

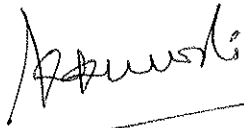

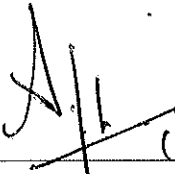
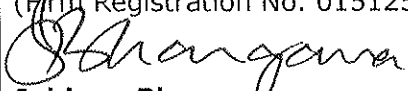


**GODFREY PHILLIPS**  
—INDIA LIMITED—




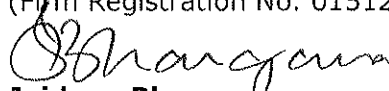
Godfrey Phillips India Limited  
49 Community Centre,  
Friends Colony, New Delhi-110 025  
Tel: +91 11 2683 2155, 2684 0148  
Fax: +91 11 2684 0775, 2683 5803  
www.godfreyphillips.com

### FORM A

**Format of covering letter of the annual audit report to be filed with the stock exchanges  
(Pursuant to Clause 31(a) of Listing Agreement)**

| Sr. No. | Particulars  | Details  |
|---------|--|--|
| 1.      | Name of the Company  | Godfrey Phillips India Limited   |
| 2.      | Annual standalone financial statements for the year ended  | March 31, 2014   |
| 3.      | Type of Audit observation  | No Qualification or matter of emphasis has been included in the Audit Report.  |
| 4.      | Frequency of observation   | Not applicable in view of comments in (3) above.   |
| 5.      | To be signed by: <ul style="list-style-type: none"><li>Managing Director</li><li>Chief Financial Officer</li><li>Audit Committee Chairman</li><li>Auditor of the Company</li></ul> | <div><br/>(K.K. Modi)</div> <div><br/>(Sunil Agrawal)</div> <div><br/>(Anup N. Kothari)</div> <div>Refer our audit report dated May 28, 2014 on the Standalone Financial Statements of the Company</div> <div><b>For Deloitte Haskins &amp; Sells</b><br/>Chartered Accountants<br/>(Firm Registration No. 015125N)<br/><br/><b>Jaideep Bhargava</b><br/>(Partner)<br/>(Membership No. 090295)</div> <div><b>New Delhi, May 28, 2014</b></div> |

**FORM A**  
**Format of covering letter of the annual audit report to be filed with the stock exchanges**  
**(Pursuant to Clause 31(a) of Listing Agreement)**

| Sr. No. | Particulars   | Details  |
|---------|---|--|
| 1.      | Name of the Company   | Godfrey Phillips India Limited   |
| 2.      | Consolidated annual financial statements for the year ended   | March 31, 2014   |
| 3.      | Type of Audit observation   | No Qualification or matter of emphasis has been included in the Audit Report.  |
| 4.      | Frequency of observation  | Not applicable in view of comments in (3) above.   |
| 5.      | To be signed by: <ul style="list-style-type: none"> <li>Managing Director</li> <li>Chief Financial Officer</li> <li>Audit Committee Chairman</li> <li>Auditor of the Company</li> </ul> | <div style="text-align: center;"> <br/> <b>(K.K. Modi)</b> </div> <hr/> <div style="text-align: center;"> <br/> <b>(Sunil Agrawal)</b> </div> <hr/> <div style="text-align: center;"> <br/> <b>(Anup N. Komari)</b> </div> <hr/> <p>Refer our audit report dated May 28, 2014 on the consolidated financial statements of the Company.</p> <p><b>For Deloitte Haskins &amp; Sells</b><br/>Chartered Accountants<br/>(Firm Registration No. 015125N)</p> <div style="text-align: center;"> <br/> <b>Jaideep Bhargava</b><br/>         (Partner)<br/>         (Membership No. 090295)       </div> <p><b>New Delhi, May 28, 2014</b></p> |

## TOGETHER WE STRIVE

The path to victory is paved with challenges.

Today, the competition is tougher, stakes higher and the need  
to succeed is greater than ever.

Ushering in a new era of change, we, at Godfrey Phillips India,  
are building a new world of infinite possibilities and grand  
opportunities. Working with unity and solidarity, our combined  
efforts are helping us overcome challenges and achieve newer  
heights of greatness.

Together, we are building the future and providing our  
shareholders, employees and customers with profits and  
rewards for their commitment and support.

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# Corporate Information

## Board of Directors

|                      |                                 |
|----------------------|---------------------------------|
| Mr. R. A Shah        | Chairman                        |
| Mr. K. K. Modi       | President and Managing Director |
| Mr. R. Ramamurthy    | Whole-time Director             |
| Mr. Samir Kumar Modi | Executive Director              |
| Ms. Bina Modi        | Additional Director             |
| Mr. Lalit Kumar Modi |                                 |
| Dr. Lalit Bhasin     |                                 |
| Mr. Anup N. Kothari  |                                 |

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Company Secretary: Mr. Sanjay Gupta

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

Corporate Office: 49, Community Centre, Friends Colony, New Delhi - 110025

Other Offices: Ahmedabad, Baramati, Chandigarh, Chennai, Dubai, Ghaziabad, Hyderabad, Kolkata,  
Mumbai, New Delhi, Rabale, Singapore

Leaf Division: Guntur (Andhra Pradesh)

Statutory Auditors: Deloitte Haskins & Sells, Chartered Accountants

Internal Auditors: Lodha & Co. - Chartered Accountants

Registered and Transfer Agent: Sharepro Services (India) Pvt. Ltd. 13 AB, Samhita Warehousing Complex  
Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri (East), Mumbai - 400 072

Solicitors: Crawford Bayley & Co.

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

Corporate Identity Number: LI6004MH1936PLC008587

[www.godfreyphillips.com](http://www.godfreyphillips.com)



## R. A. Shah

### Chairman's Message

Dear Shareholder,

The global economic scenario in 2013-14 remained challenging though there were signs of recovery gaining some momentum in the second half; however they seemed to be uneven. While their recovery was mainly driven by strengthening of developed and advanced economies, growth has not translated fully into benefits for emerging and developing countries. Though banks are much stronger than they were a few years back and economies are no longer concerned about the debt problem, credit issues still exist. Recent geopolitical issues, such as the war in Syria, trouble in Egypt, problems in Portugal and new risks emanating from the Ukrainian crisis, quicker than expected withdrawal from quantitative easing by the U.S. and weakening sovereign financial position in Euro Zone are some of the key challenges facing global economic recovery.

On the social front, health and wellness awareness is increasing by the day resulting in changing preferences of the tobacco consumers. Technological advancements and the wellness trends are leading to companies developing next generation products aimed at harm reduction.

What does this mean for us in our focused markets namely Central and South America, Middle East and Africa, the ASEAN region and here in India? As per the latest IMF estimates relatively stronger growth is expected in almost all of these markets due to exports and recovery in domestic demand. This should bode well for our products being sold in these markets. We are focusing on strengthening our relationships as well as developing suitable brands for these markets.

India has just concluded the world's largest elections in May, 2014. After 30 years, a stable government has come to power, where coalition compulsions will not be used as a bargaining plank for myriad political motivations. Our heartiest wishes to the new government. This government has further elevated general expectations of superior governance, greater clarity and certainty in the policy dispensation, pick up in investment activity by fast track clearances on long stalled large scale projects and most importantly, revival of business confidence. Though there are some key downside risks going forward such as high inflation, rising oil prices and weak monsoon, our political leadership is hopeful of tackling them in so far it appears from the recent pronouncements. Thus, we hope to participate in delivery of favorable outcomes to the perceived objectives of increasing per capital income, reducing income disparities and alleviating poverty.

With taxes already hiked as the government embarks on controlling the consumption of tobacco products and consumer awareness likely to further increase for improving health standards, your Company is looking to strike a fine balance between the twin objectives of business growth and legal compliance.

We continue to look forward to achieving all shareholder objectives and advancing our standards, through the continued trust of our consumers, partners, shareholders, well-wishers and employees. I would like to express my gratitude to you all for your incessant support in all our endeavors.

With best wishes and warm regards,

R. A. Shah



## K. K. Modi

### President's Message

Dear Shareholder,

I'm pleased to share with you the results of our resurgence in the financial year 2013-14. Your Company delivered a healthy topline of Rs. 4,196 crore with a growth of 15.2 per cent over last year, reflecting its strong fundamentals and business foundation. Despite challenges faced by the economy, your Company bounced back to deliver a profit before tax at Rs. 255 crore registering a 7.6 per cent growth despite having incurred huge one-time cost for closing down manufacturing operations at its plant in Andheri, Mumbai. I am also pleased to announce that the Board has yet again recommended a dividend of Rs. 40 per share for the said year.

