51351.27	38304.24
Adjustments for:		
Depreciation and amortisation expenses	15521.59	9857.25
Share of profit of associates	(49.71)	(44.27)
Interest income from:		
- Debts, deposits, loans and advances, etc.	(355.36)	(275.49)
- Non-current investments	(57.22)	(35.57)
Loss on modification of lease	4.30	-
Liabilities and provisions on longer required, written back	(307.78)	(146.80)
Dividend income	(656.46)	(240.95)
Net gain on sale/redemption/fair value of long term investments	(5742.51)	(5099.99)
Net gain on sale/redemption/fair value of short term investments	(1869.67)	(1458.81)
Exchange loss on foreign currency bank balance	(0.52)	(0.43)
Interest expenses		
- On borrowings	39.40	38.54
- On lease liabilities	2879.58	-
- Others	77.33	40.43
Bad debts and advances written off	101.16	103.53
Provision for doubtful debts and advances	391.40	300.19
Property, plant and equipments written off	171.59	105.78
Assets written off	5.52	-
Loss on sale of Property, plant and equipment (net)	67.34	31.90
	<u>10219.98</u>	<u>3175.31</u>
Operating profit before working capital changes	61571.25	41479.55
Adjustments for changes in working Capital:		
Increase in Trade receivables, loans, other financial assets and other assets	(4230.30)	(34.96)
Increase in Inventories	(4639.77)	(5620.15)
(Decrease)/Increase in Trade payables, other financial liabilities, other liabilities and provisions	(2948.48)	13270.16
Purchase of current and non current investments*	(19.83)	(29.22)
Proceeds from sale of current and non current investments*	158.09	20.09
	<u>(11680.29)</u>	<u>7605.92</u>
Cash generated from operating activities	49890.96	49085.47
Income taxes paid (net)	(12389.06)	12895.61
Net cash generated from operating activities	37501.90	36189.86
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, capital work in progress, investment property, intangible assets and intangible assets under development	(12238.16)	(13087.07)
Proceeds from sale of property, plant and equipment, capital work in progress, investment property, intangible assets and intangible assets under development	182.62	175.55
Proceeds from sale of investment in associate	-	61.62
Purchase of other current and non-current investments	(532858.15)	(398093.09)
Proceeds from sale of other current and non-current investments	536931.42	378743.46
Dividend received	656.46	240.95
Interest received	408.71	306.22
Fixed deposits (made)/released	(242.34)	666.24
Net cash (used in) investing activities	(7159.44)	(30986.12)
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment of)/proceeds from current borrowings (Net)	(3003.64)	1434.88
Interest paid	(2994.44)	(419.48)
Dividend paid	(17234.56)	(4123.58)
Dividend distribution tax paid	(3633.75)	(855.00)
Repayment of lease obligations	(3038.07)	-
Acquisition of non controlling interests	(428.37)	(379.16)
Net cash used in financing activities	(30332.83)	(4342.34)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	9.63	861.40
Cash and cash equivalents at the beginning of the year (Refer Note 1 below)	3144.13	2282.30
	3153.76	3143.70
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	0.52	0.43
Cash and cash equivalents at the end of the year (Refer Note 1 below)	3154.28	3144.13
*By the subsidiary company engaged in the business of acquisition of securities		
Note 1:		
For the purpose of consolidated statement of cash flows, cash and cash equivalents comprises the following:		
	As at	As at
Cash and cash equivalents (Refer Note No.14)	31.3.2020	31.3.2019
Earmarked unpaid dividend accounts# (Refer Note No.14)	2464.34	2897.56
Total	689.94	246.57
#Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend	3154.28	3144.13
Note 2:		
The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements		
Notes forming part of the consolidated financial statements 1-48		

As per our report of even date

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

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(DIN 00294737)

Place : Faridabad
Date : June 30, 2020

SANJAY GUPTA
Company Secretary

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

NIRMALA BAGRI
(DIN 01081867)

Directors

Place: New Delhi
Date: June 30, 2020

Notes to consolidated financial statements for the year ended March 31, 2020

1. Corporate information

The consolidated financial statements comprise financial statements of Godfrey Phillips India Limited (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended March 31, 2020.

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 Group are manufacturing of cigarettes, chewing products & tobacco products, trading of cigarettes, tobacco products, and other retail products, trading & distribution of vaping products, acquisition of securities and real estate development.

The address of its registered office is 'Macropolo Building', Ground Floor, 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. The consolidated financial statements were approved for issue by the Board of Directors on June 30, 2020.

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 and as amended. The consolidated financial statements are presented in rupees 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, has power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity) and has the ability to use its power over the entity to affect its return. Subsidiaries are consolidated from the date on which control is obtained by the Group. They are de-consolidated 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, expenses and cash flows. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Intragroup transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Non-controlling interests in the equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of change in equity and the consolidated 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 31.03.2020	Proportion of ownership as at 31.03.2019
Indian Subsidiaries				
International Tobacco Company Limited	India	Manufacturing of cigarettes & tobacco products	100.00%	100.00%
Chase Investments Limited	India	Acquisition of securities	100.00%	100.00%
Friendly Reality Projects Limited	India	Real estate development	87.99%*	86.56%*
Unique Space Developers Limited	India	Real estate development	66.67%**	66.67%**
Gopal Krishna Infrastructure & Real Estate Limited (ceased to be a subsidiary w.e.f. February 25, 2019)	India	Real estate development	..***	..***
Rajputana Infrastructure Corporate Limited	India	Real estate development	87.99%****	86.56%****
Rajputana Developers Projects	India	Real estate development	63.79%#	58.86%#
Foreign Subsidiaries				
Godfrey Phillips Middle East DMCC	U.A.E.	Trading of cigarettes, tobacco & other retail products	100.00%	100.00%
Flavors And More, Inc.	U.S.A.	Trading & distribution of vaping devices products	100.00%	100.00%

*Held partly through other subsidiary

**Held through other subsidiaries

***100% subsidiary of Unique Space Developers Limited (Investment sold during the previous year)

****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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. This is generally the case where the group holds between 20% to 50% of the voting power. 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 31.03.2020	Proportion of ownership as at 31.03.2019
IPM India Wholesale Trading Private Limited	India	24.80%	24.80%
KKM Management Centre Private Limited	India	36.75%	36.75%
KKM Management Centre Middle East (FZC)@	India	36.00%	36.00%
Success Principles Indi Limited (Ceased to be an associate w.e.f March 15, 2019)	UAE	-	-

@ Held through foreign subsidiaries

(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 associate in Group's profit and loss, and the Group's share of other comprehensive income of the associate in Group's other comprehensive income. Dividends received from associates are recognised as a reduction in the carrying amount of the investment.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.



The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of associate is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in equity-accounted associate equals or exceeds its interest in the associate, the Group does not recognise its share of further losses. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit and loss. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated to the extent of the Group's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted associates 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 fair value of any consideration paid or received is recognised within equity and attributed to the owners of the company.

If the Group loses control over a subsidiary it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

-Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to equity account for an investment because of loss of significant influence, any retained interest in the former associate is remeasured to its fair value. The difference between the carrying amount of the investment at the date the equity method was discontinued and the fair value of any retained interest & any proceeds from disposing of a part interest in the associate is recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest in the former associate as financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that former associate are accounted for as if the Group had directly disposed of related assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

4.1.1. Revenue recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Revenue excludes amounts collected on behalf of third parties.

Sale of Products

The Group earns revenue from domestic and export of goods (both manufactured and traded). In domestic sales, the Group sells products to wholesaler dealers, modern trade retailers and to retail customers.



Revenue from sale of products is recognised at a point in time when control of the goods is transferred to the customer. Following delivery/loading for shipment, as the case maybe, the customer has full discretion over the responsibility, manner of distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. Payment is generally due within 0-90 days as per credit terms with the customers. The Group considers the effects of variable consideration, if any, the existence of significant financing components and consideration payable to the customer.

For sale of retail goods, revenue is recognised when control of the goods is transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled to in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group recognizes changes in the estimated amount of variable consideration in the period in which the change occurs.

- Rebates and discounts

The Group accounts for cash discounts, volume discounts, redemption schemes and pricing incentives to customers or end users as a reduction of revenue based on the rateable allocation of the discounts/ incentives to the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments.

Contract liabilities

Contract liabilities (termed as Advance from customers in the consolidated financial statements) represents the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Cost to obtain a contract

The Group pays sales commission to its selling agents for contracts that they obtain for the Group. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included in other expenses) because the amortization period of the asset that the Group otherwise would have used is one year or less.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognised as an expense in the period in which related revenue is recognised.

4.1.2. 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.

4.1.3. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

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

Group as a lessor

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 lessee 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.

Group as a lessee

At the date of commencement of the lease, the Group recognises a right-of-use-asset ("ROU") and a corresponding lease liability for all the lease arrangements in which it is a lessee, except for the leases with a term of 12 months or less (short term leases) and the leases of low value assets. For these short term and leases of low value assets, the Group recognises the lease payments as an operating expense on accrual basis.

i) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The ROU assets are initially recognised at cost, which comprise of the initial amount of the lease liability adjusted for any payment made at or prior to the commencement date of the lease plus any initial direct cost less any lease incentive. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The ROU asset are depreciated on a straight line basis over the shorter of the lease term and the estimated useful life of the underlying asset, as follows:

Office buildings, warehouses and stores: 2 to 18 years

Store equipment & furniture: 5 years

Land: 45 to 99 years

Vehicles : 3 to 5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 4.11. Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

4.4. Foreign currencies

4.4.1. Functional and presentational currency

The Group's financial statements are presented in Indian rupees (Rs.), which is also the parent 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. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

4.4.2. 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 Indian Rupees 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.

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.

4.5. Taxation

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

4.5.1. 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 consolidated 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.

4.5.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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.

4.5.3. 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.

4.6. Employee benefits

4.6.1. 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.

4.6.2. 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.

4.6.3. 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 consolidated 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.



4.6.4. 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.

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 consolidated 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.

4.6.5. Termination benefits

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

4.7. Property, plant and equipment

4.7.1. 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.

4.7.2. 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.

4.7.3. 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, 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 based on technical estimates are as under:

Buildings	30 - 60 years
Plant and machinery	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

Leasehold building improvements and Plant & Machinery (Retail Segment) are depreciated on a straight line basis over the period of lease (5 to 18 years) or, if shorter, their useful economic life.

The useful life estimated above are less than or equal to those indicated in Schedule II of the Companies Act, 2013.

Freehold land is not amortised.

The ROU asset are depreciated on a straight line basis over the shorter of the lease term and the estimated useful life of the underlying asset.(Refer note no. 4.3.3).

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.

4.8. 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.

The Group based on technical assessment made by it, depreciates building component of investment property on a straight line basis over a period of 30 to 60 years from the date of original purchase.

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.

4.9. Intangible assets

4.9.1. 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 if any. 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.

4.9.2. Derecognition of intangible asset

An intangible asset is derecognised on disposal, or when no future economics 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.

4.9.3. Amortisation method and useful life

Intangible assets are amortised on straight line method over their estimated useful life as follows:

Computer software – 5 years

4.9.4. Intangible assets under development

Intangible assets under development represents the expenditure incurred on the development phase of completing the intangible assets. Expenditure incurred on the research phase however, are recognised as expense as and when they are incurred.

4.9.5. 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.

4.10. Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the consolidated statement of profit and loss using effective interest rate (EIR). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs may include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

4.11. Impairment of non-financial assets other than goodwill

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years generally. For longer periods, a long-term growth rate is calculated and applied to project future cash flows. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.



For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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 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.

4.13.2. 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 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 and, 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 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.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



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 investments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

4.14.1.4. Derecognition

A financial asset (or where applicable, a part of financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) 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.

4.14.1.5. 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 lease liabilities, 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.



Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings, lease liabilities and trade and other payables 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 consolidated statement of profit and loss.

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.

4.14.2.3. 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 consolidated statement of profit and loss.

4.15. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated 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 and cash equivalents comprises of cash on hand and at banks, 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.

For the purpose of the Consolidated Statement of Cash Flows, Cash & Cash Equivalents consists of Cash and Short term deposits as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management and balance in unclaimed dividend accounts.

4.17. Earnings per share (EPS)

Basic earnings per share has been computed by dividing the profit/(loss) after tax for the year attributable to the owners of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share has been computed by dividing the profit/(loss) after tax for the year attributable to the owners of the Holding Company by the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4.18. Derivative financial instruments

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.

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.

External valuers are involved, wherever required, for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the Board of directors and the selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board of directors, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The board of directors, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

At each reporting date, the board of directors analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the board of directors verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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. Compound financial instrument

A compound financial instrument is a non-derivative financial instrument that, from the issuer's perspective, contains both a liability and an equity component.

On issuance of the mandatorily redeemable preference shares with dividends paid at the issuer's discretion, the fair value of the liability component is measured by determining the net present value of redemption amount, discounted at the market rate of interest prevailing at the time of issue. This amount is classified as a borrowing measured at amortised cost until it is extinguished on redemption. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount separately determined for the liability component.

After initial measurement, on the liability component, interest is accrued using EIR and is recognised in the consolidated statement of profit and loss as finance costs. Any dividends paid are related to the equity component and are recognised directly in the equity.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

4.22. Non Banking Financial Companies

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.

4.23. Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.



A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

4.24. Dividend distribution to equity holders of the Holding Company

The Holding Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Holding Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4.25. Application of new Standards

4.25.1 Ind AS 116 - Lease Accounting (Group as a lessee)

The Group has adopted IND AS 116 - leases effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been re-stated.

The standard replaces the current policy of lease accounting in the cases where the Group is a lessee. The core principle of the standard is to recognise a 'Right of Use Asset (ROU)' and a corresponding lease liability for all the lease arrangements in which it is a lessee, except for the leases with a term of 12 months or less (short term leases) and the leases of low value assets.

Additional disclosures as required by Ind AS 116 and impact of transition on the financial statements have been provided in Note no. 40.

Previous Period Accounting Policy (Group as a lessee)

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.

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.

4.25.2 Appendix C to IND AS 12 - Uncertainty over Income Tax Treatments

The Group has adopted Appendix C to IND AS 12 - Uncertainty over Income Tax Treatments, effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been re-stated.

If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it reflects the effect of uncertainty in determining the taxable profit, tax bases, unused tax losses, or tax rates.

The Group expects to better predict the resolution of the uncertainty by using 'The most likely amount' approach. Consequently, it uses the singly most likely amount in the range of possible outcomes to predict the resolution of the uncertainty.