During the year your Company continued its focus on increasing the width of its operations, in terms of growing the non-tobacco business and expanding international operations. I am pleased to inform you that our other businesses- non-cigarette and non-tobacco segment – witnessed a revenue growth of 31 per cent during the year to reach Rs. 270 crore.

I regret to inform you that we suffered a huge loss during the year in terms of the demise of one of our vastly experienced and able leaders and my dear friend Mr. S. Seru after prolonged illness, triggering a need for change in management and organisational structure.

With the organisational changes in place, your Company is going to see enhanced consumer orientation along with high focus on retail and market facing capabilities in the current financial year. The new management team is also working on deep rooting your Company's open door and performance driven culture, to further smoothen its ride on the growth path.

Going forward, your Company will continue to expand its international operations through alliances, tie-ups and collaborations for entry to new markets – especially in developing markets of Latin America, Middle East and Africa, expansion of portfolio offerings and investment in building own brands.

Further, the envisioned growth in domestic market share will be attempted to be delivered through your Company's professed commitment to developing innovative and contemporary product offerings across all categories with the clear objective of harm reduction. These expansion initiatives will be backed by investments on one hand in enhancing your Company's manufacturing capability to meet the international quality standards and on other hand in upgrading the people skills.

The present economic environment is quite challenging and we are passing through trying times. All of us are hoping for 'achche din' now that the new government is in place at the centre with a clear mandate. Though the budgetary proposals unveiled by the Honorable Finance Minister recently do not augur too well for the cigarette business, your Company will continue to strive hard to bring about sustainable growth under all odds.

To sum up, I would like to take this opportunity to thank all the shareholders and stakeholders for their never ending trust in the leadership team of the Company. I sincerely solicit your continued support to our plans to effectively tackle challenges en route the growth phase.

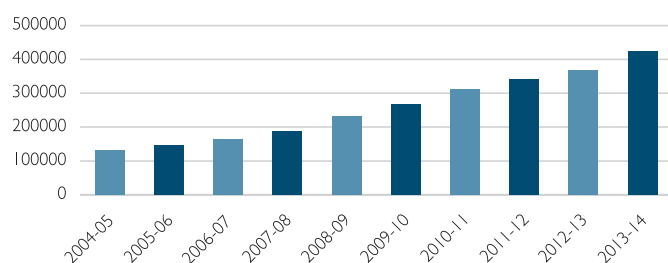
Warm regards,

K. K. Modi

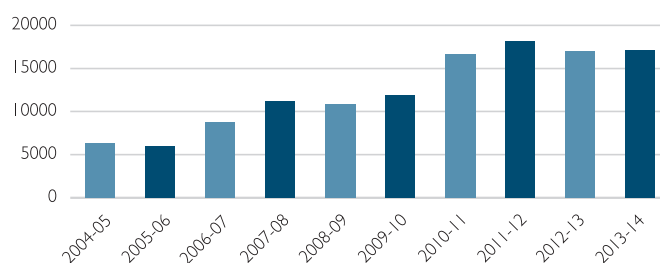
# Financial Highlights

## Trends

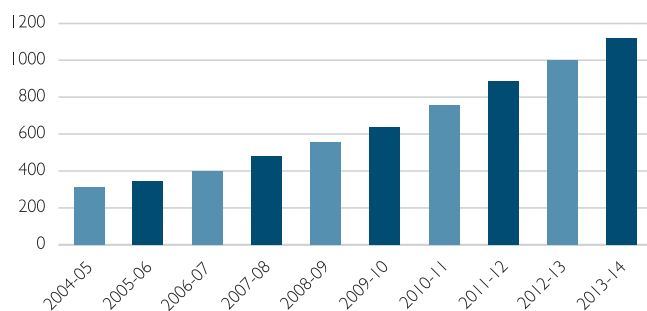
**Gross Revenue (Rs. in Lacs)**



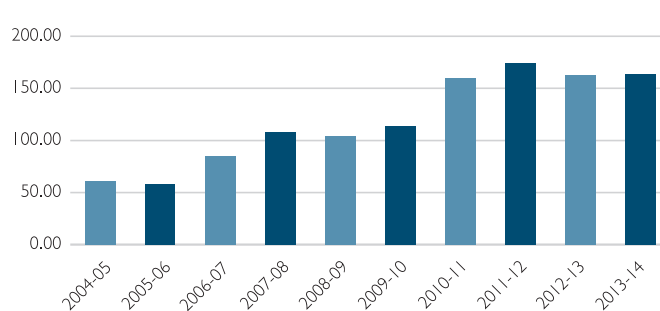
**PAT (Rs. in Lacs)**



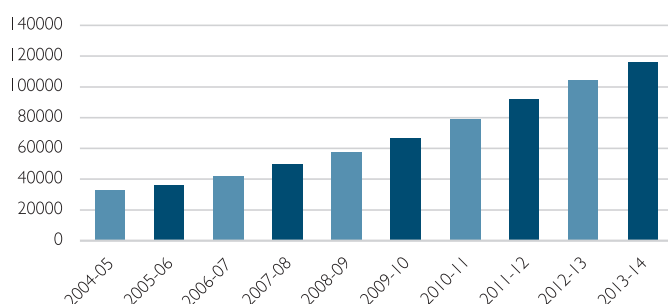
**Book Value per Equity Share (in Rs.)**



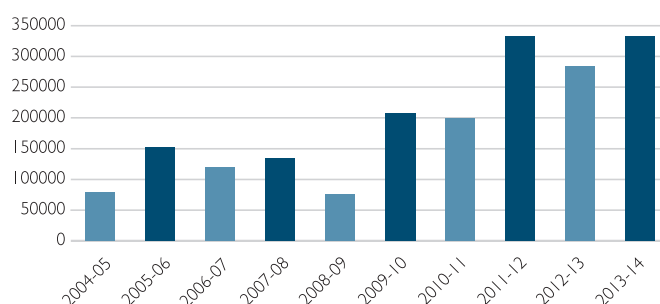
**EPS (in Rs.)**



**Shareholders' Funds (Rs. in Lacs)**

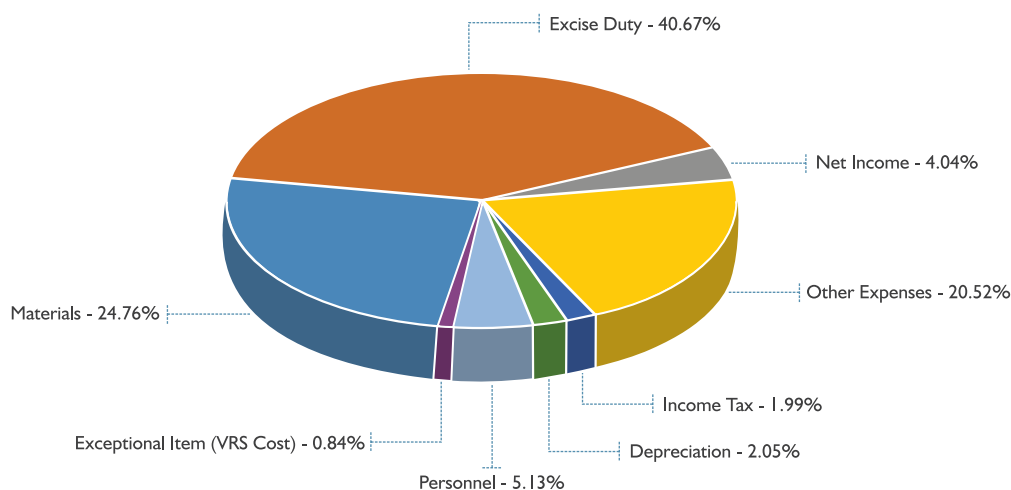


**Market Capitalisation (Rs. in Lacs)**



# Financial Highlights

## Revenue Distribution



### 10 YEAR HIGHLIGHTS

Rs. In Lacs

| PARTICULARS               | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>CAPITAL EMPLOYED</b>   |         |         |         |         |         |         |         |         |         |         |
| Net Fixed Assets          | 71694   | 71887   | 67443   | 47387   | 31896   | 25980   | 15337   | 12655   | 12984   | 12920   |
| Investments               | 35529   | 31853   | 35833   | 32314   | 19485   | 20986   | 32957   | 24627   | 21100   | 19916   |
| Working Capital           | 32052   | 31172   | 21016   | 21797   | 26823   | 20172   | 12205   | 10962   | 9809    | 4513    |
| Deferred Tax Assets (Net) | 973     | -       | 752     | 79      | -       | 236     | -       | -       | -       | 1576    |
| Total                     | 140248  | 134912  | 125044  | 101577  | 78204   | 67374   | 60499   | 48244   | 43893   | 38925   |

### FINANCED BY

|                                |        |        |        |        |       |       |       |       |       |       |
|--------------------------------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|
| Shareholders' Funds            | 116370 | 104172 | 92091  | 79025  | 66652 | 57845 | 49996 | 41815 | 36046 | 32701 |
| Borrowings                     | 23878  | 30356  | 32953  | 22552  | 11455 | 9529  | 10338 | 6073  | 7439  | 6224  |
| Deferred Tax Liabilities (Net) | -      | 384    | -      | -      | 97    | -     | 165   | 356   | 408   | -     |
| Total                          | 140248 | 134912 | 125044 | 101577 | 78204 | 67374 | 60499 | 48244 | 43893 | 38925 |

### OPERATING PERFORMANCE

|                        |        |        |        |        |        |        |        |        |        |        |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gross Revenue          | 422067 | 367282 | 341858 | 310838 | 267292 | 232445 | 187634 | 163277 | 145712 | 132538 |
| Excise Duty            | 171653 | 157777 | 146058 | 146768 | 121386 | 115636 | 94040  | 82423  | 76176  | 61021  |
| Depreciation           | 8655   | 8800   | 6263   | 4000   | 3391   | 2803   | 1977   | 1907   | 1837   | 1655   |
| Profit Before Taxation | 25468  | 23690  | 25723  | 24147  | 16740  | 16591  | 16974  | 13523  | 9969   | 9995   |
| Profit After Taxation  | 17064  | 16948  | 18136  | 16603  | 11839  | 10890  | 11222  | 8810   | 6013   | 6360   |
| Dividend               | 4159   | 4159   | 4159   | 3640   | 2600   | 2600   | 2600   | 2600   | 2340   | 2288   |
| Corporate Dividend Tax | 707    | 707    | 675    | 590    | 432    | 442    | 442    | 442    | 328    | 321    |
| Retained Earnings      | 12198  | 12082  | 13302  | 12373  | 8807   | 7848   | 8180   | 5768   | 3345   | 3751   |

### INVESTORS' DATA

|                                   |         |         |        |        |        |        |        |        |        |        |
|-----------------------------------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Earning Per Equity Share (Rs.)    | 164.10  | 162.98  | 174.41 | 159.67 | 113.84 | 104.73 | 107.92 | 84.73  | 57.82  | 61.16  |
| Dividend Per Equity Share (Rs.)   | 40.00   | 40.00   | 40.00  | 35.00  | 25.00  | 25.00  | 25.00  | 25.00  | 22.50  | 22.00  |
| Book Value Per Equity Share (Rs.) | 1119.07 | 1001.77 | 885.59 | 757.67 | 638.69 | 553.99 | 478.52 | 399.84 | 344.37 | 312.20 |
| Number of Shareholders            | 11137   | 10839   | 11125  | 11242  | 11364  | 12350  | 12824  | 12740  | 11261  | 11719  |

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the Seventy-seventh Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended March 31, 2014.

### ECONOMIC ENVIRONMENT

The year under review, started with a cautious sentiment and a difficult time for the global economic activity. However, with things getting under control the business situation improved gradually. Major economic zones saw divergent growth during the year. While the US economy strengthened, Euro Zone saw a turbulent economic phase. On the other hand, developing economies such as Latin America, Middle East and Africa witnessed a sluggish growth.

The domestic economy continued on its challenging trajectory, with growth at decadal low. The domestic industrial sector saw persistent slowdown, despite measures being taken by the government. The currency as well as demand was under pressure, compounded by high inflation and steepening input costs.

With recovery on the anvil and favourable economic dynamics, the domestic environment is slowly changing. Demand is expected to resurge, as fiscal conditions improve and developed economies rebound. However, geopolitical risks in other developing economies have increased and will be important to keep an eye on.

While global growth is projected to improve from 3.3 per cent in 2013-14 to 3.6 per cent, growth in advanced economies is expected to lag the global growth at 2 per cent. Fiscal tightening and accommodative monetary conditions are likely to be the key contributing factors. Growth in the developing economies is projected to be in the 5% range in 2014-15. With geopolitical risks withering down in the developing nations, performance of your Company's export division is further likely to benefit.

### TOBACCO INDUSTRY

Globally, the tobacco industry has grown by around 3 per cent in value terms to USD 783 billion in FY14. The global cigarette volumes have declined by 1 per cent in FY14, whereas the value has grown by 3 per cent. Increasing taxes & widening regulations are impeding growth of cigarette volumes globally.

The Indian tobacco industry is estimated to be around USD 13 billion in FY14. Cigarette constitute 61 per cent of the total value, followed by Bidi (23 per cent) & Chewing tobacco (16 per cent).

Indian cigarette market has shown a decline of around 3 per cent in volume, impacted by pricing pressure and growing health concerns. However, the price hikes taken by the industry have resulted in a value growth of 14 per cent over the previous year. The 64mm segment, aided by favourable taxation, has grown by two & half times in volume terms as compared to last year. Premiumisation trend has continued with growing Kings Segment (KSFT), which now accounts for more than 15 per cent of the industry's volumes. The growth in King Size has been driven by Lights/Milds variants due to the perception of reduced harm. However, the Regular Size Filter (RSFT) category, which forms the body of the industry has lost industry's share from 76.9 per cent in FY13 to 66.3 per cent in FY14. There has been increased up-trading from Premium RSFT to KSFT segment this year, due to reduced price difference. Also, the industry continues to face the challenge of illicit trade. With growing health concerns, consumers are also exploring new generation products such as e-cigarettes, nicotine gums, etc.

Indian leaf tobacco exports were higher as compared to last year, both in volume and value terms.

### Regulation and Taxation

With global tobacco regulatory environment becoming stricter by the day, businesses are facing a daunting task of growing top-line and bottom-line. In India too, over the past few years the Union

# DIRECTORS' REPORT



GODFREY PHILLIPS  
—INDIA LIMITED—

government has been inflicting steep excise hikes on the Cigarette industry, along with State governments further imposing high VAT at varying rates. In the recently presented budget, excise duty has further been hiked on various segments, ranging between 11 to 72 per cent. Varying VAT rates have led to differential pricing, growth in the illicit trade and inducing a shift to non-standard forms of tobacco. While the 64mm segment helped the industry to counter illicit trade to some extent, the recently announced disproportionate excise hike of 72 per cent for the segment is likely to exacerbate the problem of illicit trade.

Though your Company is committed to abide by the regulations as a responsible corporate, we eagerly await a unified taxation system in terms of GST as it is expected to benefit both the industry and consumers by rationalizing the differential pricing and thus curbing sales of illicit products.

## SEGMENTWISE PERFORMANCE IN 2013-2014

### Cigarettes

The domestic cigarette industry had to contend with increased central and state taxes for the second year in succession. Though your Company has witnessed decline in volume, it still was able to register a healthy growth of 11.7% in terms of sales income, from Rs. 2,920 crore previous year to Rs. 3,263 crore and hold on its market share, reversing the declining trend of previous years. We have been able to increase volume in the 64mm segment against aggressive competitive moves, but kept a balanced mix of the lower margin 64mm and the higher margin 69mm segments.

Despite the challenging scenario faced by it, your Company is aiming for steady growth through balanced brand portfolio, consumer centric working, quicker response to environmental changes and data-driven decision making process. We are also working on strengthening our main brand franchises by improving imagery on consumer relevant parameters and adopting new research tools & methodologies to test consumer relevant concepts. Multiple cross-functional integrated projects are currently underway towards making our brands consumer centric in the market place by delivering superior product experience and thereby winning consumer confidence.

### Tea

Your Company's domestic tea business progressed well on its path of resurgence, posting overall net sales of Rs. 116 crore against Rs. 106 crore i.e. growth of almost 10 per cent over last year. The division focused on capturing the premiumization trend in the domestic market and extended its mainstay, the Supercup brand to develop the franchise and participated in the upper mid-premium segment by launching Supercup Gold and Supercup Premium, continued expanding presence in alternate high-growth channels like modern trade, institutions and home shopping. Further concerted effort helped the team to grow its premium offering Symphony by 12 per cent in the domestic market. With an aim of strengthening our quality focus, your Company implemented the Kaizen and 5S systems at both its factories at Kolkata and Bazpur.

### Exports

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

|                        | 2013 - 14               | 2012 - 13               |
|------------------------|-------------------------|-------------------------|
| Commodity/ Product     | Value<br>(Rs. in crore) | Value<br>(Rs. in crore) |
| Cigarettes             | 144.54                  | 109.22                  |
| Unmanufactured tobacco | 262.08                  | 172.18                  |
| Cut tobacco            | 29.77                   | 39.01                   |
| Tea                    | 54.53                   | 39.27                   |

Exports of your Company have grown by 36% during the year achieving a value of Rs.491 crore for the FY 2013-14.