The same did not have a material impact on the Group's financial statements.

4.25.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to have a significant impact on the Group's financial statements. The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

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 consolidated financial statements:



a) Impact of Covid19 pandemic

The outbreak of Covid19 pandemic and the nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Group in terms of sales and production. The Group has considered the risk that may result from the uncertainty relating to this pandemic and its consequential impact on the carrying amounts of the assets. Based on the Group's analysis of current indicators of the future economic activities on its businesses and the estimates used in its financial statements, the Group does not foresee any material impact in the recoverability of the carrying value of the assets. The risk assessment is a continuous process and the Group will continue to monitor the impact of the changes in future economic conditions on its businesses.

b) 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. 42 for further disclosures.

c) Provisions and contingent liabilities

The Group 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.

Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Liability for interest, if any, on the amount of entry tax provided in the books but not paid as per stay ordererred by the appellate authorities/courts is considered as remote.

When considering the classification of legal or tax cases as probable, possible or remote, there is judgement involved. Management uses in-house and external professionals to make informed decision. These are set out in Note no. 37.

d) Assessment of carrying value of retail and chewing business

i) Retail business

In view of the continuing operating losses despite increased business operations, the Group has reviewed the carrying value of its assets relating to retail business and estimated the recoverable amount of the assets in accordance with the requirements of Ind AS 36 for which an external professional agency has been engaged. Based on the said assessment, it has been concluded that the recoverable value of the retail business is higher than its carrying value as at 31 March 2020 and therefore, no impairment was required to be recorded in these financial statements. The Group has determined the recoverable value using fair value less cost to sell ('FVLCS'), a level 2 valuation technique and key inputs centred around the forecasted revenue, market multiple and transaction multiple.

The recoverable value of the Retail business has been assessed at Rs. 13636.00 lakhs as against the carrying value of the net assets of the business which is Rs. 8603.17 lakhs as at March 31, 2020.

ii) Chewing business

In view of the continuing operating losses, an impairment trigger has been identified in the chewing business of the Group. The Group has carried out an impairment analysis, based on value in use approach, considering the key variables and concluded that the recoverable value is higher than the carrying value of the assets and there exists no impairment. Key variables centred around weighted average cost of capital and forecasted volumes for the next 4 years and thereafter a growth of 5% based on initiatives including increasing its geographic footprints, strengthening presence in the existing markets, exiting from less profitable product segments etc.

The recoverable value of the Chewing business has been assessed at Rs. 10138.00 lakhs as against the carrying value of the net assets of the business which is Rs. 6386.99 lakhs as at March 31, 2020.



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

	As at 31.3.2020	As at 31.3.2019											
Carrying amount of:													
Property, plant and equipment	65471.52	68250.46											
Capital work-in-progress	1667.33	1433.53											
	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													
Balance at April 1, 2018	974.61	22970.19	2755.81	55928.18	1169.42	2280.56	3324.84	3273.26	92676.87				
Additions	-	3074.94	3074.00	5430.10	723.52	574.35	1206.32	494.34	14577.57				
Disposals	-	-	-	(246.27)	(17.75)	(82.80)	(71.56)	(240.35)	(658.73)				
Balance at March 31, 2019	974.61	26045.13	5829.81	61112.01	1875.19	2772.11	4459.60	3527.25	106595.71				
Additions	-	2178.02	623.06	3926.22	76.19	516.60	343.84	210.55	7874.48				
Reclassification	-	-	-	136.65	(116.99)	15.29	(34.95)	-	-				
Disposals	-	(0.85)	(203.82)	(373.26)	(4.23)	(84.32)	(37.14)	(347.32)	(1050.94)				
Balance at March 31, 2020	974.61	28222.30	6249.05	64801.62	1830.16	3219.68	4731.35	3390.48	113419.25				
Accumulated depreciation													
Balance at April 1, 2018	-	2818.02	357.07	21867.78	345.18	1321.74	1217.48	1055.29	28982.56				
Depreciation expense	-	790.45	598.91	6823.01	172.05	383.63	502.02	438.38	9708.45				
Eliminated on disposals of assets	-	-	-	(94.06)	(5.66)	(54.48)	(35.81)	(155.75)	(345.76)				
Balance at March 31, 2019	-	3608.47	955.98	28596.73	511.57	1650.89	1683.69	1337.92	38345.25				
Depreciation expense**	-	860.03	861.84	6867.65	158.19	515.87	534.86	433.43	10231.87				
Reclassification	-	-	-	23.67	(16.81)	10.13	(16.99)	-	-				
Eliminated on disposals of assets	-	(0.35)	(43.36)	(263.27)	(2.78)	(73.17)	(24.35)	(222.11)	(629.39)				
Balance at March 31, 2020	-	4468.15	1774.46	35224.78	650.17	2103.72	2177.21	1549.24	47947.73				
Net book value													
Balance at March 31, 2020	974.61	23754.15	4474.59	29576.84	1179.99	1115.96	2554.14	1841.24	65471.52				
Balance at March 31, 2019	974.61	22436.66	4873.83	32515.28	1363.62	1121.22	2775.91	2189.33	68250.46				

Notes:

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

** During the current year, the Group has revised its estimate of useful lives of certain items of plant and machinery and accordingly charged accelerated depreciation to the extent of Rs. 1144.63 lakhs.



Rupees in Lakhs

7. Investment Property	Freehold Land	Building	Total
Cost			
Balance as at April 1, 2018	24.51	926.80	951.31
Additions	-	25.02	25.02
Disposals	-	(0.26)	(0.26)
Balance as at March 31, 2019	24.51	951.56	976.07
Additions	104.09	-	104.09
Balance as at March 31, 2020	128.60	951.56	1080.16
Accumulated depreciation and impairment			
Balance as at April 1, 2018	-	74.45	74.45
Depreciation Expenses	-	29.31	29.31
Disposals	-	(0.06)	(0.06)
Balance as at March 31, 2019	-	103.70	103.70
Depreciation Expenses	-	27.36	27.36
Balance at March 31, 2020	-	131.06	131.06
Carrying amount			
Balance at March 31, 2020	128.60	820.50	949.10
Balance at March 31, 2019	24.51	847.86	872.37

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 and Bazpur, Uttarakhand.

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 31.3.2020	As at 31.3.2019
Located in Maharashtra	34757.77	37089.77
Located in Uttarakhand	861.44	923.68
	35619.21	38013.45

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 earned rental income of Rs. 78.20 lakhs (previous year Rs. 75.87 lakhs) from investment properties.

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.

The Group has used Level 3 valuation technique to arrive at the fair values.

Description of valuation technique

	Valuation technique	Significant unobservable inputs	Assumption used	
			As on March 31, 2020	As on March 31, 2019
Located in Maharashtra				
Factory Land and Building (including Godown)	Market Value Method	Industrial/ rate for sales (Rs./Sq. Ft)	13000 to 15000	15000 to 17500
Residential and Building	Market Value Method	Residential/ rate for sales (Rs./Sq. Ft)	7900 to 16000	8500 to 16000
Office Building	Market Value Method	Fair Market Value (Rs./Sq. Ft.)	30000	35000
Located in Uttarakhand				
Factory Land and Building (including Admin Block)	Market Value Method	Fair Market Value (Rs./Sq.Mt.)	1235 to 9070	1480 to 9252

Significant increases / (decreases) in the assumptions in isolation or with combined effect would accordingly result in significantly higher / (lower) fair value of the properties.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
KKM Management Centre Middle East (FZC) 144 Equity shares of AED 1,000 each fully paid up	25.89	25.89
Group's share of profit upto year end	76.58	24.81
	<u>102.47</u>	<u>50.70</u>
Aggregate carrying amount of the Group's investment in associates	458.90	409.20
Investment in associates are accounted using the equity method in these consolidated financial statements. Each of the three associates are not individually material to the Group considering the contribution of these associates to the consolidated net asset of the Group		
Share of profit of associates that are not individually material	Year ended 31.3.2020	Year ended 31.3.2019
The Group's share of profit or loss	49.71	44.27
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive income	49.71	44.27
Unrecognised share of profit of associate (IPM India Wholesale Trading Private Limited)*		
Unrecognised share of profit of associate for the year (including other comprehensive income)	4667.07	2280.47
	As at 31.3.2020	As at 31.3.2019
Cumulative share of loss of an associate (Including other comprehensive income)	(12221.13)	(16888.20)
* The Current and previous year profits of the said associate has not been consolidated due to negative net worth of the associate as at March 31, 2020 and March 31, 2019 respectively.		
9.2 Investment in other 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 Less: Written-off	0.25 <u>(0.25)</u> -	0.25 <u>(0.25)</u> -
Narang Industries Limited 40,000 Equity Shares of Rs.10 each fully paid up Less: Provision for impairment in the value	4.00 <u>(4.00)</u> -	4.00 <u>(4.00)</u> -
Sub total (A)	-	-
Quoted equity instruments		
Nestle India Limited 93 Equity Shares of Rs.10 each fully paid up	15.16	10.19
Glaxo SmithKline Consumer Healthcare Limited 320 Equity Shares of Rs.10 each fully paid up	31.92	23.19
Golden Tobacco Limited 100 Equity Shares of Rs.10 each fully paid up	0.02	0.04
VST Industries Limited 100 Equity Shares of Rs.10 each fully paid up	2.77	3.46
Hindustan Unilever Limited 290 Equity Shares of Re.1 each fully paid up	6.67	4.95
HDFC Bank Limited 1,46,400 (Previous year - 73,200) Equity Shares of Rs.1 each fully paid up	1261.82	1697.43
Oriental Bank of Commerce 1,000 Equity Shares of Rs.10 each fully paid up	0.43	1.16
Bank of Baroda 5,000 Equity Shares of Rs.2 each fully paid up	2.68	6.43
State Bank of India 40,910 Equity Shares of Re.1 each fully paid up	80.53	131.22
Maruti Suzuki India Limited 950 Equity Shares of Rs.5 each fully paid up	40.74	63.39
Emami Limited 5,400 Equity Shares of Re.1 each fully paid up	9.18	21.60
NTPC Limited 7,852 Equity Shares of Rs.10 each fully paid up	6.61	10.58



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
Reliance Industries Limited 10,352 Equity Shares of Rs.10 each fully paid up	115.30	141.12
Tata Consultancy Services Limited 7,700 (Previous year - 3,850) Equity Shares of Re.1 each fully paid up	140.61	154.13
Ashok Leyland Limited 15,000 Equity Shares of Re.1 each fully paid up	6.46	13.70
ICICI Bank Limited 12,864 Equity Shares of Rs.2 each fully paid up	41.65	51.52
Aditya Birla Capital Limited 12,577 (Previous year - 7,555) Equity Shares of Rs.10 each	5.30	7.34
Zee Entertainment Enterprises Limited 1,094 Equity Shares of Re.1 each fully paid up	1.36	4.87
Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up	27.00	24.53
SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up	89.07	76.90
Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up	3.35	8.83
Power Finance Corporation Limited 1,994 Equity Shares of Rs.10 each fully paid up	1.83	2.45
Indian Bank Limited 2,096 Equity Shares of Rs.10 each fully paid up	0.90	5.87
Reliance Home Finance Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	-	0.02
Reliance Capital Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	-	0.15
Axis Bank 5,000 Equity Shares of Rs.2 each fully paid up	18.95	38.86
Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up	-	-
ITC Limited 13,500 Equity Shares of Re.1 each fully paid up	23.18	40.13
J.K.Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up	18.71	17.33
Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up	27.16	33.78
Tata Motors Limited 10,164 (Previous year - 7,870) Equity Shares of Rs.2 each fully paid up	7.22	13.71
Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up	64.56	69.47
Bharat Electronics Limited 8,800 Equity Shares of Re.1 each fully paid up	6.55	8.21
Cipla Limited 1,000 Equity Shares of Rs.2 each fully paid up	4.23	5.29
ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up	21.45	28.87
Infosys Limited 4,000 Equity Shares of Rs.5 each fully paid up	25.66	29.75
Kotak Mahindra Bank Limited 4,000 Equity Shares of Rs. 5 each fully paid up	51.84	53.38
Coal India Limited 154 Equity Shares of Rs.10 each fully paid up	0.22	0.37
Zee Media Corporation Limited (Earlier Zee News Limited) 226 Equity Shares of Re.1 each fully paid up (received free of cost)	0.01	0.04
IDFC Bank Limited 13,815 Equity Shares of Rs.10 each fully paid up	2.91	7.67
Ashoka Buildcon Limited 9,090 Equity Shares of Rs.5 each fully paid up	3.76	11.54
Castrol India Limited 4,800 Equity Shares of Rs.5 each fully paid up	4.77	7.99



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
RBL Bank Limited 2,300 (Previous year - 4600) Equity Shares of Rs.10 each fully paid up	3.12	31.30
KEC International Limited 3,835 Equity Shares of Rs.2 each fully paid up	7.11	11.50
Motherson Sumi Systems Limited Nill (Previous year - 3,033) Equity Shares of Re.1 each fully paid up	-	4.54
Persistent System Limited 825 Equity Shares of Rs.10 each fully paid up	4.55	5.19
Piramal Enterprises Limited 432 Equity Shares of Rs.2 each fully paid up	4.06	11.94
Care Rating Limited 1,020 Equity Shares of Rs.10 each fully paid up	3.34	10.09
Century Plyboards India Limited 7,133(Previous year - 4525) Equity Shares of Re.1 each fully paid up	7.91	9.43
Coachin shipyard Limited 2,286 Equity Shares of Rs.10 each fully paid up	6.09	8.95
Engineers India Limited 4,500 Equity Shares of Rs.5 each fully paid up	2.70	5.28
NCL Industries Limited 2790 Equity Shares of Rs.10 each fully paid up	1.50	4.02
PNB Housing Finance Limited 1,538 (Previous year 938) Equity Shares of Rs.10 each fully paid up	2.49	8.11
L&T Technology Services Ltd 810 Equity Shares Rs. 10 each fully paid up	9.41	12.74
Digilent Media Corporation Limited 57 of Re.1 each fully paid up	-	-
Tata Consumer Products Limited 1,710 Equity shares of Re.1 each fully paid up	5.04	-
Sub total (B)	2229.86	2954.55
9.2.2 Investments measured at fair value through other comprehensive income		
Unquoted equity instrument		
K K Modi Investment & Financial Services Private Limited 91,875 Equity Shares of Rs.10 each fully paid up	11115.96	12669.56
Sub total (C)	11115.96	12669.56
9.2.3 Investments measured at amortised cost		
Unquoted equity instrument		
Circassia Pacific Finance Limited 1,00,000 Equity Shares of Rs.10 each fully paid up	10.00	10.00
Less: Provision for impairment in the value	(10.00)	(10.00)
Sub total (D)	-	-
Aggregate investment in other equity instruments (A+B+C+D)	13345.82	15624.11
9.3 Investment in mutual funds - Quoted		
Non-current investment in mutual funds (valued at fair value through profit or loss)	96471.66	80912.30
Current investment in mutual funds (valued at fair value through profit or loss)	12299.15	23845.21
9.3.1 Break up of non-current investment in mutual funds		
Franklin Templeton Mutual Fund		
1,00,00,000 Units of Franklin India Fixed Maturity Plans-Series 2- Plan C (1205 Days)- Direct- Growth of Rs. 10 each	1189.63	1091.87
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 3- Plan C (1132 Days) - Direct-Growth of Rs. 10 each	589.01	539.31
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan C (1098 Days)- Direct-Growth of Rs. 10 each	580.78	530.81
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan D(1098 Days)- Direct-Growth of Rs. 10 each	554.22	529.06
Nill (Previous year 7,69,483) Units of Franklin India Corporate Debt Fund Plan A Direct of Rs. 10 each	-	533.55
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan D (1238 Days)- Direct-Growth of Rs. 10 each	563.95	513.54
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan F (1203 Days)- Direct-Growth of Rs. 10 each	559.88	508.85
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 6- Plan C (1169 Days)- Direct-Growth of Rs. 10 each	553.43	502.59
1,21,40,782 Units of Franklin India Banking And PSU Debt Fund - Direct Growth of Rs.10 each (purchased during the year)	2054.08	-



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
ICICI Prudential Mutual Fund		
41,57,762 Units of ICICI Prudential Short Term Fund-Direct Plan-Growth Option of Rs.10 each	1844.64	1677.44
1,05,70,087 Units of ICICI Prudential Banking and PSU Debt Fund-Direct Plan-Growth of Rs.10 each	2499.14	2279.36
75,73,199 Units of ICICI Prudential Medium Term Bond Fund Direct Plan-Growth of Rs. 10 each	2515.27	2271.39
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1275 Days Plan K-Direct Plan of Rs.10 each	583.09	530.20
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1287 Days Plan I-Direct Plan of Rs.10 each	579.11	523.91
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1245 Days Plan N-Direct Plan of Rs.10 each	579.28	525.88
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1254 Days Plan U-Direct Plan of Rs.10 each	566.86	515.12
1,00,00,000 Units of ICICI Prudential Fixed Maturity Plan Series 84-1188 Days Plan Z-Direct Plan of Rs. 10 each	1127.42	1025.54
50,00,000 Units ICICI Prudential Fixed Maturity Plan Series 85-1178 Days Plan B-Direct Plan of Rs. 10 each	562.81	511.17
50,00,000 Units ICICI Prudential Fixed Maturity Plan Series 85-1175 Days Plan D-Direct Plan of Rs. 10 each	560.02	508.44
98,98,160 (Previous year - 25,72,969) Units of ICICI Prudential Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each	2129.10	506.01
78,705 Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each	22.51	20.27
66,56,202 ICICI Credit Risk Fund- Direct Growth of Rs. 10 each (purchased during the year)	1540.78	-
Aditya Birla Sunlife Mutual Fund (formerly known as Birla Mutual fund)		
8,72,520 Units of Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan of Rs. 10 each	688.28	629.66
Nil (Previous year 50,00,000) Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) - Growth Direct Plan of Rs. 10 each	-	565.91
1,00,00,000 Units of Aditya Birla Sunlife Fixed Term Plan -Series PG (1148 Days) - Direct-Growth of Rs.10 each	1184.71	1085.59
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QQ (1100 Days) -Direct Growth of Rs. 10 each	526.80	521.52
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QU (1100 Days) -Direct Growth of Rs. 10 each	581.51	532.23
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QO- (1100 Days) -Direct Growth of Rs. 10 each	575.40	534.83
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RH (1281 Days) -Direct -Growth of Rs. 10 each	579.55	529.15
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan -Series QR (1126 Days) -Direct Growth of Rs. 10 each	570.57	527.02
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RN (1240 Days) -Direct Growth of Rs. 10 each	575.87	525.47
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RW (1202 Days) -Direct Growth of Rs. 10 each	568.40	517.34
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SG (1155 DAYS)-Direct Growth of Rs. 10 each	559.39	509.10
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SJ (1135 DAYS)-Direct Growth of Rs. 10 each	554.77	504.50
50,00,000 units of Aditya Birla Sun Life Fixed Term Plan Series SN (1099 Days) Direct Growth of Rs. 10 each (purchased during the year)	549.71	-
15,86,927 Aditya Birla Sunlife Income Fund-Growth-Direct Plan of Rs.10 each (purchased during the year)	1506.88	-
IDFC Mutual Fund		
12,82,926 Units of IDFC Bond Fund-Short Term Plan-Growth-Direct Plan of Rs. 10 each	556.31	507.33
78,77,427 Units of IDFC Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each	1099.89	1013.07
50,00,000 Units of IDFC Fixed Term Plan Series 176 Direct Plan -Growth (1170 Days) of Rs. 10 each	560.35	508.99
50,00,000 Units of IDFC Fixed Term Plan Series 177 Direct Plan -Growth (1160 Days) of Rs. 10 each	555.77	504.93
31,47,920 Units of IDFC Banking & PSU Debt Fund-Direct Plan-Growth of Rs. 10 each	565.50	510.80
1,62,83,851 Units of IDFC Credit Risk Fund Direct Plan-Growth of Rs.10 each (purchased during the year)	2072.89	-
HDFC Mutual Fund		
2,60,51,855 Units of HDFC Banking and PSU Debt Fund Direct Growth Option of Rs. 10 each	4383.34	3969.57
68,09,948 Units of HDFC Credit Risk Debt Fund-Direct -Growth of Rs.10 each	1187.87	1084.04
50,00,000 Units of HDFC FMP 1177D March, 2018(1) -Direct-Growth-Series 39 of Rs.10 each	577.81	534.77
1,00,00,000 Units of HDFC FMP 1141D August 2018(1) -Direct-Growth-Series 42 of Rs.10 each	1129.92	1047.59
1,00,00,000 Units of HDFC FMP 1344D October 2018(1) -Direct-Growth-Series 43 of Rs.10 each	1156.47	1050.57
50,00,000 Units of HDFC FMP 1274D October 2018(1) -Direct-Growth-Series 43 of Rs.10 each	584.89	532.05
50,00,000 Units of HDFC FMP 1154D February 2019 (1)-Direct-Growth Series 43 of Rs.10 each	559.05	508.89
50,00,000 Units of HDFC FMP 1126D March 2019 (1)-Direct-Growth Series 44 of Rs.10 each	555.30	504.96
88,53,353 (Previous year - 60,89,466) Units of HDFC Corporate Bond Fund-Direct Plan-Growth Option of Rs.10 each	2043.66	1274.87
89,83,476 Units of HDFC Short Term Debt Fund Direct Plan-Growth Option (purchased during the year)	2056.16	-



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
SBI Mutual Fund		
1,26,95,752 (Previous year- 83,68,144) Units of SBI Short Term Debt Fund Direct Plan-Growth of Rs. 10 each	3064.01	1844.42
Nil (Previous year 36,78,702) Units of SBI Credit Risk Fund Direct-Growth of Rs.10 each	-	1140.68
50,00,000 Units of SBI Debt Fund Series -C-12-(1122 Days) Direct-Growth of Rs. 10 each	578.39	538.59
1,00,00,000 Units of SBI Debt Fund Series -C-22-(1100 Days) Direct-Growth of Rs. 10 each	1154.50	1053.98
50,00,000 Units of SBI Debt Fund Series -C-25-(1100 Days) Direct-Growth of Rs. 10 each	581.22	529.96
50,00,000 Units of SBI Debt Fund Series -C-27-(1260 Days) Direct-Growth of Rs. 10 each	581.15	529.68
50,00,000 Units of SBI Debt Fund Series -C-28-(1240 Days) Direct-Growth of Rs. 10 each	576.61	525.22
50,00,000 Units of SBI Debt Fund Series -C-33-(1216 Days) Direct-Growth of Rs. 10 each	567.36	516.50
50,00,000 Units of SBI Debt Fund Series C-40 (1177 Days) Direct Growth of Rs. 10 each	562.68	512.35
50,00,000 Units of SBI Debt Fund Series C-44 (1175 Days) Direct Growth of Rs. 10 each	558.44	507.71
50,00,000 Units of SBI Debt Fund Series C-43 (1176 Days) Direct Growth of Rs. 10 each	559.88	509.49
50,00,000 Units of SBI Debt Fund Series C-48 (1177 Days) Direct Growth of Rs. 10 each	552.57	503.02
43,174 Units of SBI Banking & PSU Debt Fund Direct Growth of Rs. 1000 each (purchased during the year)	1021.21	-
90,59,366 Units of SBI Corporate Bond Fund Direct Plan- Growth of Rs.10 each (purchased during the year)	1022.42	-
AXIS Mutual Fund		
Nil (Previous year 72,29,194) Units of AXIS Credit Risk Fund Direct-Growth (IO-DG) of Rs.10 each	-	1110.28
50,00,000 Units of AXIS Fixed Term Plan Series-96 (1124 Days) Direct-Growth (WH-DG) of Rs.10 each	527.04	520.39
83,523 units of Axis Banking & PSU Debt Fund Direct Growth (BD-DG) (purchased during the year) of Rs. 1000 each	1621.18	-
22,47,887 Units of Axis Short Term Fund - Direct Plan - Growth(ST-DG) of Rs. 10 each (purchased during the year)	525.43	-
DSP Mutual Fund		
1,00,00,000 Units of DSP FMP- Series 221-40M Direct-Growth of Rs 10 each	1183.05	1087.35
50,00,000 Units of DSP FMP -S241-36M Direct-Growth of Rs. 10 each	573.05	525.42
PGIM India Mutual Fund (Formerly known as DHFL Pramerica Mutual Fund)		
Nil (Previous year 50,000) Units of PGIM India Fixed Duration Fund-Series AC Direct Plan-Growth of Rs. 1000 each	-	583.59
50,000 Units of PGIM India Fixed Duration Fund-Series AR -Direct Plan-Growth of Rs. 1000 each	543.72	505.32
50,000 Units of PGIM India Fixed Duration Fund Series BE-Direct Plan-Growth of Rs. 1000 each	488.97	480.89
Nil (Previous year 1,00,000) Units of PGIM India Fixed Duration Fund Series BC Direct Plan Growth of Rs. 1000 each	-	1043.26
Nippon India Mutual Fund (Formerly known as Reliance Mutual Fund)		
Nil (Previous year 32,66,543) Units of Nippon India Short Term Fund-Direct Plan Growth Option of Rs. 10 each	-	1178.36
Nil (previous year 1,00,00,000) Units of Nippon India Mutual Fund Fixed Horizon Fund XXXIII-Series 5-Direct-Growth Plan of Rs. 10 each	-	1179.94
Nil (Previous year 73,87,161) Units of Nippon India Strategic Debt Fund-Direct-Growth Plan of Rs.10 each	-	1134.29
Nil (Previous year 1,00,00,000) Units of Nippon India Fixed Horizon Fund -XXXV-Series 16- Direct Growth Plan of Rs.10 each	-	1088.55
Nil (Previous year 50,00,000) Units of Nippon India Fixed Horizon Fund -XXXVI-Series 8- Direct Growth Plan of Rs.10 each	-	536.59
50,00,000 Units of Nippon India Fixed Horizon Fund -XXXVII-Series 04- Direct- Growth Plan of Rs.10 each	602.98	547.00
Nil (Previous year 1,00,00,000) Units of Nippon India Fixed Horizon Fund -XXXVIII-Series 02- Direct Growth Plan of Rs.10 each	-	1064.20
50,00,000 Units of Nippon India Fixed Horizon Fund -XXXIX-Series 9- Direct -Growth Plan of Rs.10 each	584.92	531.74
UTI Mutual Fund		
Nil (Previous year 1,51,52,603) Units of UTI- Short Term Income Fund Direct Growth Plan of Rs. 10 each	-	3511.54
Nil (Previous year 1,52,09,282) Units of UTI Credit Risk Fund Direct-Growth Plan of Rs. 10 each	-	2739.21
1,00,00,000 Units of UTI Fixed Term Income Fund Series XXX-III-1106 Days Direct-Growth Plan of Rs. 10 each	1006.85	1045.00
50,00,000 Units of UTI Fixed Term Income Fund Series XXXI-I-(1209 Days) Direct-Growth Plan of Rs. 10 each	566.34	515.95
50,00,000 Units of UTI Fixed Term Income Fund Series XXXIII-1174 Days Direct Growth Plan of Rs. 10 each	562.21	512.08
1,76,45,229 Units of UTI Corporate Bond Fund Direct Growth Plan (purchased during the year)	2085.51	-