To bring a major thrust and provide the strategic direction to the export business, your Company has restructured its International Business division in order to realize its full potentials. A long term business plan is being worked out for a sustained growth of international business across all product categories with the key focus being on increase in sustainable business with existing clients expanding to cover new geographies and new clients and adding value to the business by putting greater thrust in building brand saliency and thereby equity across the globe. Setting up of the regional hubs in Dubai and Singapore is a step in this direction and is expected to aid in building greater customer confidence. Your Company is also exploring to get a foothold in the markets of Africa through strategic tie-ups and alliances.

Tea exports grew phenomenally at 39% over last year primarily due to expansion into new geographies such as Afghanistan, Russia and Netherland and growing client base in key geographies of Iran and Pakistan. Your Company is now focusing on identified markets in Oman and Uzbekistan to scale further heights in the business.

## **Chewing Products**

There was acceleration of gains over the last fiscal and the business grew by 11% to close the year at Rs. 158 crores compared to Rs. 142 crores the year earlier. The Company launched 'Raag' Pan Masala and 'Raaga' Zarda and reaped the gains of this launch in Gujarat & MP.

Your Company has invested significant time and money to develop new capabilities and capacities which will help the Company to grow the business. A number of researches and new offers are being done to gain deeper understanding of the market and consumer. Efforts are now being made to build 'Pan Vilas' salience and superior imagery to capture more market share, build a compelling solution for the premium mixer, and proliferate 'Raag' further in the popular Pan Masala segment.

As per the global taxonomy the Company's portfolio of chewing products is categorized as 'Asian styled chewing' products comprising of consumers from India, Pakistan, Nepal and Bangladesh. Diaspora of this origin, settled across the globe, also demands these products. Your Company has started focusing on these consumers and is in the process of making its products available to them. To this end, your Company is exploring partnerships in Nepal and Bangladesh to give its brands a global platform.

## **Retail**

Company's foray into retail business through 24x7 convenience stores is making steady progress. The Company is currently operating through 42 stores spread across NCR and includes four new stores opened in Chandigarh. New business models are currently under evaluation with the help of Japanese consultants and we hope to scale greater heights in times to come.

## **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 Cash Credit Limit and 'CRISIL A1+' for Non-fund based Limit. With these ratings in place, your Company is able to raise funds at most competitive terms.

Guided by the policy of safe, liquid and tax efficient returns, the Company has been deploying its long term surplus funds primarily in debt oriented schemes of reputed mutual funds. The Company also continued to park its temporary surpluses in liquid schemes of various mutual funds.

## **FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits from the public or members during the year. No amount was outstanding towards unclaimed deposits payable to the depositors as on March 31, 2014.



# DIRECTORS' REPORT



GODFREY PHILLIPS  
— INDIA LIMITED —

## FINANCIAL RESULTS

|   | <b><u>2013-14</u></b><br><b><u>Rs. in lacs</u></b> | <b><u>2012-13</u></b><br><b><u>Rs. in lacs</u></b> |
|---|--|--|
| Gross Profit (after exceptional item)         | <b>34122.98</b>                                    | 32490.35   |
| Less : Depreciation                           | <b>8655.43</b>                                     | 8800.03  |
| Profit before tax                             | <b>25467.55</b>                                    | 23690.32   |
| Less : Provision for tax                      |  |  |
| - current tax                                 | <b>9602.40</b>                                     | 5855.62  |
| - deferred tax charge/(credit)                | <b>(1356.42)</b>                                   | 1136.03  |
| - current tax expense relating to prior years | <b>157.51</b>                                      | (249.11)   |
| Profit after tax for the year                 | <b>17064.06</b>                                    | 16947.78   |
| Profit brought forward                        | <b>79171.67</b>                                    | 69090.31   |
| Available for appropriation                   | <b>96235.73</b>                                    | 86038.09   |
| <b>Appropriations</b>                         |  |  |
| Proposed Dividend                             | <b>4159.51</b>                                     | 4159.51  |
| Corporate Dividend Tax                        | <b>706.91</b>                                      | 706.91   |
| Transfer to General Reserve                   | <b>2000.00</b>                                     | 2000.00  |
| Surplus carried to Balance Sheet              | <b>89369.31</b>                                    | 79171.67   |
|   | <b>96235.73</b>                                    | 86038.09   |

During the year ended March 31, 2014, the Company registered sales turnover of Rs. 4132 crore as against Rs. 3598 crore during corresponding previous financial year, a growth of almost 15%. The profit after tax was marginally higher at Rs. 170.64 crore against Rs. 169.47 crore last year.

The Union Budget 2014 has yet again increased the excise duty on cigarette which works out to around 24% on weighted average volume base of your Company and this is apart from some State Governments hiking VAT rates. The trend of steep increase in taxation on cigarette over the last several years is likely to continue.

## DIVIDEND

Your Directors are pleased to recommend the same dividend as last year of Rs. 40 per equity share of face value of Rs. 10 each.

## INTERNAL CONTROL SYSTEM

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 system is supplemented by well documented policies, guidelines and procedures, an extensive programme of internal audit by a firm of chartered accountants and management reviews.

## HUMAN RESOURCE DEVELOPMENT

Your Company modified the organization structures of its Businesses/ Core Functions to facilitate better performance outcomes. Simultaneously, it is also working towards building a working culture aimed at achieving higher performance orientation, openness in communication, structured succession planning and more empowerment. The Key business result areas of different functions are being integrated to ensure better synergy and intra and inter-functional effectiveness.

Initiatives such as training of female employees on personal safety and security issues, meeting other guidelines on the subject of prevention and prohibition of sexual harassment and its redressal, annual health check-ups for employees and building employee capabilities are helping your Company to better engage its employees and drive improvement in business outcomes.

## CORPORATE DEVELOPMENT

Corporate Development division continued to serve towards fine-tuning the business model through long term planning for the Company and providing strategic inputs to the senior leadership as well as the business teams by continuously engaging in alignment of business objectives, long term planning for identification of key trends, monitoring the changes in the market and competitive landscape, understanding the industry trends and its impact on the business, analysing the regulatory environment and providing inputs on business portfolio optimization. The Corporate Development team of your Company is also engaged in working with external partners towards development of the envisioned growth strategy.

## INFORMATION TECHNOLOGY

Your Company is continuing its investment in Information Technology to improve operational efficiencies and enhance productivity. It successfully completed ERP implementation for all businesses and implementation of state of art hardware technologies to provide uninterrupted services to the businesses. Your Company has decided to leverage IT in its sales and distribution functions to drive towards transformational phase aimed at achieving improvement in sales system efficiencies, converting sales information into actionable data points and integrating information across the enterprise.

Your Company is closely observing evolution in the digital space and looking at suitable opportunity to participate in this revolution to enhance its business landscape in times to come.

## CORPORATE SOCIAL RESPONSIBILITY

'Amodini', your Company's flagship CSR initiative for women's empowerment has grown from strength to strength impacting over 23,000 women directly. The program has been able to promote gender equality and address power imbalances by joining hands with many reputed NGOs. This initiative has not just made women financially aware with thrift and credit, but also supported them in becoming economically independent through vocational training and skill development.

In its endeavour to benefit the communities directly connected with the Company's business, Amodini program is focussing on improvement of quality of lives of 650 contractual women labourers engaged in tobacco leaf grading in Ongole, Andhra Pradesh through water, sanitation, health, hygiene, thrift-credit and education related interventions. Another large project for conflict ridden women was initiated in Kashmir, a major market of the Company. Already equipped with traditional skills in Kashmiri handicraft, these women are being provided support for earning sustainable livelihoods from the same. It is an economic empowerment program which intends to provide technical inputs on aspects of marketing, design and financial management to ensure a sufficient and consistent income for about 1200 women over a period of three years.

Rabale factory's Green initiative was recognized with 'Gold Rating' by the IGBC and Ghaziabad factory was bestowed with 'Platinum Award' by the Greentech Foundation for outstanding achievement in environment management and 'Gold Award' by FICCI for quality awards in manufacturing.

## CONSERVATION OF ENERGY

Several energy saving measures were taken during the year, details of which are given below:

1. Installation of LED lighting for pilot plant at Rabale has resulted in saving of energy consumption by about 30%.
2. Optimized use of energy on air handling units at SMD by reducing height of its duct at Rabale factory.
3. Optimized use of energy by H&V plant at PMD by interconnecting its usage with PMD machines' running at Rabale factory.
4. Optimized use of energy for vacuum pump by interconnecting vacuum line for making and packing machines at Rabale factory.