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
TATA Mutual Fund		
Nil (Previous year 34,85,851 Units) of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	-	1185.84
50,00,000 Units of Tata Fixed Maturity Plan Series 53 Scheme A Direct Plan-Growth of Rs. 10 each	589.71	539.81
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme E Direct Plan-Growth of Rs. 10 each	530.06	523.94
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme F Direct Plan-Growth of Rs. 10 each	525.49	521.52
Kotak Mutual Fund		
76,74,987 Units of Kotak Credit Risk Fund Direct Plan-Growth of Rs. 10 each	1800.57	1652.99
50,00,000 Units of Kotak FMP Series 220 Direct-Growth of Rs. 10 each	590.07	539.37
50,00,000 Units of Kotak FMP Series 234 Direct-Growth of Rs. 10 each	579.56	528.63
50,00,000 Units of Kotak FMP Series 250 Direct-Growth of Rs. 10 each	583.08	529.62
50,00,000 Units of Kotak FMP Series 252 Direct-Growth of Rs. 10 each	574.99	521.90
19,858 Units of Kotak Corporate Bond Fund Direct Growth of Rs. 1000 each	548.14	501.87
60,86,604 (Previous year 33,48,603) Units of Kotak Bond (Short Term) Direct Plan-Growth of Rs. 10 each	2441.55	1221.36
44,56,464 Units of Kotak Banking and PSU Debt Fund Direct-Growth of Rs. 10 each (purchased during the year)	2123.36	-
Edelweiss Mutual Fund		
Nil (Previous year 50,000) Units of Edelweiss Alpha Fund Scheme I of Rs. 1,000 each	-	514.36
1,00,000 Units of Edelweiss Mutual Fund Bharat Bond ETF-April 2030 (purchased during the year)	1040.34	-
1,01,43,531 Units of BHARAT Bond FOF-April 2023-Regular Plan-Growth (purchased during the year)	1037.90	-
IIFL Mutual Fund		
Nil (Previous year 35,22,764) Units of IIFL Dynamic Bond Fund -Direct Plan-Growth of Rs. 10 each	-	536.41
50,00,000 Units of IIFL Select Series II of Rs. 10 each	453.02	489.03
HSBC Mutual Fund		
1,00,00,000 Units of HSBC FTS 133-Growth-Direct -1134 days of Rs.10 each	1144.77	1072.05
L&T Mutual Fund		
Nil (Previous year 24,92,473) Units of L&T Credit Risk Fund -Direct Plan -Growth of Rs. 10 each	-	541.47
27,52,410 Units of L&T Short Term Bond Fund-Direct Plan-Growth of Rs. 10 each	554.23	505.41
49,16,716 Units of L&T Triple Ace Bond Fund Direct Plan Growth of Rs. 10 each (purchased during the year)	2717.30	-
10,02,536 Units of L&T Triple Ace Bond Fund Growth of Rs 10 each (purchased during the year)	529.50	-
58,18,859 Units of L&T Banking and PSU Debt Fund-Growth of Rs 10 each (purchased during the year)	1046.50	-
54,59,152 Units of L&T Banking and PSU Debt Fund-Direct Plan- Growth of Rs 10 each (purchased during the year)	1013.55	-
Sundaram Mutual Fund		
1,50,00,000 Units of Sundaram Fixed Term Plan IE Direct -Growth of Rs. 10 each	1768.16	1622.18
50,00,000 Units of Sundaram Fixed Term Plan IK Direct -Growth of Rs. 10 each	586.13	536.45
34,70,150 Units of Sundaram Corporate Bond Fund Direct-Growth of Rs. 10 each (purchased during the year)	1019.96	-
BOI AXA Credit Risk Fund		
Nil (Previous year 37,28,783) Units of BOI AXA Credit Risk Fund -Direct Plan of Rs. 10 each	-	496.48
Total aggregate non-current investment in mutual funds	96471.66	80912.30
9.3.2 Break-up of current investment in mutual funds		
Aditya Birla Sunlife Mutual Fund (formerly known as Birla Mutual Fund)		
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each	618.11	-
SBI Mutual Fund		
Nil (Previous year 1,43,44,289) Units of SBI Arbitrage Opportunities Fund Direct Plan Dividend of Rs 10 each	-	2048.46
Nil (Previous year 20,565) Units of SBI Magnum Low Duration Fund-Direct-Growth of Rs 10 each	-	500.20
DSP Mutual Fund		
5,58,832 (Previous year - 10,18,353) Units of DSP Black Rock Arbitrage Fund Direct- Dividend of Rs.10 each	62.45	107.62
Birla Mutual Fund		
Nil (Previous year - 25,095) Units of Birla Sunlife Saving Fund- Growth of Rs. 100 each	-	89.64
IIFL Mutual Fund		
10,28,489 Units of IIFL Special Opportunities Fund Series 5 of Rs.10 each	84.14	99.39
ICICI Mutual Fund		
Nil (Previous year 1,40,61,128) Units of ICICI Prudential Equity Arbitrage Fund Direct Plan Dividend of Rs.10 each	-	2037.65
UTI Mutual Fund		
Nil (Previous year 1,19,80,317) Units of UTI Arbitrage Fund-Direct Dividend Plan Reinvestment of Rs. 10 each	-	2031.05
Tata Mutual Fund		
Nil (Previous year 50,00,000) Units of Tata Arbitrage Fund Direct Plan Monthly Dividend of Rs. 10 each	-	508.87



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
9. Financial assets - Investments (continued)		
Kotak Mutual Fund 3,14,41,297 (Previous year 5,37,51,016) Units of Kotak Savings Fund-Direct Plan- Growth of Rs. 10 each	10329.63	16422.33
Nippon India Mutual Fund (Formerly known as Reliance Mutual Fund) 1,00,00,000 Units of Nippon India Mutual Fund Fixed Horizon Fund XXXIII-Series 5-Direct- Growth Plan of Rs. 10 each	1204.82	-
Total aggregate current investment in mutual funds	12299.15	23845.21
9.4 Investment-Others non-current		
9.4.1. Investment 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
9.4.2. Investment in debentures (FVTPL)		
NTPC Limited 6,544 12.5% Non Convertible Debentures	0.86	0.83
9.4.3. Investment in Market Linked Debentures (MLD) (FVTPL)		
500 units of Samasta Micro Finance Limited Rs. 100,000 each	577.05	538.35
Nil (Previous year 50) Units of Rs JM Financial Products Limited of Rs 10,00,000 each	-	507.71
150 Units of JM Financial Products Limited Series XXII BR NCD of Rs. 2,00,000 (purchased during the quarter)	313.65	-
187 Units of IIFL Wealth Finance Limited of Rs. 1,00,000 each	229.04	203.70
9.4.4. Investment in Alternative Investment Funds (FVTPL)		
IIFL India Housing Fund 19,96,885 units of IIFL India Housing Fund of Rs. 10 each	219.00	207.65
9.4.5. Investment in Exchange Traded Fund (FVTPL)		
Reliance Liquid Bees Fund 21.196 (Previous year 20.868) Units of Rs. 1,000 each	0.22	0.21
	1774.83	1893.46
9.5 Investment-Others Quoted-current		
Investment in Market Linked Debentures (MLD) (FVTPL)		
Nil (Previous year 35) units of Home Credit India Finance Private Limited of Rs. 10,00,000 each	-	364.77
50 Units of JM Financial Products Limited of Rs 10,00,000 each	566.70	-
	566.70	364.77
9.6 Investment in preference shares (FVTPL)		
K K Modi Investment & Financial Services Private Limited - Unquoted 71,28,000 Preference Shares of Rs.10 each fully paid up	139.80	110.98
Zee Entertainment Enterprises Limited - Quoted - FVTPL 2,297 6% Preference Shares of Rs. 10 each fully paid up (received free of cost)	0.07	0.15
Aggregate investment in preference shares	139.87	111.13
10. Financial assets - Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)	As at 31.3.2020	As at 31.3.2019
Non-current		
Loans to related parties (Refer note No.44)		
- Loan to officers	11.71	16.41
Loans to employees	577.09	621.01
	588.80	637.42
Current		
Loans to related parties (Refer note No.44)		
- Loan to officers	4.70	4.70
Loans to employees	143.44	133.73
	148.14	138.43
Total	736.94	775.85



Rupees in Lakhs

11. Income taxes

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

	Year ended 31.3.2020	Year ended 31.3.2019
Statement of profit and loss		
Current income tax		
In respect of the current year	12498.63	12308.17
In respect of the prior years	158.57	(257.36)
Deferred tax		
In respect of the current year	209.19	190.91
In respect of the prior years	7.35	36.12
Total income tax expense recognised in the statement of profit and loss	12873.74	12277.84
Statement of Other Comprehensive Income (OCI) :		
Current tax related to items recognised in OCI during the year:		
Loss on remeasurements of defined benefit plans	218.21	89.96
Deferred tax related to items recognised in OCI during the year:		
Gain/(Loss) on equity instruments fair valued through OCI	516.47	(1119.14)
Income tax credited/(charged) to OCI	734.68	(1029.28)
The income tax expense for the year can be reconciled to the accounting profit multiplied by corporate tax rate as follows:		
Profit before tax	51351.27	38304.24
Income tax expense calculated at corporate tax rate of 25.168% (previous year 34.944%)	12924.09	13385.03
Differential tax rate on long term capital gain on sale of investments and fair value gain on investments	(458.61)	(697.50)
Unrecognised tax assets in respect of losses of one of its subsidiary	7.04	(351.42)
Effect of expenses that are not deductible in determining taxable profit	149.94	242.25
Effect of exempt non-operating income	(183.89)	(108.65)
Effect of changes in income tax rates	226.73	-
Effect of write off of MAT credit entitlement	29.91	-
Impact of additions made as per probable income-tax assessments (Refer Note No.4.25.2)	191.17	-
Difference in tax rates of subsidiaries	(13.77)	13.55
Others	1.13	(205.42)
At the effective income tax rate of 25.07% (Previous year: 32.05%)	12873.74	12277.84

Major companies in the Group have exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the tax rate used for the current year reconciliation above are the corporate tax rates of 25.168% (Previous year 34.944%) payable by corporate entities in India on taxable profits under the Indian tax laws.

Deferred tax balances are reflected in the consolidated balance sheet as follows:-

	As at 31.3.2020	As at 31.3.2019
Deferred tax assets	-	110.33
Deferred tax liabilities	(2819.49)	(3229.75)
Deferred tax liabilities (net)	(2819.49)	(3119.42)



Rupees in Lakhs

Deferred tax balances along with movement are as follows:

	Opening Balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing Balance
For the year ended March 31, 2020				
Deferred tax assets in relation to				
Provisions for compensated absences	2106.24	(876.85)	-	1229.39
Accrued expenses deductible on payment basis	838.80	(360.83)	-	477.97
Foreign exchange difference arising on account of import of property, plant & equipment	33.95	(9.50)	-	24.45
Voluntary retirement scheme payments deductible in instalments	47.42	(25.63)	-	21.79
Minimum alternative tax credit entitlement	29.91	(29.91)	-	-
Provision for doubtful debts	94.85	9.05	-	103.90
Provision for decline in value of non current investment	351.42	31.05	-	382.47
Right-of-Use Assets	-	406.44	-	406.44
Other financial assets (net)	8.10	220.21	-	228.31
Provision for employee benefits - Others (Refer Note No. 23)	-	-	154.54	154.54
Unabsorbed depreciation	31.46	(25.67)	-	5.79
	3542.15	(661.64)	154.54	3035.05
Deferred tax liabilities in relation to				
Investment in mutual funds and market linked debentures fair valued through profit or loss	(1319.48)	(671.68)	-	(1991.16)
Investment in unquoted equity instruments fair valued through OCI	(2935.29)	-	361.93	(2573.36)
Property, plant and equipments, intangible assets and investment properties	(2325.36)	1032.49	-	(1292.87)
Investment in quoted equity instruments valued through profit or loss	(38.18)	85.37	-	47.19
Investment in unquoted preference shares fair valued through profit or loss	(2.06)	(6.71)	-	(8.77)
Compound financial instrument	(41.20)	5.63	-	(35.57)
	(6661.57)	445.10	361.93	(5854.54)
	(3119.42)	(216.54)	516.47	(2819.49)
Net deferred tax (liabilities)/assets				
For the year ended March 31, 2019				
Deferred tax assets in relation to				
Provisions for compensated absences	2424.14	(317.90)	-	2106.24
Accrued expenses deductible on payment basis	970.66	(131.86)	-	838.80
Foreign exchange difference arising on account of import of property, plant & equipment	33.95	-	-	33.95
Voluntary retirement scheme payments deductible in instalments	60.42	(13.00)	-	47.42
Minimum alternative tax credit entitlement	-	29.91	-	29.91
Provision for doubtful debts	65.07	29.78	-	94.85
Long term capital loss on investments sold	0.38	(0.38)	-	-
Provision for decline in value of non current investments	-	351.42	-	351.42
Investment in unquoted preference shares fair valued through profit or loss	0.39	(0.39)	-	-
Other financial assets (net)	-	8.10	-	8.10
Unabsorbed depreciation	-	31.46	-	31.46
Investment in quoted equity instruments fair valued through profit or loss	16.43	(16.43)	-	-
	3571.44	(29.29)	-	3542.15



	Rupees in Lakhs			
	Opening Balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax liabilities in relation to				
Investment in mutual funds and market linked debentures fair valued through profit or loss	(1103.80)	(215.68)	-	(1319.48)
Investment in unquoted equity instruments fair valued through OCI	(1816.15)	-	(1119.14)	(2935.29)
Other financial assets (net)	(0.45)	0.45	-	-
Property, plant and equipments, intangible assets and investment properties	(2380.42)	55.06	-	(2325.36)
Investment in quoted equity instruments valued through profit or loss	-	(38.18)	-	(38.18)
Investment in unquoted preference shares fair valued through profit or loss	-	(2.06)	-	(2.06)
Compound financial instrument	(43.90)	2.70	-	(41.20)
	(5344.72)	(197.74)	(1119.14)	(6661.57)
Net deferred tax liabilities	(1773.28)	(227.03)	(1119.14)	(3119.42)

	Rupees in Lakhs	
	As at 31.3.2020	As at 31.3.2019
12. Inventories		
(Lower of cost and net realisable value)		
Raw and packing materials	48072.97	45044.38
Work-in-process	615.22	687.88
Finished goods *		
- Cigarettes	5268.01	4485.69
- Chewing products	359.78	283.76
Stock-in-trade (Net of provision of Rs. 242.21 lakhs, Previous year Rs.221.37 lakhs)	5965.05	5159.89
Stores and spare parts (Net of provision of Rs. 383.32 lakhs, Previous year Rs. 309.11 lakhs)	1844.39	1824.05
Land**	6669.30	6669.30
	68794.72	64154.95
Inventories include in-transit inventory of:		
Raw and packing materials	1895.00	2346.38
Work-in-process	-	43.96
Finished goods		
- Cigarettes	43.75	563.55

The cost of inventories recognised as an expense include Rs 39.36 lakhs (Previous year Rs. 22.58 lakhs) in respect of write-down of inventory to net realisable value.

* Includes excise duty of Rs. 1711.30 lakhs (Previous year Rs. 534.38 lakhs)

**As per agreement between Rajputana Infrastructure Corporate Limited (subsidiary) and Rajputana Fertilizers Limited, land contributed by Rajputana Fertilizers Limited to Rajputana Developers Projects (subsidiary which is an Association of Persons (AOP)), has been accounted for in the books of AOP as stock-in-trade. However as on the date of the balance sheet, this Land has not been mutated in the name of AOP.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
13. Financial assets - Trade receivables (at amortised cost)		
Unsecured - considered good	6887.06	6864.22
Unsecured - credit impaired	572.05	353.44
	7459.11	7217.66
Less: Impairment allowance	572.05	353.44
Total trade receivables	6887.06	6864.22
The average credit period on sale of goods ranges upto 90 days. Generally no interest is charged on trade receivables.		
Age of receivables		
Not due	4017.75	4222.74
1-30 days past due	1728.37	1599.93
31-45 days past due	352.79	169.26
46-90 days past due	89.80	307.64
91-180 days past due	153.33	149.99
More than 180 days past due	545.02	414.66
14. Financial assets - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	117.86	130.21
Balances with banks		
- In current accounts	2346.48	2767.35
	2464.34	2897.56
Other bank balances:		
In earmarked accounts for		
- Margin money*	1268.55	1115.18
- Unpaid dividend	689.94	246.57
- Fixed deposit receipts lodged with government authorities	2.02	2.02
- Fixed deposit with original maturity of more than 3 months but less than 12 months	385.61	34.38
- Fixed deposit with original maturity of more than 12 months	-	262.26
	2346.12	1660.41
Cash and bank balances	4810.46	4557.97
* The Group has given margin money to fulfill collateral requirements.		
15. Other financial assets (at amortised cost)		
(unsecured considered good unless otherwise stated)		
Non-current		
Security deposits	1700.58	1861.63
	1700.58	1861.63
Current		
Security deposits	80.70	114.99
Interest accrued on bank and other deposits	107.65	109.30
Other receivables	694.67	589.80
	883.02	814.09



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
16. Other assets		
(unsecured considered good unless otherwise stated)		
Non-current		
Capital advances	3007.66	56.79
Balance with government authorities	15.77	11.19
Prepaid expenses	99.11	657.21
Leasehold land under operating lease (Refer Note No. 40)	-	1832.41
Others	0.36	0.36
	3122.90	2557.96
Current		
Balance with government authorities	8830.28	4995.14
Prepaid expenses	510.22	618.17
Leasehold land under operating lease (Refer Note No. 40)	-	42.11
Export incentives accrued/available	66.96	77.16
Recoverable from gratuity fund (Refer Note No. 41)	-	136.99
Prepayment to suppliers	1615.50	1707.34
Others	261.48	336.93
	11284.44	7913.84

17. Equity Share Capital

Authorised

60,000 preference shares of Rs. 100 each
122,000,000 equity shares of Rs. 2 each

60.00	60.00
2440.00	2440.00
2500.00	2500.00

Issued, subscribed and fully paid up

51,993,920 equity shares of Rs. 2 each

1039.88	1039.88
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(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) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders	As at 31.3.2020		As at 31.3.2019	
	Number of shares	% holding	Number of shares	% holding
a) Philip Morris Global Brands Inc.	13050475	25.10%	13050475	25.10%
b) K K Modi Investment & Financial Services Private Limited	15196660	29.23%	15196660	29.23%
c) Good Investment (India) Limited	4309220	8.29%	4309220	8.29%
d) The Jupiter India Fund (Previous year: National Westminster Bank Plc As Trustee of The Jupiter India Fund)	3787763	7.29%	4058434	7.81%

Note: As per records of the Company, the above shareholding represents legal ownership of shares.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
18. Other equity		
Capital redemption reserve	30.13	30.13
Statutory reserve	70.88	55.34
Reserve for equity instruments fair valued through OCI*	8505.81	9697.49
General reserve	37431.89	37431.89
Retained earnings	171543.51	155491.90
Equity component of compound financial instrument (Refer Note No. 20)	110.55	125.64
	217692.77	202832.39
Reserve for equity instruments fair valued through OCI*		
Opening balance	9697.49	6010.65
Add: Fair value gain on equity instruments, net of income tax*	(1191.68)	3686.84
Closing balance	8505.81	9697.49
* Net of income tax of Rs.361.93 lakhs (previous year (Rs.1119.14) lakhs)		
General reserve		
Opening balance	37431.89	34431.89
Add: Transfer from retained earnings	-	3000.00
Closing balance	37431.89	37431.89
Retained earnings		
Balance at beginning of year	155491.90	137648.13
Profit for the current year	38487.12	26030.99
Other comprehensive income arising from remeasurement of defined benefit/contribution plan, net of income tax*	(1108.29)	(166.18)
Payment of dividend on equity shares (Rs.10 per equity share; previous year Rs.8 per equity share)	(5199.39)	(4159.51)
Dividend distribution tax thereon	(1068.75)	(855.00)
Interim Dividend (Rs. 24 per equity share)	(12478.54)	-
Dividend distribution tax thereon	(2565.00)	-
Transfer to general reserve	-	(3000.00)
Transfer to statutory reserve	(15.54)	(6.53)
Balance at end of year	171543.51	155491.90

* Net of income tax of Rs. 372.75 lakhs (previous year Rs.89.86 lakhs)

Capital redemption reserve:

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

General reserve:

The amount transferred to the general reserve is Rs. Nil (previous year Rs.3000 lakhs). 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.

Retained earnings:

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

The Board of Directors, at its meeting held on March 5, 2020, has declared and paid an interim dividend of Rs. 24/- per equity share for the year 2019-20. No final dividend is proposed to be paid for the year.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
19. Non-controlling interests		
Balance at beginning of year	3279.99	3663.74
Share of total comprehensive income of the year	(9.59)	(4.59)
Arising from change in ownership interests in subsidiaries	(413.28)	(379.16)
Balance at the end of the year	2857.12	3279.99

Details of partially 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		Accumulated non-controlling interest	
		As at 31.3.2020	As at 31.3.2019	For the year ended 31.3.2020	For the year ended 31.3.2019	As at 31.3.2020	As at 31.3.2019
Rajputana Developers Projects (AOP)	India	36.21%	41.14%	(8.94)	(9.14)	2308.67*	2751.20
Individually immaterial subsidiaries with non-controlling interests						548.45	528.79
						2857.12	3279.99

Summarised financial information of Rajputana Developers Projects (before intragroup eliminations)

	As at 31.3.2020	As at 31.3.2019
Summarised balance sheet		
Non current assets	0.03	0.03
Current assets	6670.33	6670.50
Current liabilities	(4.61)	(1.64)
Total equity	6665.75	6668.89
Equity attributable to:		
Owners of the Company	4357.08	3917.69
Non controlling interests	2308.67	2751.20

	Year ended 31.3.2020	Year ended 31.3.2019
Summarised statement of profit and loss		
Revenue	0.15	0.16
Expenses	(24.85)	(22.39)
Loss for the year	(24.70)	(22.23)
Total comprehensive income	(24.70)	(22.23)
Attributable to:		
Owners of the Company	(15.76)	(13.09)
Non controlling interests	(8.94)	(9.14)
Loss for the year	(24.70)	(22.23)
Summarised cash flow information		
Operating activities	(0.17)	0.24
Net increase in cash and cash equivalents	(0.17)	0.24

* Includes Rs 2000.00 lakhs which the Group has contracted to pay to the other members of the AOP in order to increase its own share in the AOP to 95% by March 31, 2025.



Rupees in Lakhs

	As at 31.3.2020	As at 31.3.2019
20. Financial liabilities - Borrowings		
Non-current borrowings - carried at amortised cost		
6.25%, non-cumulative, non-convertible, redeemable preference shares Liability component of compound financial instrument** (Refer Note No.18)	90.63	82.09
Total non-current borrowings	90.63	82.09
Current borrowings - carried at amortised cost		
Secured		
Loans from banks repayable on demand*	1114.22	4117.86
Total current borrowings	1114.22	4117.86

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 7.50% to 9.00% per annum.

**The Group will redeem the preference shares by December 2027 and accordingly the same has been classified between equity and liability.

Change in liability arising from financing activities as per IND AS-7

Particulars	Borrowing-Current	Compound financial instrument : Proceeds from issue of non-cumulative redeemable preference shares	Total
Balance at April 1, 2018	2682.98	200.00	2882.98
Cash Flow	1434.88	-	1434.88
Balance at 1 April 2019	4117.86	200.00	4317.86
Cash Flow	(3003.64)	-	(3003.64)
Balance at March 31, 2020	1114.22	200.00	1314.22

Rupees in Lakhs

21. Financial liabilities - Lease liabilities		
Non-current		
Lease liabilities (Refer Note No.40)	28373.23	-
	28373.23	-
Current		
Lease liabilities (Refer Note No.40)	6085.54	-
	6085.54	-



	As at 31.3.2020	As at 31.3.2019
22. Other financial liabilities		
Non-current		
Security deposits - at amortised cost	94.70	86.20
	94.70	86.20
Current		
Interest accrued but not due on borrowings	-	1.27
Interest accrued on other than borrowings	412.59	417.99
Unclaimed dividends	689.94	246.57
Payable to gratuity fund (Refer Note No.41)	1249.01	617.92
Liability towards property, plant and equipments	570.70	1405.55
Security deposits - at amortised cost	14.70	14.90
Book overdraft	-	611.18
	2936.94	3315.38
23. Provisions		
Non-current		
Provision for employee benefits		
- provision for compensated absences	2689.46	2356.51
	2689.46	2356.51
Current		
Provision for employee benefits		
- provision for compensated absences		
- others*	1033.48	1181.18
	614.00	-
	1647.48	1181.18
Total	4336.94	3537.69

*Based on the review of the investments held by the Employee Provident Fund Trust as at March 31, 2020, a provision has been created to cover the possible loss on account of non-realisation of some of such investments.

24. Financial liabilities - Trade payables		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises	369.29	1024.82
	369.29	1024.82
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		
- Others	19838.74	22036.30
- Payables to subsidiaries (Refer Note No.44)	11.60	19.16
- Employee payables	5182.81	5882.73
	25033.15	27938.19

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.

25. Income tax assets and liabilities		
Income tax assets (Net)		
Income tax recoverable	3007.64	3030.56
Total income tax assets	3007.64	3030.56
Income tax liabilities (Net)		
Income tax payable (net of advance tax and TDS recoverable)	514.37	487.36
Total income tax liabilities	514.37	487.36



Rupees in Lakhs

As at 31.3.2020 As at 31.3.2019

26. Other liabilities

Current

Statutory dues	32090.98	31288.19
Advances from customers (Contract liabilities)*	4001.96	4371.54
Others	63.09	42.02
	36156.03	35701.75

*Advances from customers relate to payments received in advance of performance under the contract. Advances from customers are recognized as revenue as (or when) the Group performs under the contract.

Balance of Advances from customers at beginning of the year	4371.54	2421.48
Revenue recognised from amounts included in Advances from customers at beginning of the year	4371.54	2421.48

Management expects that the entire transaction price allocated to the unsatisfied contracts at end of the year will be recognised as revenue during the next year.

27. i) Revenue from contracts with customers (including excise duty)

Sources of revenue

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines:

a) Disaggregated revenue information

	Year ended 31.3.2020	Year ended 31.3.2019
Cigarettes*	213541.71	181018.94
Unmanufactured tobacco**	37940.01	26726.50
Cut tobacco	5198.71	4670.30
Chewing products#	11475.69	16865.24
Other traded goods	36019.10	28679.30
Total (A)	304175.22	257960.28

*includes incremental revenue of Rs. 11275.10 lakhs (previous year Rs. 7766.44 lakhs) arising from resale of cigarettes manufactured by the Company

**transferred from raw and packing materials

#includes chewing tobacco purchased for resale

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of the revenues and cash flows are affected by industry, market and other economic factors.

Revenues by Geography

Particulars	Year ended 31.3.2020	Year ended 31.3.2019
Within India	242106.62	207083.09
Outside India	62068.60	50877.19
Total	304175.22	257960.28

Reconciling the amount of revenue recognized in the consolidated statement of profit and loss with the contracted price:

Particulars	Year ended 31.3.2020	Year ended 31.3.2019
Revenue as per contract	312878.22	267402.13
Adjustments:		
Sales return	(673.37)	(600.92)
Discounts, rebates, etc.	(8029.63)	(8840.93)
Revenue from contracts with customers	304175.22	257960.28



Rupees in Lakhs

	Year ended 31.3.2020	Year ended 31.3.2019
ii) Other operating revenues		
Export incentives	86.92	77.39
Dividend Income	38.10	23.56
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	-	465.23
- Short term investments fair valued through profit or loss	4.32	12.02
Recovery towards services rendered	190.13	597.63
Receipts from sale of scrap and ancillary products	735.98	998.45
Insurance claims	167.84	30.24
Display income received by retail stores	918.85	682.36
Other receipts	484.36	374.94
Total (B)	2626.50	3261.82
Total revenue from operations (A+B)	306801.72	261222.10
28. Other income		
Interest income from:		
- Debts, deposits, loans and advances, etc. *	355.36	275.49
- Non-current investments valued on amortised cost	57.22	35.57
Dividend income	656.46	240.95
Rent and hire charges	239.26	258.85
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	6438.06	4633.09
- Long term investments carried at cost	-	1.67
- Short term investments fair valued through profit or loss	1881.43	1446.79
Foreign currency fluctuation (net)	555.45	628.37
Liabilities written back	307.78	146.80
Miscellaneous income	196.25	244.43
	10687.27	7912.01
*includes interest income calculated in relation to financial assets valued on amortised cost basis.	78.66	74.88
29. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	29237.93	25601.42
Cigarette paper	947.48	837.20
Cardboard (shells, slides and others)	9934.20	8526.00
Filter rods	13578.34	10961.76
Aluminium foil/metallised paper	1018.09	1524.43
Cellulose paper	1046.99	1003.25
Flavours for chewing products	366.35	773.94
Betel nut	3411.61	4649.89
Katha, lime and bulking agent	706.81	1442.92
Paper/Laminate pouches for chewing products	1758.92	3076.13
Miscellaneous	8553.39	7196.17
	70560.11	65593.11