# DIRECTORS' REPORT



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## TECHNOLOGICAL ABSORPTION, ADOPTION AND INNOVATION

1. Modified Tower Dryer to achieve optimum temp flash drying of cut tobacco at Rabale factory.
2. Installed high sensitivity metal detector at chewing products plant for food safety considerations.
3. Installed tea cleaning conveyor system to ensure teas are free from any impurities and remain untouched by hands during entire process.
4. Designed and locally developed inner frame registration units on cigarette packing machines to run pre-printed inner frames.
5. Designed and locally developed machine for cigarette packing and wrapping in 20's 'Shoulder Box'.
6. Pan masala packing machine upgraded from the speed of 600 ppm to 1000 ppm.
7. Automated flavor dosing system installed for uniform dosage of flavor in pan masala.
8. Obtained ISO-22000 certification for the chewing products plant.
9. Introduced square corner extended cigarette pack of 77 mm length.
10. Dock leveller installed for direct loading of cut tobacco cartons in the containers for export.

## RESEARCH & DEVELOPMENT

### New Product Development

1. Carried out development work for some differentiated products in cigarette, cut tobacco and chewing categories for meeting requirements of both domestic and overseas customer needs.
2. Developed methods for testing of e-cigarettes.
3. Fully implemented the 'Agile' software system for mapping the process of product development thereby increasing the pace of new offer development.
4. Scaled up the size of pilot plant to a 500 kg line.
5. Developed flavours in-house for use in pan masala and zarda.
6. Took up project to reduce cigarette densities of major brands.

### Benefits derived as a result of this Development

1. Created and improved premium brands of cigarettes where we have marginal presence in the domestic markets.
2. Further enhanced existing tobacco blends in order to improve the smoke characteristics.
3. Reduced the delivery levels of our existing major RSFT brands.
4. Further increased the number of variants of cut tobacco blends and cigarettes in the library for domestic as well as export markets.
5. Agile software has helped in building the robust product development process.

### Future Plan of Action

1. Continuous endeavour to improve the efficiency in terms of creating differentiated / innovative products for the cigarette and chewing business, thereby maintaining a healthy offer pipeline.
2. Developing new flavors for e-cigarettes.
3. Constituting expert panel for testing chewing products developed in-house.
4. Continue endeavour on smoke delivery reduction in cigarette brands.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings in foreign exchange during the year under report by way of exports and other income amounted to Rs. 491 crore (previous year Rs. 361 crore) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 184 crore (previous year Rs. 136 crore).

## DIRECTORS

Your Directors express their profound grief on the sad demise of two sitting directors of the Company, namely, Mr. O.P. Vaish and Mr. C.M. Maniar on September 18, 2013 and June 29, 2014, respectively. The Board

has recorded its deep sense of appreciation for the valuable contribution made by them in course of their tenure as directors of the Company.

As per the provision 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, resolutions proposing appointment of Mr. R.A. Shah (DIN 00009851), Mr. Anup N. Kothari (DIN 00294737) and Dr. Lalit Bhasin (DIN 00001607) as Independent Directors of the Company, form part of the Notice of the ensuing Annual General Meeting.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Lalit Kumar Modi (DIN 00029520) would retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mrs. Bina Modi (DIN 00048606) was appointed as Additional Director w.e.f. April 7, 2014 in terms of Section 161 of the Companies Act, 2013 and holds office upto the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from one of its members proposing her candidature for appointment as a Director.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, the Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and judgements and estimates which 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 year under review;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Annual Accounts have been prepared on a going concern basis.

The above statements were noted by the Audit Committee at its meeting held on August 2, 2014.

## **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 Agreement with the Stock Exchanges. 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 clause 49 of the Listing Agreement with the Stock Exchanges, is enclosed.

Certificate from Mr. K.K. Modi, Managing Director as the Chief Executive Officer (CEO) and Mr. Sunil Agrawal, Senior 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.

## **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Accounting Standard 21 - Consolidated Financial Statements, Group Accounts form part of this Annual Report. The Group Accounts have been prepared on the basis of audited financial statements received from the Subsidiary & Associate Companies, as approved by their respective Boards.

## **AUDITORS**

M/s. Deloitte Haskins & Sells, Chartered Accountants(Firm Registration No. 015125N), Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible

# DIRECTORS' REPORT



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for re-appointment. In accordance with the provisions of Section 139 of the Companies Act, 2013, they can be appointed for a term of three years starting from the conclusion of the ensuing Annual General Meeting.

The Company has received letter from the Statutory Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and they are not disqualified for re-appointment. Accordingly, the Board recommends re-appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till the conclusion of Annual General Meeting to be held in the calendar year 2017, subject to the ratification of their appointment at each Annual General Meeting.

## **COST AUDIT**

Ministry of Corporate Affairs, vide notification dated 30<sup>th</sup> June, 2014, has announced Companies (Cost Records and Audit) Rules, 2014. These rules supersede the rules notified under Companies Act, 1956 and specify the classes of companies that would be required to maintain cost records and which will be subject to Cost Audit. Your Company is not covered under any of the classes of companies mentioned under these rules.

In compliance with the erstwhile provisions of Section 233B of the Companies Act, 1956 read with MCA's General Order dated 24<sup>th</sup> January, 2012 (as amended vide another Order dated 6<sup>th</sup> November, 2012), the Cost Audit Report for the year ended 31<sup>st</sup> March, 2014 will be submitted in due course.

## **SUBSIDIARY COMPANIES**

Ministry of Corporate Affairs, vide its General Circular No. 2 dated 8<sup>th</sup> February, 2011 has granted a general exemption to companies under section 212(8) of the Companies Act, 1956, from attaching the documents referred to in section 212(1) pertaining to its subsidiaries subject to the fulfilment of conditions stipulated in the Circular. Your Company has satisfied the conditions specified in the Circular and hence entitled to the exemption.

In compliance of the aforesaid Circular, the annual accounts of the subsidiaries will be made available upon request by any shareholder of the Company and its subsidiaries. The annual audited accounts of the subsidiaries will also be kept for inspection during business hours by any shareholder at the Company's Corporate Office as well as its Registered Office and at the offices of the respective subsidiaries. Further, as per the provisions of Section 212 of the Act, a statement of the Company's interest in its subsidiaries and a statement summarising financial performance parameters of subsidiary companies are included under notes to the consolidated financial statements and forms part of the Annual Report.

## **EMPLOYEES**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

The relations with the employees of the Company continue to be cordial and the Directors wish to record their appreciation of their dedicated services at all levels of operations in the Company.

## **THE FUTURE**

Your Company has the best in class manufacturing facilities, well established distribution network, committed pool of human resources and sound financial status which provides a sound base to drive growth in various business segments of the Company. Your Directors are confident that the Company will continue to create value for its shareholders in times to come.

**Respectfully submitted on behalf of the Board**

**New Delhi**  
**Dated : August 2, 2014**

**R.A. SHAH**  
**CHAIRMAN**

# **REPORT ON CORPORATE GOVERNANCE**

for the year ended March 31, 2014

## **The Directors present the Company's Report on Corporate Governance**

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Corporate Governance initiatives of the Company are dedicated towards achieving basic objective of wealth creation for the benefit of all its stakeholders i.e. shareholders, employees, business associates and the society at large. The Company believes in giving its executives ample freedom to operate and secure the Company's target by putting in their best efforts. It aims to offer superior value to consumers by meeting their specific preferences with quality products and services delivered at competitive prices by using best in class systems and processes. A good corporate governance is, therefore, key to sustainable growth of the business.

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

The Company is in compliance with the norms and disclosures stipulated under clause 49 of the Listing Agreements entered with the Stock Exchanges with regard to Corporate Governance.

### **2. BOARD OF DIRECTORS**

#### **i) Composition of the Board**

The Board 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.

During the year, the total strength of the Board got reduced from 9 to 8 due to the demise of Mr. O.P. Vaish on September 18, 2013.

As at 31<sup>st</sup> March, 2014, the Board comprised of four independent directors, three executive directors and one non-executive & non-independent director.

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

The non-executive directors of the Company, who are also independent, have already submitted their declarations affirming their status as independent directors as on March 31, 2014.