Rupees in Lakhs

	Year ended 31.3.2020	Year ended 31.3.2019
30. Purchases of stock-in-trade		
Unmanufactured tobacco (transferred from raw and packing materials)	27344.60	19737.65
Other goods (including cigarettes purchase for re-sale)	29809.09	23325.98
	57153.69	43063.63
31. Changes in Inventories of finished goods, stock-in-trade and work-in-process		
Opening stock:		
Work-in-process	687.88	640.28
Finished goods		
- Cigarettes	4485.69	3303.95
- Chewing products	283.76	443.97
Stock-in-trade	5159.89	4881.81
Land	6669.30	6669.30
Opening stock	17286.52	15939.31
Closing stock:		
Work-in-process	615.22	687.88
Finished goods		
- Cigarettes	5268.01	4485.69
- Chewing products	359.78	283.76
Stock-in-trade	5965.05	5159.89
Land	6669.30	6669.30
Closing stock	18877.36	17286.52
(Increase) in inventories	(1590.84)	(1347.21)
32. Employee benefits expenses		
Salaries and wages	23528.41	23868.89
Contribution to provident and other funds (Refer Note No.41)	1620.57	1609.82
Workmen and staff welfare expenses	2108.36	1910.93
Contribution to gratuity and superannuation fund (Refer Note No.41)	676.45	680.16
	27843.79	28069.80
33. Finance costs		
Interest expenses on:		
- Borrowings	39.40	38.54
- Lease liabilities (Refer Note No. 40)	2879.58	-
- Others*	77.33	40.43
Other borrowing costs	26.65	17.82
	3022.96	96.79
*including Rs. 0.13 lakhs (Previous year Rs. 7.20 lakhs) towards interest on entry tax.		
34. Other Expenses		
Net loss on fair value adjustment of:		
- Long term investments fair valued through profit or loss	695.55	-
- Short term investments fair valued through profit or loss	15.75	-
Consumption of stores and spare parts*	229.06	151.13
Power and fuel	4794.79	4291.19
Rent (Refer Note No.40)	409.79	5178.68



34. Other Expenses (continued)

	Year ended 31.3.2020	Year ended 31.3.2019
Repairs and maintenance		
- Buildings	649.67	863.03
- Plant and machinery	2009.21	2062.44
- Others	1946.60	1419.43
Insurance	545.57	448.80
Rates and taxes	2387.21	1875.41
Freight and cartage	4223.81	4029.91
Legal and professional expenses	8062.42	9351.76
Auditors' Remuneration (net of GST)**		
- Audit fees	134.21	113.04
- For tax audit	23.64	23.64
- For limited review of unaudited financial statements	80.00	62.00
- For corporate governance, consolidated financial statements and other certificates	7.50	7.74
- For other services	2.50	2.96
- Reimbursement of expenses	15.44	19.18
Commission paid to other than sole selling agents	221.53	329.44
Commission paid to non-executive director (Refer Note No.44)	150.00	150.00
Advertising and sales promotion	15588.49	14557.16
Selling and distribution expenses	8336.34	7285.92
Travelling and conveyance	3181.39	3158.52
Donations	585.64	777.51
Contributions/expenses towards Corporate social responsibility (Refer Note No.35)	577.28	568.55
Bad debts and advances written off	101.16	103.53
Provision for doubtful debts and advances***	391.40	300.19
Property, plant and equipment written off	171.59	105.78
Loss on sale of property, plant and equipment (net)	67.34	31.90
Loss on sale of investments	0.33	-
Technical services fee and royalty	1466.07	1329.16
Consumer research activity	789.17	995.89
Machine and material handling expenses	353.37	391.41
Contract labour for factories and retail stores operations	4323.13	3254.06
Miscellaneous expenses	11995.62	10802.36
	74532.57	74041.72

*Excludes consumption of spare parts charged to repairs and maintenance of plant & machinery

**Includes fees paid to the auditors of the subsidiary companies.

*** Net of Rs. 98.04 lakhs written-off/reversed during the year (Previous year Rs. 132.95 lakhs)



Rupees in Lakhs

	Year ended 31.3.2020	Year ended 31.3.2019
35. Corporate social responsibility (CSR)		
<p>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, enhancing livelihood opportunities for backward communities & women, safeguarding the interest of farmers and other projects focusing on education on HIV/AIDS.</p> <p>Gross amount required to be spent by the Holding Company during the year is Rs. 462.00 lakhs (Previous year Rs. 396.00 lakhs) and the details of amount spent are as under:</p>		
a) By way of contribution for the above mentioned activities	577.28	541.48
b) Administrative expenses incurred (restricted to 5%)	-	27.07
	577.28	568.55
36. Earnings per share		
Profit after tax (A)	38487.12	26030.99
Weighted average number of equity shares for the purpose of basic earnings per share and diluted earnings per share (B)	51993920	51993920
Basic and Diluted Earnings per share after tax (Rs.) [A/B] (Face value of Rs. 2 each)	74.02	50.06
37. Contingent liabilities not provided for		
a) Demands from excise, income tax, sales tax and other authorities not accepted by the Group @	5059.14*	3427.88
b) Claims against the Group not acknowledged as debts	1.37	1.37
<p>@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.</p>		
c) Share of contingent liabilities relating to associate companies	67.68	1.31
<p>*Out of this Rs.1366.56 lakhs relates to an order received during the current year from the Allahabad High Court overturning the earlier order of the CESTAT in favour of the subsidiary company. Against this order the subsidiary company has filed an appeal before the Hon'ble Supreme Court and has been legally advised that it has a strong case.</p> <p>d) The Holding Company has been regular in transferring Amounts to the Investor Education and Protection Fund in accordance with the requirements of the Companies Act. There are no Amounts that were due to be transferred by the subsidiary companies and associate companies to the Investor Education and Protection Fund.</p> <p>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.</p>		
38. Commitments		
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	9279.77	1652.01
<p>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.</p>		
39. Expenditure on scientific research and development		
Revenue expenditure	1040.98	961.44
Capital expenditure	52.27	226.73



40. Leases

40.1 Group as a lessee

The Group has lease contracts for various items of land, offices, warehouses, retail stores, store equipment and vehicles used in its operations. Leases of land have a term ranging from 45 to 99 years, offices, warehouses and stores have lease terms between 2 and 18 years, store equipment have a lease terms of 5 years, while motor vehicles generally have lease terms between 3 and 5 years. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed.

The Company also has certain leases of warehouses of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Rupees in Lakhs

As at
31.3.2020

Carrying amount of:

Right-of-Use: Office buildings, warehouses and stores	28815.27
Right-of-Use: Store equipment & furniture	3612.68
Right-of-Use: Land*	1832.41
Right-of-Use: Vehicles	425.14
Total	34685.50

	Right-of-Use: Office buildings, warehouses and stores	Right-of-Use: Store equipment & furniture	Right-of-Use: Land*	Right-of-Use: Vehicles	Total
Cost					
Balance as at April 1, 2019	29960.57	4129.72	1874.52	-	35964.81
Additions / Modifications	3686.38	668.07	-	509.25	4863.70
Derecognition	(1043.04)	-	-	-	(1043.04)
Balance as at March 31, 2020	32603.91	4797.79	1874.52	509.25	39785.47
Accumulated depreciation					
Balance as at April 1, 2019	-	-	-	-	-
Depreciation expense	3851.68	1185.11	42.11	84.11	5163.01
Derecognition	(63.04)	-	-	-	(63.04)
Balance as at March 31, 2020	3788.64	1185.11	42.11	84.11	5099.97
Balance as at March 31, 2020	28815.27	3612.68	1832.41	425.14	34685.50
Balance as at April 1, 2019	29960.57	4129.72	1874.52	-	35964.81

*Includes Rs. 4.57 lakhs (Previous year - Rs. 4.64 lakhs) in respect of plot of land in one of a subsidiary for which a notice of termination of lease has been received from the Government of U.P. The Subsidiary has disputed the said notice by a petition filed before the Allahabad High Court and the same is pending disposal.



Rupees in Lakhs

40. Leases (continued)

Lease liabilities

	As at 31.3.2020
Set out below are the carrying amounts of lease liabilities and the movements during the period:	
Balance as at April 1, 2019	33953.72
Addition	4518.81
Accretion of interest*	2879.58
Payments	(5917.64)
De-recognition of lease liabilities on termination	(975.70)
Balance as at March 31, 2020**	34458.77
Current	6085.54
Non-current	28373.23

* Lease liabilities carry an effective interest rate of 9%

** For maturities of lease liabilities, Refer Note No. 42

The following are the amounts recognised in profit or loss:

	For the year ended 31.3.2020
Depreciation expense of right-of-use assets	5163.01
Interest expense on lease liabilities (Refer Note No. 33)	2879.58
Expense relating to short-term leases (Refer Note No. 34)	272.99
Variable lease payments (Refer Note No. 34)	136.80
Loss on termination of leases	4.30
	8456.68

The Group has lease contracts for stores that contains variable payments based on the revenue earned during the year. These terms are negotiated by management for certain stores as per prevalent market conditions. Management's objective is to align the lease expense with the revenue earned. The following provides information on the Group's variable lease payments:

Variable rent	136.80
	136.80

40.2 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. These leases have terms ranging between 11 months to 3 years. Rental income recognised by the Group during the year is Rs. 239.26 lakhs.

40.3 The effect of adoption of Ind AS 116 as at 1st April, 2019 is as follows:

Ind AS 116 was notified with effect from April 1, 2019 which replaces Ind AS 17. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The effect of adoption Ind AS 116 as at April 1, 2019 (increase/(decrease)) is as follows:

	Amount
Assets	
Right-of-use assets	35964.81
Other assets	(2514.72)
Total assets	33450.09
Liabilities	
Financial liabilities - Lease liabilities	33953.72
Trade payables	(503.63)
Total liabilities	33450.09



40. Leases (continued)

Impact on Statement of Profit and Loss

Increase in depreciation & amortisation expense	5163.01
Increase in finance cost	2879.58
Decrease in rent & other expense	(5901.02)
Decrease in profit before tax	2141.57
Tax effect	(538.99)
Decrease in profit after tax	1602.58

The Group has lease contracts for land, stores, office and warehouse, vehicles and equipments. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 4.3 for the accounting policy on Ind AS 116. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The lessee recognizes a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and correspondingly measured the right-of-use asset at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as of March 31, 2019 is as follows:

	As at 01.4.2019
Assets	
Operating lease commitments as at March 31, 2019	5449.25
Weighted average incremental borrowing rate as at April 1, 2019	9%
Discounted operating lease commitments as at April 1, 2019	4537.70
Less:	
Commitments relating to short-term leases	(86.25)
Add:	
Lease payments relating to renewal and cancellable periods not included in operating lease commitments as at March 31, 2019	(29502.27)
Lease liabilities as at April 1, 2019	33953.72



Rupees in Lakhs

41. Employee benefit plans	Year ended 31.3.2020	Year ended 31.3.2019
(a) Defined contribution plans and amounts recognised in the consolidated statement of profit and loss/other comprehensive income		
Contribution towards provident fund (Refer Note No. 32)*	1620.57	1609.82
Contribution towards superannuation fund	157.49	152.30
Employers' contribution to employee's state insurance scheme	8.93	11.28
	1786.99	1773.40

* The above does not include Rs. 614.00 lakhs provided through Other Comprehensive Income in current year to cover the possible loss to the PF Trust on account of non-realisation of some of the investments held by it as at March 31, 2020.

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

Compensated absences – amount recognized in the consolidated statement of profit and loss	758.48	1035.54
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(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, 1972 or the relevant Company Scheme, whichever is beneficial.

The plan typically exposes the Group 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 consolidated statement of profit and loss and the funded status and Amounts recognised in the consolidated balance sheet for defined benefit plan:

Net employee benefit expense recognized in employee cost		
Current service cost	526.80	514.78
Net interest cost	27.95	(27.47)
	554.75	487.31
(Shortfall)/Excess of fair value over book value of plan assets	(35.79)	40.55
Net employee benefit expense recognized in employee cost	518.96	527.86



Rupees in Lakhs

(c) Defined benefit plans - Gratuity (continued)

Amount recognised in other comprehensive income:

	Year ended 31.3.2020	Year ended 31.3.2019
Actuarial loss on obligations arising from change in financial assumptions	654.11	251.00
Actuarial loss on obligations arising from change in demographic adjustments	-	0.30
Actuarial loss on obligations arising on account of experience adjustments	286.96	101.66
Return on plan assets (excluding amounts included in net interest expense)	(44.66)	(96.80)
Adjustment to recognize the effect of asset ceiling	(29.37)	(0.12)
Net expense for the year recognized in other comprehensive income	867.04	256.04

(I) Changes in the present value of the defined benefit obligation are as follows:

	As at 31.3.2020	As at 31.3.2019
Opening defined obligation	9919.70	9665.35
Current service cost	497.44	514.66
Interest cost (Gross)	654.04	672.54
Benefits paid	(729.22)	(1285.81)
Actuarial loss on obligations arising from change in financial assumptions	654.11	251.00
Actuarial loss on obligations arising from change in demographic adjustments	-	0.30
Actuarial loss on obligations arising on account of experience adjustments	286.96	101.66
Closing defined benefit obligation	11283.03	9919.70
(II) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	9498.19	9968.24
Interest income (Gross)	626.08	700.01
Return on plan assets (excluding Amounts included in net interest expense)	44.66	96.80
Contribution by employer	617.92	17.30
Benefits paid	(729.22)	(1285.81)
Closing fair value of plan assets	10057.63	9496.54
(III) Excess of fair value over book value of plan assets	23.63	57.77
(IV) Net Liability recognised in the consolidated balance sheet (I - II + III)	1249.03	480.93

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, 2020		
Government debt securities	255.19	2.54%
Other debt instruments	30.87	0.30%
Insurer managed funds	9781.80	97.26%
Other net assets / (liabilities)	(10.23)	-0.10%
	10057.63	100.00%



Rupees in Lakhs

(c) Defined benefit plans - Gratuity (continued)		
	Amount	% of total plan assets
As at March 31, 2019		
Government debt securities	331.59	3.49%
Other debt instruments	113.90	1.20%
Insurer managed funds	8974.90	94.51%
Other net assets / (liabilities)	76.15	0.80%
	9496.54	100.00%

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

	As at 31.3.2020	As at 31.3.2019
Discount rate (in %)	6.30%-6.35%	7.25%-7.40%
Salary escalation rate (in %)	7.50%-8.00%	7.50%-8.00%
Expected rate of return on plan assets	6.35%-7.50%	7.40%-7.50%
Expected average remaining working lives of employees	6.19-9.67 years	5.84-8.65 years

A quantitative sensitivity analysis for significant assumption shown above as at March 31, 2020 is as shown below:

Assumption	Impact on defined benefit obligation	
	As at 31.3.2020	As at 31.3.2019
Impact of increase in 0.5% in discount rate	-2.87%	-2.78%
Impact of decrease in 0.5% in discount rate	3.03%	2.93%
Impact of increase in 0.5% in salary escalation rate	2.97%	2.90%
Impact of decrease in 0.5% in salary escalation rate	-2.84%	-2.77%

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.

Sensitivities due to mortality and withdrawals are insignificant and hence ignored. Sensitivities as to rate of inflations, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

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

	Year ended 31.3.2020	Year ended 31.3.2019
Within the next 12 months (next annual reporting period)	2326.41	2175.46
Between 2 and 5 years	4780.71	4335.52
Between 6 and 9 years	3852.46	3567.74
10 years and above	6708.57	6586.60
Total expected payments	17668.15	16665.32

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.73-6.19 years (Previous year 4.61-5.85 years).