**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, 2014 | Membership/ Chairmanship of other Board Committees** as at March 31, 2014 |
|--------|---------------------------------------|---------------------------------|--------------------------------|------------------------|--|---|
| 1.     | Mr. R.A. Shah<br>DIN 00009851         | Non-Executive & Independent     | 5                              | Yes                    | 13<br>(includes 3 as Chairman and 1 as Vice-Chairman)                        | 9<br>(includes 4 as Chairman)   |
| 2.     | Mr. K.K. Modi<br>DIN 00029407         | Executive                       | 5                              | Yes                    | 10   | 2<br>(includes 1 as Chairman)   |
| 3.     | Mr. R. Ramamurthy<br>DIN 00030463     | Executive                       | 4                              | Yes                    | 7  | 1   |
| 4.     | Dr. Lalit Bhasin<br>DIN 00001607      | Non-Executive & Independent     | 5                              | Yes                    | 10   | 8<br>(includes 2 as Chairman)   |
| 5.     | Mr. Anup N. Kothari<br>DIN 00294737   | Non-Executive & Independent     | 5                              | Yes                    | 2  | None  |
| 6.     | Mr. Lalit Kumar Modi®<br>DIN 00029520 | Non-Executive & Non-Independent | -                              | No                     | 6  | 1<br>(as Chairman)  |
| 7.     | Mr. C.M. Maniar%<br>DIN 00034121      | Non-Executive & Independent     | 5                              | Yes                    | 9  | 5   |
| 8.     | Mr. O.P. Vaish^<br>DIN 00001360       | Non-Executive & Independent     | 2                              | ^                      | Not Applicable   | Not Applicable  |
| 9.     | Mr. Samir Kumar Modi®<br>DIN 00029554 | Executive                       | 5                              | Yes                    | 7  | 1   |

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

\*\* Represents memberships/chairmanships of only Audit and Shareholders/Investors Grievance Committees (excluding private companies and other non-corporate entities).

® Sons of Mr. K. K. Modi.

^ Ceased to be the director of the Company on his sad demise on 18<sup>th</sup> September, 2013.

% Has since ceased to be the director of the Company in view of his demise on 29<sup>th</sup> June, 2014.

In the meeting of the Board of Directors held on 7<sup>th</sup> April, 2014, Mrs. Bina Modi, wife of Mr. K.K. Modi and mother of Mr. Lalit Kumar Modi and Mr. Samir Kumar Modi, was appointed as an Additional Director being non-executive and non-independent and holds office until conclusion of next AGM.

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

5 (Five) Board Meetings were held during the financial year 2013-14. They were held on May 29, 2013, July 27, 2013, September 19, 2013, November 9, 2013 and February 4, 2014. The necessary quorum was present at all the meetings.

All information mentioned in Annexure 1A to clause 49 of the Listing Agreement with the Stock Exchanges, was made available to the Board in addition to the regular business items.

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

| S. No. | Name(s) of the director  | Amount involved (Rs. in lacs) | Nature of transactions   |
|--------|--|-------------------------------|--|
| 1      | Mr. R.A. Shah & Mr. C.M. Maniar<br>(Senior Partners of Crawford Bayley & Co.)    | 67.42                         | Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates |
| 2      | Dr. Lalit Bhasin<br>(Proprietor of Bhasin & Co.)                                 | 2.29                          | Payment for professional services to Bhasin & Co., Advocates                       |
| 3      | Mr. O.P. Vaish<br>(Relatives of Mr. O.P. Vaish are partners in Vaish Associates) | 9.73*                         | Payment for professional services to Vaish Associates, Advocates                   |

\* Services availed/bills raised till his demise on 18<sup>th</sup> September, 2013.

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

In pursuance to the clarification contained in the circular no. 1/22/2013-CL-V dated June 9, 2014, issued by the Ministry of Corporate Affairs, the Board of Directors in its meeting held on July 5, 2014, has recommended appointment of three Independent Directors namely Mr. R.A. Shah, Mr. Anup N. Kothari and Dr. Lalit Bhasin to hold office for a term of 5 (five) consecutive years upto the conclusion of the 82nd Annual General Meeting of the Company to be held in the calendar year 2019. These appointments will be in line with the provisions of Section 149 of the Companies Act, 2013.

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

Mrs. Bina Modi was appointed as Additional Director on the Board of your Company w.e.f. April 7, 2014 in terms of Section 161 of the Companies Act, 2013, to hold office upto the date of the ensuing Annual General Meeting. The Board of Directors has recommended her appointment as Director at the ensuing Annual General Meeting.

Brief profile of the aforesaid Directors are given as under:

| 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"> <li>- Leading Solicitor and Senior Partner of M/s. Crawford Bayley &amp; Co., Solicitors &amp; Advocates, Mumbai</li> <li>- Specialises in a broad spectrum of Corporate Laws in general with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti Trust and Competition Law.</li> <li>- Member of the Managing Committee of Bombay Chamber of Commerce</li> <li>- Member of Indo German Chamber of Commerce.</li> <li>- President of Society of Indian Law Firms (Western Region)</li> </ul> |





|   |  |
|---|--|
| Directorships and Committee memberships in other companies* | <ol style="list-style-type: none"> <li>1) Clariant Chemicals (India) Ltd. (Chairman of the Board and Audit Committee)</li> <li>2) Pfizer Limited (Chairman of the Board and Audit Committee)</li> <li>3) Procter &amp; Gamble Hygiene and Healthcare Limited (Chairman of the Board and Audit Committee)</li> <li>4) Colgate-Palmolive India Ltd. (Vice- Chairman of the Board and Chairman of Audit Committee)</li> <li>5) Abbott India Ltd. (also a member of Audit Committee)</li> <li>6) The Bombay Dyeing &amp; Mfg. Co. Ltd. (also a member of Audit and Remuneration Committee)</li> <li>7) BASF India Ltd.</li> <li>8) Century Enka Ltd. (also a member of Audit Committee and Chairman of Remuneration Committee)</li> <li>9) Deepak Fertilizers &amp; Petrochemicals Corpn. Ltd.</li> <li>10) Lupin Ltd. (also a member of Remuneration &amp; Compensation Committee)</li> <li>11) Wockhardt Ltd. (also a member of Audit Committee)</li> <li>12) Atul Ltd.</li> </ol>   |
| <b>Name of the Director</b>                                 | <b>Dr. Lalit Bhasin</b>  |
| Director Identification Number                              | 00001607   |
| Date of joining the Board                                   | 31/03/1986   |
| Qualification   | B.A.(Hons.), LL.B., FCI Arb  |
| Profile of the Director                                     | <ul style="list-style-type: none"> <li>- Is a distinguished lawyer with over five decades of law practice</li> <li>- Heads the law firm of Bhasin &amp; Co. having its offices at Delhi &amp; Mumbai</li> <li>- Chairman, Film Certification Appellate Tribunal</li> <li>- President, Society of Indian Law Firms</li> <li>- Past President, Inter Pacific Bar Association</li> <li>- Chairman, Chartered Institute of Arbitrators, India Chapter</li> <li>- Chairman, Services Export Promotion Council</li> <li>- Vice President, The Bar Association of India</li> <li>- Executive President, India Law Foundation</li> <li>- President, Indian Society for Afro Asian Studies</li> <li>- Honorary Life Member, International Bar Association</li> <li>- Chairman, PHD Chamber of Commerce &amp; Industry Committee on Corporate Affairs</li> <li>- Chairman, CII National Task Force on Dispute Resolution</li> <li>- Member, Management Committee, The Sagar School, Rajasthan</li> <li>- was awarded Doctor of Laws (LL.D.) Honoris Causa by Jaipur University in 2013</li> <li>- Has received several awards including the Indira Gandhi National Unity Award, Award for Excellence in Professionalism by Institute of Marketing and Management, Indira Gandhi Priyadarshini Award, Award of distinction by International Bar Association, National Award for excellence by All India Lawyers Forum for Civil Liberties, Award of Honour from the Prime Minister of India for services to the Legal Profession and Commitment to the Rule of Law in December 2001 and National Law Day Award 2007 given by the President of India for Outstanding contribution in the development of the Bar in India and for deep involvement and conscientious engagement in the maintenance of the highest standards at the Bar.</li> <li>- Has authored several books on diverse subjects.</li> <li>- Is a Trustee of Jawaharlal Nehru Memorial Fund and India Foundation for the Arts</li> </ul> |
| Directorships and Committee memberships in other companies* | <ol style="list-style-type: none"> <li>1) Bharat Hotels Ltd. (also a member of Audit Committee)</li> <li>2) Modicare Ltd.</li> <li>3) Apollo Zipper India Ltd.</li> <li>4) Urban Infrastructure Trustees Ltd.</li> <li>5) Ansal Properties and Infrastructure Ltd. (also a member of Remuneration and Shareholders' Grievance Committee)</li> <li>6) Omax Autos Ltd.</li> <li>7) Asian Hotels (North) Ltd. (also Chairman of Audit and Remuneration Committee and member of Shareholders' Grievance Committee)</li> <li>8) Asian Hotels (West) Ltd. (also Chairman of Remuneration Committee and member of Audit and Shareholders' Grievance Committee)</li> <li>9) Leading Hotels Ltd. (also a member of Audit Committee)</li> <li>10) United Breweries Holdings Ltd. (also a member of Audit Committee)</li> </ol>   |

| <b>Name of the Director</b>  | <b>Mr. Anup N. Kothari</b>   |
|--|--|
| Director Identification Number   | 00294737   |
| Date of joining the Board  | 15/03/1989   |
| Qualification  | B.Arch., F.I.I.A   |
| Profile of the Director  | <ul style="list-style-type: none"> <li>- Graduated in Architecture from Baroda University in 1965.</li> <li>- Worked in Sweden on Hospital and various projects.</li> <li>- On return to India, joined a leading firm of Architects and has since been closely associated with various projects relating to multiplex, cinema halls, universities, embassies, etc.</li> <li>- Is a member of Council of Architecture and Indian Institute of Architects.</li> </ul>  |
| Directorships and Committee memberships in other companies*  | 1) International Research Park Laboratories Ltd.<br>2) Samkap Chemicals Ltd.   |
| <b>Name of the Director</b>  | <b>Mr. Lalit Kumar Modi</b>  |
| Director Identification Number   | 00029520   |
| Date of joining the Board  | 21/08/1989   |
| Qualification  | Electrical Engineering and Business Administration at Pace University & Duke University, U.S.A.  |
| Profile of the Director  | <ul style="list-style-type: none"> <li>- Underwent Training with Philip Morris Inc., New York in 1984 and Estee Lauder in 1985.</li> <li>- Management Trainee Finance in the Company in 1986.</li> <li>- President of International Tobacco Company Limited from 1987 to 1991.</li> <li>- Thereafter, associated with the Company as an Executive Director till July, 2010 and acquired considerable experience in finance, marketing, advertising &amp; administration .</li> <li>- Has been continuing as Non-Executive Director from August, 2010.</li> </ul> |
| Directorships and Committee memberships in other companies*  | 1) Success Principles India Ltd.<br>2) MEN Interactive Network Ltd.<br>3) Modern Homecare Products Ltd.<br>4) Modi Entertainment Ltd. (also a Chairman of Audit Committee)<br>5) Modicare Ltd.<br>6) Indian Cricket League Ltd.  |
| Note: Mr. Lalit Kumar Modi is son of Mr. K. K. Modi, Managing Director and Ms. Bina Modi, Director of the Company and also brother of Mr. Samir Kumar Modi, Executive Director of the Company. |  |
| <b>Name of the Director</b>  | <b>Ms. Bina Modi</b>   |
| Director Identification Number   | 00048606   |
| Date of joining the Board  | 07/04/2014   |
| Profile of the Director  | Bina Modi is a Businesswoman with interests in the multiple areas. She has founded and built several successful brands including the 'Ego' chain of Specialty Restaurants, Bina Fashions, Dessange Salon and Beacon Travels. With her deep understanding of the K.K. Modi Group's intrinsic strengths and potential, she plays a key role in aligning the core leadership team towards achieving the Group's goals. She is currently leading the initiative to develop the next generation of leaders to enable succession planning for the Group.               |
| Directorships and Committee memberships in other companies*  | Quick Investment (India) Ltd.  |
| Note: Ms. Bina Modi is wife of Mr. K.K. Modi, Managing Director and mother of Mr. Lalit Kumar Modi and Mr. Samir Kumar Modi, Directors of the Company.   |  |

\*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.

## **(vi) Legal Compliances**

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

## **(vii) 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](http://www.godfreyphillips.com).

All directors and senior management team personnel have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2014. A declaration to this effect signed by Mr. K.K. Modi, Managing Director as the Chief Executive Officer of the Company is annexed to this report.

### **3. AUDIT COMMITTEE**

#### **i) Composition and Terms of Reference**

The Audit Committee of the company has been constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

After the demise of Chairman of the Committee, Mr. O.P. Vaish on 18<sup>th</sup> September, 2013, the Committee was reconstituted during the year under report. Considering his educational background and vast experience, the Board of Directors co-opted Mr. R. Ramamurthy as the third member of the Committee and appointed Dr. Lalit Bhasin as its Chairman. Presently, the Committee comprises of three directors viz. Dr. Lalit Bhasin, Mr. Anup N. Kothari and Mr. R. Ramamurthy.

The terms of reference of the Audit Committee cover all the areas specified in Section 292A of the Companies Act, 1956 as well as those specified in clause 49 of the Listing Agreement, as amended from time to time and inter-alia include overseeing financial reporting process, reviewing the financial statements before submission to the Board for approval, reviewing internal control systems and procedures, 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, significant related party transactions, letters of internal control weaknesses, if any, issued by the statutory auditors and the reports issued by the internal auditors of the Company.

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

Mr. O.P. Vaish, the then Chairman of the Committee, could not attend the Annual General Meeting held on 19<sup>th</sup> September 2013, due to his demise on 18<sup>th</sup> September, 2013. However, the Chief Financial Officer of the Company and Chairman of the Board, answered all queries/questions raised by the shareholders.

Audit Committee meetings are also attended by the Managing Director, being 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 2013-14 i.e. on May 29, 2013, July 27, 2013, September 19, 2013, November 9, 2013 and February 4, 2014.

| <b>S. No.</b> | <b>Name</b>         | <b>Category of directors</b> | <b>No. of Meetings attended</b> |
|---------------|---------------------|------------------------------|---------------------------------|
| 1             | Mr. O.P. Vaish*     | Non-Executive & Independent  | 2                               |
| 2             | Dr. Lalit Bhasin    | Non-Executive & Independent  | 5                               |
| 3             | Mr. Anup N. Kothari | Non-Executive & Independent  | 5                               |
| 4             | Mr. R. Ramamurthy** | Executive                    | 2                               |

\* Ceased to be the director of the Company in view of his demise on 18<sup>th</sup> September, 2013.

\*\* Co-opted as member of the Audit Committee in place of late Sh. O. P. Vaish w.e.f. 19<sup>th</sup> September, 2013.

#### **4. SUBSIDIARY COMPANIES**

- (i) Since the Company does not have any material unlisted Indian subsidiary company, the requirement for appointment of an independent director on the Board of such subsidiary company is not applicable.
- (ii) The Audit Committee of the Company has reviewed the financial statements in respect of the investments made by its unlisted subsidiary companies at its meeting held on May 28, 2014.
- (iii) Copies of the minutes of the board meetings of all the unlisted subsidiary companies held during the year 2013-14 were placed at the board meeting of the Company held on May 28, 2014. Requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiary companies is not applicable to the Company since none of its subsidiaries is material.

#### **5. DISCLOSURES**

##### **(A) Basis of related party transactions**

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

Transactions with the related parties disclosed in note 39 to the financial statements for the year ended March 31, 2014 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meeting held on May 28, 2014. The said transactions have no potential conflict with the interests of the Company at large. All details of such transactions are provided to the Board and interested directors neither participate in the discussion nor do they vote on such matters.

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

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2014 whose terms and conditions are not in the normal course of business.

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

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2014 whose terms and conditions are not on an arm's length basis.

##### **(B) Disclosure of Accounting Treatment**

The financial statements for the year ended March 31, 2014 comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and there have been no deviations from the treatment prescribed in the Accounting standards.

##### **(C) Risk Management**

The Company being an old established organization, has in place built-in internal control systems for assessing and mitigating elements of risks in relation to its business operations. 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 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 the Board.

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

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

**(E) Others**

- (i) There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed by the Stock Exchanges, SEBI or any other statutory authority on the Company.
- (ii) The Company did not have any Whistle Blower Policy as the same was not mandatory during the year under report.
- (iii) The Company has complied with all applicable mandatory requirements of clause 49 of the Listing Agreement during the year under report. The Company has not adopted any non-mandatory requirements except Constitution of Nomination and Remuneration Committee as stated under para 8 of this report.

**6. REMUNERATION TO DIRECTORS**

**(i) Remuneration policy**

The remuneration paid to the Managing/ Executive/Whole-time Directors was decided by the Board and recommended for approval by the shareholders at the Annual General Meeting.

In accordance with the provisions of the Articles of Association of the Company, a sitting fees @ Rs. 20,000 per meeting subject to a total sum not exceeding Rs. 3,00,000 per annum, was paid to a director for attending the Board and Committee meetings in a financial year. However, pursuant to the provisions of Section 197(5) read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board in its meeting held on 7<sup>th</sup> April, 2014, has revised the sitting fees payable to the directors of the Company for attending any meeting of the Board or of any Committee thereof, from Rs. 20,000 to Rs. 1,00,000 per meeting, subject to the approval of shareholders in the ensuing Annual General Meeting and consequential amendment to the Articles of Association of the Company.