42. Financial instruments and risk management

42.1. 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, lease liabilities, security deposits received, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.
- 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 majorly consists of quoted equity shares and/or debt based mutual fund investments, bonds or debentures.

Level 2: This level of hierarchy includes items measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly.

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. The valuer has used significant inputs like market data, growth projections, future cash flow discounting @ 13% to 15%, P/E multiple, etc., as the case may be, in arriving at the gross value and then applied discount rates ranging between 56% to 58% to arrive at the fair value for current and previous year.



Rupees in Lakhs

42. Financial instruments and risk management (continued)

42.2. 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, 2020	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- mutual funds	108770.81	108770.81	108770.81		
- equity shares	2229.86	2229.86	2229.86		
- preference shares	139.87	139.87	0.07		139.80
- debentures	1687.30	1687.30	1687.30		
- in others	219.22	219.22	219.22		
Financial instruments at amortised cost:					
Investment in					
- others (IRFC Bonds)	435.01	468.67	468.67		
Trade receivables	6887.06	6887.06			
Cash and cash equivalents	2464.34	2464.34			
Other bank balances	2346.12	2346.12			
Loans	736.94	736.94			
Other financial assets					
- Security deposits	1781.28	1781.28			
- Interest accrued on bank and other deposits	107.65	107.65			
- other receivables	694.67	694.67			
Financial instruments at FVTOCI:					
Investments in equity instruments designated upon initial recognition	11115.96	11115.96			11115.96
Total financial assets	139616.09	139649.75	113375.93		11255.76
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	1204.85	1204.85			
Lease liabilities	34458.77	34458.77			
Trade payables	25402.44	25402.44			
Other financial liabilities					
- Security deposits	109.40	109.40			
- Interest accrued on other than borrowings	412.59	412.59			
- Unclaimed dividends	689.94	689.94			
- Payable to gratuity funds	1249.01	1249.01			
- Liability towards property, plant and equipments	570.70	570.70			
Total financial liabilities	64097.70	64097.70			



Financial instruments and risk management (continued)

As at March 31, 2019	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- mutual funds	104757.51	104757.51	104757.51		
- equity shares	2954.55	2954.55	2954.55		
- preference shares	111.13	111.13	0.15		110.98
- debentures	1615.36	1615.36	1615.36		
- others	207.86	207.86	207.86		
Financial instruments at amortised cost:					
Investment in					
- others (IRFC Bonds)	435.01	469.80	469.80		
Trade receivables	6864.22	6864.22			
Cash and cash equivalents	2897.56	2897.56			
Other bank balances	1660.41	1660.41			
Loans	775.85	775.85			
Other financial assets					
- Security deposits	1976.62	1976.62			
- Interest accrued on bank and other deposits	109.30	109.30			
- other receivables	589.80	589.80			
Financial instruments at FVTOCI:					
Investments in equity instruments designated upon initial recognition	12669.56	12669.56			12669.56
Total financial assets	137624.74	137659.53	110005.23		12780.54
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	4199.95	4199.95			
Trade payables	28963.01	28963.01			
Other financial liabilities					
- Security deposits	101.10	101.10			
- Interest accrued but not due on borrowings	1.27	1.27			
- Interest accrued on other than borrowings	417.99	417.99			
- Unclaimed dividends	246.57	246.57			
- Payable to gratuity funds	617.92	617.92			
- Liability towards property, plant and equipments	1405.55	1405.55			
- Book overdrafts	611.18	611.18			
Total financial liabilities	36564.54	36564.54			

Note: Investment in associates are accounted for using the equity method and are not covered under Ind AS 107 and hence not been included above.



42.2. Fair value hierarchy (continued)

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

42.3. 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 Board of Directors.

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 Board of Directors. 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. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the Consolidated Financial Statements. The Group's maximum credit exposure to credit risk is Rs. 134805.63 lakhs (previous year Rs. 133066.77 lakhs). The Group has excluded cash and cash equivalents, other bank balances and investments in associates as the credit risk associated with them is minimal.

Financial assets are provided for, 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 provided for, 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 other than those for which impairment allowance has been recorded. For details of trade receivables those are past due date refer note no. 13

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 Board of Directors. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.



42.3. Financial risk management objectives and policies (continued)

(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, except lease liabilities, due within 12 months equal their carrying values as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Rupees in Lakhs		
	Less than 1 Year	More than 1 Year	Total
As at March 31, 2020			
Borrowings*	1114.22	200.00	1314.22
Lease liabilities	6322.94	44196.73	50519.67
Trade payables	25402.44	-	25402.44
Other financial liabilities	2936.94	94.70	3031.64
	35776.54	44491.43	80267.97
As at March 31, 2019			
Borrowings*	4117.86	200.00	4317.86
Trade payables	28963.01	-	28963.01
Other financial liabilities	3315.38	86.20	3401.58
	36396.25	286.20	36682.45

* includes current borrowings, accrued interest obligations and future interest obligations

(B) Foreign currency risk exposure

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

Particulars	Currency	As at 31.3.2020		As at 31.3.2019	
		Amount in foreign currency (lakhs)	Amount in Rs. lakhs	Amount in foreign currency (lakhs)	Amount in Rs. lakhs
Trade receivables	USD	26.60	2012.44	28.64	1980.73
Current liabilities	USD	15.35	1161.76	24.11	1667.55
	EURO	6.09	504.16	2.21	170.73
	GBP	1.39	130.09	0.53	48.36
	SGD	0.08	4.49	0.02	0.93
	JPY	0.00	0.00	3.86	2.41
	AED	0.10	2.08	2.38	44.75
	CHF	-	-	0.02	1.59

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rate such as USD, 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:



Rupees in Lakhs

Currency of exposure	As at 31.3.2020		As at 31.3.2019	
	5% decrease	5% decrease	5% decrease	5% decrease
Impact on profit before tax as at the end of the reporting year -USD	42.53	(42.53)	15.66	(15.66)

(C) Exposure in mutual fund investments

The Group manages its surplus funds majorly through investments in 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 31.3.2020 would have increased/decreased by Rs.1087.71 lakhs (for the year ended 31.3.2019 by Rs.1047.58 lakhs).

43. Capital management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves excluding non controlling interest. Net debts comprises of non-current and current debts (including trade payables, lease liabilities and other financial liabilities), other current liabilities as reduced by cash and cash equivalents and current investments. 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	As at 31.3.2020	As at 31.3.2019
Borrowings	1204.85	4199.95
Trade payables	25402.44	28963.01
Lease Liabilities	34458.77	-
Other financial liabilities	3031.64	3401.58
Other current liabilities	36156.03	35701.75
Less : Cash and cash equivalents as per cash flow	2464.34	2897.56
: Current investments	12865.85	24209.98
Net debt (A)	84923.54	45158.75
Total equity	218732.65	203872.27
Capital and net debt (B)	303656.19	249031.02
Gearing Ratio (A/B)	27.97%	18.13%

No changes were made in the objectives, policies or processes during the year ended March 31, 2020.

44. Related party transactions

44.1 Disclosure of related parties	Place of incorporation and operation	Proportion of ownership interest / voting rights held by the parent entity	
		As at 31.3.2020	As at 31.3.2019
(a) Associates:			
Success Principles India Limited (ceased to be an associate w.e.f. March 15, 2019)	India	-	-
IPM India Wholesale Trading Private Limited	India	24.80%	24.80%
KKM Management Centre Private Limited	India	36.75%	36.75%
KKM Management Centre Middle East (FZC)	U.A.E.	36.00%	36.00%



(b) Entities of which the Holding Company is an associate:

K K Modi Investment & Financial Service Private Limited, India
Philip Morris Global Brands Inc., U.S.A.

(c) Member entities of the Group to which Philip Morris Global Brands Inc.,USA, belongs to :

Philip Morris Philippines Manufacturing Inc.
Philip Morris Products S.A.
PT Hanjaya Mandala Sampoerna Tbk.
Philip Morris International Management SA (merged with Philip Morris Products S.A., effective April 1, 2019)
Philip Morris Izhora, Russia

(d) Key management personnel & their relatives and other directors:

Late Mr. K.K.Modi	President and Managing Director (upto November 2, 2019)
(Dr.) Mrs. Bina Modi	President and Managing Director (ordinary director upto November 13, 2019)
Mr. Samir Modi	Executive Director
Mr. Ruchir Kumar Modi	Ordinary Director and a relative of Late Mr. K.K.Modi, Mr. Samir Modi and (Dr.) Mrs. Bina Modi
Mr. Sharad Aggarwal	Whole-time Director
Mr. Bhisham Wadhwa	Chief Executive Officer
Mr. Sunil Agrawal	Chief Financial Officer
Mr. Sanjay Gupta	Company Secretary
Ms.Priyal Bharti Panwani	Executive Director of a subsidiary (upto May 31,2019)
Mr. Amit Kaushal	(w.e.f. June 1, 2019)
Mr. Ashrant Bharti	Whole Time Director of a subsidiary
Mr. R A Shah	Non Independent Director and Chairman of Board
Mr. Lalit Bhasin	Independent Director
Mr. Anup N. Kothari	Independent Director
Mr. Atul Kumar Gupta	Independent Director
Mrs. Nirmala Bagri	Independent Director(w.e.f. April 1,2019)

(e) 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
MHP Staffing Private Limited
Modi Innovative Education Society
Modi Stratford Enterprise Management Private Limited
International Research Park Laboratories Limited
Rajputana Fertilizers Limited
Rajputana Developers Limited
Quick Investment (India) Limited
Good Investment (India) Limited
Super Investment (India) Limited
Crawford Bayley & Co.
Bhasin & Co.
K K Modi Family Trust
Premium Tradelinks Private Limited

(f) Others related parties:

Godfrey Phillips India Limited employees Gratuity Fund No.1
Godfrey Phillips India Limited employees Gratuity Fund No.2
Godfrey Phillips India Limited Management Staff Superannuation Fund
Godfrey Phillips India Limited Provident Fund
International Tobacco Company Limited employees Gratuity Fund No.1
International Tobacco Company Limited employees Gratuity Fund No.2
International Tobacco Company Limited Management Staff Superannuation Fund



44.2 Disclosure of transactions between the Group 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 key management personnel and their relatives are able to exercise significant influence		Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the holding company		Other related parties	
		Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019
i)	Trading transactions												
	Sale of goods, spare parts, etc.	24580.58@	15860.66@	-	-	168.56	243.27	20575.65&	12932.06&	-	-	-	-
	Sale of investments in Medicare Limited	-	-	-	-	-	19.15	-	-	-	-	-	-
	- K K Modi Family Trust	1026.03@	(981.03)@	-	-	1925.07\$	2256.51\$	5103.53&&	3954.93&&	-	-	-	-
	Purchase of goods/services/spare parts	190.13@@	597.63@@	-	-	-	-	-	-	-	-	-	-
	Receipts from secondment of services	163.20@	151.50@	-	-	-	-	-	-	-	-	-	-
	Interest income	106.12@	567.34@	-	-	-	-	-	-	-	-	-	-
	Miscellaneous income	-	11.91@	-	-	96.02	92.68	-	-	-	-	-	-
	Rent and hire charges received	746.97@**	1171.13@**	-	-	71.53	55.04	-	-	-	-	-	-
	Payments for professional services availed	-	-	-	-	765.22	774.03	-	-	-	-	-	-
	Donation given \$,\$\$	10756.04@* 2.39@	8979.41@* 7.27@	-	-	0.04	0.88	-&	8.68&	-	-	-	-
	Expenses recovered	-	-	-	-	-	17.19	2.35&	3.10&	-	-	-	-
	Expenses reimbursed	-	-	-	-	-	-	-	-	-	-	-	-
ii)	Other related party transactions												
	Dividend payment (gross)	-	-	-	-	-	-	-	-	4437.16	1044.04	-	-
	- Philip Morris Global Brands Inc.	-	-	-	-	-	-	-	-	5166.86	1215.73	-	-
	- K K Modi Investment & Financial Service Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
	- Quick Investment (India) Limited	-	-	-	-	760.17	178.86	-	-	-	-	-	-
	- Good Investment (India) Limited	-	-	-	-	1465.13	344.74	-	-	-	-	-	-
	- Super Investment (India) Limited	-	-	-	-	179.27	42.18	-	-	-	-	-	-
	- HMA Udyog Private Limited	-	-	-	-	23.12	5.44	-	-	-	-	-	-
	Technical services fee and royalty	-	-	-	-	-	-	1466.07	1329.16	-	-	-	-
	- Philip Morris Products S.A.	-	-	-	-	61.62	-	-	-	-	-	-	-
	Sale of investments in Success Principles India Limited	-	-	-	-	-	-	-	-	-	-	-	-
	- Premium Tradelinks Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
iii)	Contribution to trusts												
	Godfrey Phillips India Limited Management Staff Superannuation Fund	-	-	-	-	-	-	-	-	-	-	-	133.55
	Godfrey Phillips India Limited Provident Fund (Refer Note No.40)	-	-	-	-	-	-	-	-	-	-	-	1307.28



44.2 Disclosure of transactions between the Group and related parties and the status of outstanding balances as at the year end

A	Nature of transactions	Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the holding company		Other related parties	
		Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019
		Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019	Year ended 31.3.2020	Year ended 31.3.2019
	Godfrey Phillips India Limited Gratuity Fund no. 1	-	-	-	-	-	-	-	-	-	-	-	44.73
	Godfrey Phillips India Limited Gratuity Fund no. 2	-	-	-	-	-	-	-	-	-	-	-	685.43
	International Tobacco Company Limited Management staff Superannuation fund	-	-	-	-	-	-	-	-	-	-	-	18.75
	International Tobacco Company Limited Gratuity Fund no.1	-	-	-	-	-	-	-	-	-	-	-	5.40
	International Tobacco Company Limited Gratuity Fund no.2	-	-	-	-	-	-	-	-	-	-	-	48.34
	Compensation & Post Employment benefits of key management personnel and other directors \$ \$												
iv)	- Samir Modi	-	-	2381.94	1762.87	-	-	-	-	-	-	-	-
	- Bina Modi	-	-	6.00	8.00	-	-	-	-	-	-	-	-
	- Ruchir Kumar Modi	-	-	150.00	150.00	-	-	-	-	-	-	-	-
	- Priyal Bhartiya Panwani	-	-	9.92	52.08	-	-	-	-	-	-	-	-
	- Ashrant Bhartiya	-	-	33.17	101.69	-	-	-	-	-	-	-	-
	- Bhisham Wadhwa	-	-	573.52	456.36	-	-	-	-	-	-	-	-
	- Sunil Agrawal	-	-	201.65	188.25	-	-	-	-	-	-	-	-
	- Sanjay Gupta	-	-	139.19	124.63	-	-	-	-	-	-	-	-
	- Sharad Aggarwal	-	-	217.47	190.20	-	-	-	-	-	-	-	-
	- Amit Kaushal	-	-	247.64	-	-	-	-	-	-	-	-	-
	- R A Shah	-	-	15.00	12.00	-	-	-	-	-	-	-	-
	- Lalit Bhasin	-	-	21.00	13.00	-	-	-	-	-	-	-	-
	- Anup N Kothari	-	-	17.00	13.00	-	-	-	-	-	-	-	-
	- Atul Kumar Gupta	-	-	18.00	11.00	-	-	-	-	-	-	-	-
	- Nirmala Bagri	-	-	8.00	-	-	-	-	-	-	-	-	-



44.2 Disclosure of transactions between the Group and related parties and the status of outstanding balances as at the year end

B Outstanding balance	Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Member entities of the group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the holding company		Other related parties	
	As at 31.3.2020	As at 31.3.2019	As at 31.3.2020	As at 31.3.2019	As at 31.3.2020	As at 31.3.2019	As at 31.3.2020	As at 31.3.2019	As at 31.3.2020	As at 31.3.2019	As at 31.3.2020	As at 31.3.2019
Trade receivables	-	671.24#**	-	-	21.59	39.51	54.82&	21.55&	-	-	-	-
Loans given	-	-	16.41	21.11	-	-	-	-	-	-	-	-
Trade payables	0.21@	2675.15@	-	-	151.48	163.93	408.80&&	0.44&&	-	-	-	-
Dues payable	1.48#	41.13#*	-	106.05	4.95	4.96	-	-	-	-	-	-
Commission payable to Samir Modi(gross)	-	-	1385.60	898.25	-	-	-	-	-	-	-	-
Other recoverable	548.29#**	143.82#**	-	-	-	7.51	-	-	-	-	-	-
Technical service fee and royalty payable	-	-	-	-	-	-	301.65	312.72&	-	-	-	-
Other payable/(recoverable)												
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	98.61	44.73
Employees Gratuity Fund No.1	-	-	-	-	-	-	-	-	-	-	11.45.79	573.19
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	(39.55)	(122.38)
Employees Gratuity Fund No.2	-	-	-	-	-	-	-	-	-	-	44.16	(14.61)
International Tobacco Company Limited Employees Gratuity Fund No.1	-	-	-	-	-	-	-	-	-	-	231.12	208.95
International Tobacco Company Limited Employees Gratuity Fund No.2	-	-	-	-	-	-	-	-	-	-	-	-
Godfrey Phillips India Limited Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-
Advance recoverable												
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	5.71	133.00
Employees Gratuity Fund No.1	-	-	-	-	-	-	-	-	-	-	-	-

@relates to transactions with IPM India Wholesale Trading Private Limited and figures of sale and purchase of goods have been reduced by Rs. 88436.02 lakhs (previous year Rs. 71697.05 lakhs) on account of sale/purchase of Marlboro cigarettes manufactured by the Company.

@relates to transactions with KKM Management Centre Private Limited.

@** relates to KKM Management Centre Private Limited amounting to Rs. 210.00 lakhs (previous year Rs. 555.00 lakhs) KKM Management Centre Middle East (FZC) amounting to Rs.536.97 lakhs (previous year Rs.616.13 lakhs)

@@* includes Rs. 10756.04 lakhs (Previous year Rs. 8978.53 lakhs) from IPM India Wholesale Trading Private Limited and Rs. Nil (previous year Rs. 0.88 lakhs) from KKM Management Centre Private Limited.

** includes Rs. 1.48 lakhs (Previous year Rs. 0.11 lakhs) from KKM Management Centre Private Limited and Rs. Nil (Previous year Rs. 41.02 lakhs) from KKM Management Centre Middle East (FZC).

#* includes Rs.533.85 lakhs (Previous year Rs.791.39 lakhs) from IPM India Wholesale Trading Private Limited and Rs.14.44 lakhs (previous year Rs.23.67 lakhs) from KKM Management Centre Private Limited.

\$ includes Rs. 1330.40 lakhs (previous year Rs. 1942.81 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.

& relates to transaction with Philip Morris Products S.A. and Philip Morris International Management SA (merged with Philip Morris Products S.A., effective April 1, 2019) and Rs. 3962.64 lakhs (previous year Rs. 3164.51 lakhs) from Philip Morris Philippines Manufacturing Inc. and Rs. 1129.35 lakhs (previous year Rs. 790.42 lakhs) from PT Hanjaya Mandala Sampoerna Tbk and Rs. 11.54 lakhs (previous year Rs. Nil) from Phillip Morris Izhora.

&& includes Rs. 313.14 lakhs (previous year Rs. Nil) from Philip Morris Philippines Manufacturing Inc. and Rs. 95.66 lakhs (previous year Rs. 0.44 lakhs) from PT Hanjaya Mandala Sampoerna Tbk.

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, 2020, the Group has recorded impairment of receivables relating to amounts owed by related parties Nil (March 31, 2019 : 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. Purchase and sale transactions with the related parties have been made at arm length prices.



45. Segment Information
Products from which reportable segments derive their revenues

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

- i) Cigarette, tobacco and related products
- ii) Retail and related products
- iii) Others

Segment information for the year ended March 31, 2020 and March 31, 2019 is as follows:

	As at March 31, 2020			As at March 31, 2019			Total
	Cigarette, tobacco and related products	Retail and related products	Others	Cigarette, tobacco and related products	Retail and related products	Others	
1 Segment revenue							
- External sales (gross)	268340.04	35835.18	-	229562.74	28397.54	-	257960.28
- Other operating income	1658.75	925.33	42.42	2070.51	690.50	500.81	3261.82
Total revenue	269998.79	36760.51	42.42	231633.25	29088.04	500.81	261222.10
2 Segment result	55034.92	(12311.16)	(724.47)	39634.26	(8270.83)	461.79	31825.22
Unallocable income net of unallocable expenses							6531.54
Profit before finance costs and tax							38356.76
Less: Finance costs							96.79
Profit before tax							38259.97
Share of profit of associates							44.27
Profit before tax and after share of profit of associates							38304.24
3 Other information							
Capital expenditure including capital work in progress and capital advances (excluding ROU Assets)	9548.56	1748.45	104.09	7925.84	5438.66	-	13364.50
Depreciation and amortization	10357.58	5090.89	-	8849.50	965.67	-	9815.17
Non cash expenditure other than depreciation	504.11	228.70	717.15	329.69	211.71	0.08	541.48

45. Segment Information (continued)

	As at March 31, 2020				As at March 31, 2019			
	Cigarette, tobacco and related products	Retail and related products	Others	Total	Cigarette, tobacco and related products	Retail and related products	Others	Total
a) Segment assets								
Allocable assets	157149.35	34189.95	20850.98	212190.28	138035.88	12782.58	24104.79	174923.25
Unallocable assets				117324.02				111750.10
Total assets				329514.30				286673.35
b) Segment liabilities								
Allocable liabilities	76761.56	25925.64	8.32	102695.52	66184.46	5083.96	5.69	71274.11
Unallocable liabilities				5229.01				8246.98
Total liabilities				107924.53				79521.09
c) Equity/Capital Employed				221589.77				207152.26
Total (b+c)				329514.30				286673.35

d) Entity wide information

The Group operates in two principle geographical areas - India and Outside India.

The Group's revenue from operations by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from operations		Non-current assets *	
	Year ended 31.3.2020	Year ended 31.3.2019	As at 31.3.2020	As at 31.3.2019
India	244733.13	210344.91	109327.57	76443.05
Outside India	62068.59	50877.19	32.58	17.24
Total	306801.72	261222.10	109360.15	76460.29

* Non current assets do not include deferred tax assets, financial assets-investments, loans & other non-current financial assets

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 Holding 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, trade receivables, 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).



46. 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 31.3.2020		For the year ended 31.3.2020		For the year ended 31.3.2020		For the year ended 31.3.2020	
	Net assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.in Lakhs)	As % of consolidated profit or loss	Amount (Rs.in Lakhs)	As % of consolidated other comprehensive income	Amount (Rs.in Lakhs)	As % of consolidated other comprehensive income	Amount (Rs.in Lakhs)
Parent								
Godfrey Phillips India Limited	93.00%	206084.88	100.81%	38787.97	44.30%	(1018.81)	104.40%	37769.16
Subsidiaries								
a) Indian								
1.International Tobacco Company Limited	2.21%	4888.58	0.61%	232.85	5.01%	(115.27)	0.33%	117.58
2.Chase Investments Limited	5.21%	11541.61	-1.56%	(600.14)	51.81%	(1191.68)	-4.95%	(1791.82)
3.Friendly Reality Projects Limited	1.79%	3960.32	0.00%	(0.39)	0.00%	-	0.00%	(0.39)
4.Rajputana Infrastructure Corporate Limited	1.80%	3988.69	-0.17%	(67.29)	0.00%	-	-0.19%	(67.29)
5.Unique Space Developers Limited	0.06%	135.00	-0.01%	(3.56)	0.00%	-	-0.01%	(3.56)
6.Rajputana Developers Projects	1.92%	4252.08	-0.04%	(15.76)	0.00%	-	-0.04%	(15.76)
b) Foreign								
1.Godfrey Phillips Middle East DMCC	0.08%	171.25	0.13%	48.61	0.00%	-	0.13%	48.61
2.Flavors and More, Inc.	0.01%	32.36	-0.04%	(14.95)	0.00%	-	-0.04%	(14.95)
Non controlling interests in all subsidiaries	1.29%	2857.12	-0.02%	(9.59)	0.00%	-	-0.03%	(9.59)
Associates								
a) Indian								
1.IPM India Wholesale Trading Private Limited *	0.00%	-	0.00%	-	0.00%	-	0.00%	-
2.KKM Management Centre Private Limited	0.16%	356.43	-0.01%	(2.07)	0.00%	-	-0.01%	(2.07)
b) Foreign								
1.KKM Management Centre Middle East (FZC)	0.05%	102.47	0.13%	51.78	0.00%	-	0.14%	51.78
Adjustments on consolidation	-7.58%	(16781.02)	0.17%	70.07	-1.12%	25.79	0.27%	95.86
	100.00%	221589.77	100.00%	38477.53	100.00%	(2299.97)	100.00%	36177.56

*since the share of losses have exceeded the value of investment made
The amount stated above are as per the standalone financial statements of each of the individual entities, before making any adjustments for intragroup transactions and/or balances.



46. 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 (continued)

Name of the entity	As at 31.3.2020		For the year ended 31.3.2020		For the year ended 31.3.2020		For the year ended 31.3.2020	
	Net assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.in Lakhs)	As % of consolidated profit or loss	Amount (Rs.in Lakhs)	As % of consolidated other comprehensive income	Amount (Rs.in Lakhs)	As % of consolidated other comprehensive income	Amount (Rs.in Lakhs)
Parent								
Godfrey Phillips India Limited	91.54%	189627.40	92.59%	24096.73	-5.19%	(182.62)	80.94%	23914.11
Subsidiaries								
a) Indian								
1.International Tobacco Company Limited	2.30%	4770.98	0.29%	74.27	0.83%	29.24	0.35%	103.51
2.Chase Investments Limited	6.44%	13333.41	1.65%	430.22	104.72%	3686.84	13.93%	4117.06
3.Friendly Reality Projects Limited	1.68%	3480.85	0.00%	0.75	0.00%	-	0.00%	0.75
4.Rajputana Infrastructure Corporate Limited	0.68%	1416.18	0.06%	14.52	0.00%	-	0.05%	14.52
5.Unique Space Developers Limited	0.02%	38.55	-0.02%	(4.09)	0.00%	-	-0.01%	(4.09)
6.Rajputana Developers Projects	1.89%	3925.31	-0.05%	(13.08)	0.00%	-	-0.04%	(13.08)
b) Foreign								
1.Godfrey Phillips Middle East DMCC	0.06%	122.64	0.51%	130.80	0.00%	-	0.45%	130.80
2.Flavors and More, Inc.	0.02%	47.31	-0.76%	(196.71)	0.00%	-	-0.67%	(196.71)
Non controlling interests in all subsidiaries	1.58%	3279.99	-0.02%	(4.59)	0.00%	-	-0.02%	(4.59)
Associates								
a) Indian								
1.IPM India Wholesale Trading Private Limited *	0.00%	-	0.00%	-	0.00%	-	0.00%	-
2.KKM Management Centre Private Limited	0.17%	358.50	0.09%	23.53	0.00%	-	0.08%	23.53
b) Foreign								
1.KKM Management Centre Middle East (FZC)	0.02%	50.70	0.08%	20.74	0.00%	-	0.07%	20.74
Adjustments on consolidation	-6.40%	(13299.57)	5.58%	1453.31	-0.36%	(12.80)	4.87%	1440.51
	100.00%	207152.25	100.00%	26026.40	100.00%	3520.66	100.00%	29547.06

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

The amount stated above are as per the standalone financial statements of each of the individual entities, before making any adjustments for intragroup transactions and/or balances.

47. During the year, the Holding Company had been called upon by the Directorate of Enforcement ('ED') seeking certain information including those in connection with the business arrangements with IPM India Wholesale Trading Pvt. Ltd. (IPM), an associate of the Holding Company. The Holding Company has suitably responded and provided all the requisite information/details as sought by the ED from time to time and there is no further development in the matter before the ED as on date. Moreover, the Holding Company is of the view that its business arrangements with IPM are in compliance to the extant FDI regulations.

48. The figures for the previous year have been re-classified/re-grouped, wherever necessary, to correspond with the current year's classification/ disclosure.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Place: New Delhi
Date: June 30, 2020

For and on behalf of the Board of Directors
of Godfrey Phillips India Limited

DR. BINA MODI
(DIN 00048606)
President & Managing Director

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

NIRMALA BAGRI
(DIN 01081867)

Directors

Place : Faridabad
Date : June 30, 2020

GODFREY PHILLIPS INDIA LIMITED

CORPORATE OFFICE:

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Jasola District Centre, Jasola, New Delhi-110025
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