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

**(Amount in Rs.)**

| <b>Name of the Director</b>       | <b>Salary and Other Allowances*</b> | <b>Perquisites</b> | <b>Commission</b>  | <b>Sitting Fees for Board/ Committee Meetings\$</b> | <b>Total</b>       |
|-----------------------------------|-------------------------------------|--------------------|--------------------|---|--------------------|
| Mr. R.A. Shah                     | Nil                                 | Nil                | Nil                | 1,00,000  | 1,00,000           |
| Mr. K.K. Modi <sup>1</sup>        | 2,40,00,000                         | 39,600             | 2,00,00,000        | Nil   | 440,39,600         |
| Mr. R. Ramamurthy <sup>2</sup>    | 1,20,00,000                         | 39,600             | Nil                | Nil   | 120,39,600         |
| Dr. Lalit Bhasin                  | Nil                                 | Nil                | Nil                | 2,40,000  | 2,40,000           |
| Mr. Anup N. Kothari               | Nil                                 | Nil                | Nil                | 2,00,000  | 2,00,000           |
| Mr. Lalit Kumar Modi <sup>3</sup> | Nil                                 | Nil                | 1,70,00,000        | Nil   | 1,70,00,000        |
| Mr. C.M. Maniar%                  | Nil                                 | Nil                | Nil                | 1,60,000  | 1,60,000           |
| Mr. O.P. Vaish <sup>^</sup>       | Nil                                 | Nil                | Nil                | 80,000  | 80,000             |
| Mr. Samir Kumar Modi <sup>4</sup> | 57,00,000                           | 48,33,079          | 57,00,000          | Nil   | 1,62,33,079        |
| <b>Total</b>                      | <b>4,17,00,000</b>                  | <b>49,12,279</b>   | <b>4,27,00,000</b> | <b>7,80,000</b>                                     | <b>9,00,92,279</b> |

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

\$ Excluding Service Tax paid under reverse charge.

<sup>^</sup> Ceased to be the director of the Company after demise on 18<sup>th</sup> September, 2013.

% Ceased to be the director of the Company after demise on 29<sup>th</sup> June, 2014.

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

- <sup>1</sup> The Company has service contract with Mr. K.K. Modi, President & Managing Director for a period of three years with effect from August 14, 2012. The notice period is six calendar months by either party. No severance fees is payable to him.
- <sup>2</sup> The Company has service contract with Mr. R. Ramamurthy, Whole-time Director for a period of three years with effect from August 14, 2012. The notice period is three months by either party. However, the Company has the right to terminate appointment forthwith upon payment of three months salary in lieu of notice and in that case he will not be entitled to any perquisites or other benefits in respect of such three months period.
- <sup>3</sup> In pursuance of the resolution passed by the shareholders of the Company in their Annual General Meeting held on September 19, 2013, Mr. Lalit Kumar Modi is entitled to payment of commission under Section 309(4)(b) of the Companies Act, 1956 at not more than one percent (1%) per annum of the net profits of the Company computed in the manner laid down in Sections 198, 349 and 350, for a period of three years w.e.f. August 1, 2013, subject to a ceiling of Rs.200 Lacs for or in respect of any one financial year of the Company.
- <sup>4</sup> The Company has service contract with Mr. Samir Kumar Modi, Executive Director for a period of three years with effect from September 1, 2013. The notice period is three months by either party. No severance fees is payable to him.

The Company presently does not have any stock option scheme.

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

| S. No. | Name of the non-executive director                                     | No. of shares held as on March 31, 2014 |
|--------|--|---|
| 1.     | Mr. R. A. Shah<br>(shares held jointly with Mrs. A. R. Shah - wife)    | 4000                                    |
| 2.     | Dr. Lalit Bhasin   | 400                                     |
| 3.     | Mr. Anup N Kothari   | 1200                                    |
| 4.     | Mr. C.M. Maniar*<br>(shares held jointly with Mrs. K.C. Maniar - wife) | 688                                     |
| 5.     | Mr. Lalit Kumar Modi   | 400                                     |

\*Ceased to be the director of the Company after demise on 29<sup>th</sup> June, 2014

## 7. MANAGEMENT

As required under Clause 49 of the Listing Agreement, all members of the senior management team shall disclose their interest in all 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 20 (Twenty) members, being the top executives of the Company, have disclosed to the Board of Directors of the Company about all the material financial and commercial transactions that have taken place during the financial year ended March 31, 2014 where they had personal interest. These include dealing in/holding of shares by them/their relatives in the Company, transactions entered into by them/their relatives with the Company, transactions entered into by the Company with the companies in which they/their relatives are Directors or Members and transactions entered into by them/their relatives with the subsidiary companies of the Company and these were placed at the Board Meeting held on 2<sup>nd</sup> August, 2014.

## 8. NOMINATION AND REMUNERATION COMMITTEE

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board at its meeting held on April 7, 2014 constituted the Nomination and Remuneration Committee comprising of Dr. Lalit Bhasin, Non-Executive Director as its chairman and Mr. R.A. Shah & Mr. Anup N. Kothari, Non-Executive Directors as its members.

The terms of reference of the Committee include:

- a) 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.
- b) to carry out evaluation of every director's performance.
- c) to formulate the criteria for determining qualifications, positive attributes and independence of a director.
- d) to recommend to the Board a policy, relating to the remuneration for the directors, key management personnel and the employees in senior management.
- e) Any other matter as may be assigned by Board from time to time.

## 9. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors in its meeting held on April 7, 2014, renamed the existing Share Transfer and Shareholders/Investors Grievance Committee as the 'Stakeholders Relationship Committee' in accordance with the provisions of Section 178(5) of the Companies Act, 2013, comprising of Mr. C.M. Maniar, a Non-Executive Director as its Chairman, Mr. K.K. Modi, President & Managing Director, Mr. R. Ramamurthy, Whole-time Director and Dr. Lalit Bhasin, Non-Executive Director as its members.

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

The Committee met 3 times during the financial year 2013-14. 5 (five) complaints were received during the year under report from the shareholders/investors and all were redressed to their satisfaction. No complaint was pending for redressal as on March 31, 2014.

After the demise of Mr. C.M. Maniar on June 29, 2014, the Stakeholders Relationship Committee has been reconstituted by the Board at its meeting held on July 5, 2014 to include Dr. Lalit Bhasin as its Chairman and Mr. K.K. Modi and Mr. R Ramamurthy as its members.

## 10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

In accordance to the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company, at its meeting held on April 7, 2014, constituted the Corporate Social Responsibility Committee, comprising of Mr. R.A. Shah, a Non-Executive Director, as its Chairman and Mr. K.K. Modi & Mr. Anup N. Kothari as its members.

The terms of reference of this Committee are as under:

- a) to formulate and recommend to the Board of Directors, the Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.



- b) to recommend the amount of expenditure to be incurred on such activities.
- c) to monitor the CSR Policy of the Company from time to time.
- d) Any other function as may be assigned by the Board from time to time.

## 11. 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   |
|----------------|-----------------|------------|--|---|
| 2010-11        | 20.09.2011      | 11.00 A.M. | Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021 | No special resolution was passed  |
| 2011-12        | 14.09.2012      | 3.30 P. M. | -do-   | Re-appointment of Mr. K.K. Modi as Managing Director for a period of three years w.e.f. 14.08.2012  |
| 2012-13        | 19.09.2013      | 3.30 P. M. | -do-   | <p>(1) Payment of commission to Mr. Lalit Kumar Modi, Non-executive Director, at the rate not exceeding one percent (1%) per annum of the net profits of the Company computed in the manner laid down in Sections 198, 349 and 350 of the Companies Act, 1956 subject to a ceiling of Rs. 200 lacs per annum, for a period of three years w.e.f. 1<sup>st</sup> August, 2013.</p> <p>(2) Increasing the limit of maximum number of Directors in the Company from ten to fifteen and carrying out consequential changes in the Articles of Association of the Company.</p> |

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

No resolution was put through postal ballot during the year 2013-14.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on September 23, 2014.

## 12. 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](http://www.godfreyphillips.com) as well as on Bombay Stock Exchange and National Stock Exchange websites: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com). The half-yearly results are not sent to household of the shareholders. During the year, no formal presentations were made to the institutional investors/analysts.

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





### 13. GENERAL SHAREHOLDER INFORMATION

#### (i) Annual General Meeting

Date and Time : 23<sup>rd</sup> September, 2014 at 3.00 P.M.  
Venue : Rama Watumull Auditorium, K.C. College,  
Dinshaw Wacha Road, Churchgate, Mumbai – 400 020

#### (ii) Financial Calendar for 2014-15

First Quarter Results : 2<sup>nd</sup> August, 2014 (Actual)  
Second Quarter Results : Latest by 14<sup>th</sup> November, 2014  
Third Quarter Results : Latest by 14<sup>th</sup> February, 2015  
Annual Results : Latest by 30<sup>th</sup> May, 2015

(iii) **Date of Book Closure** : September 17, 2014 to September 23, 2014  
(both days inclusive)

(iv) **Dividend Payment Date** : Dividend payment shall be made from September 29, 2014 to those shareholders whose names shall appear on the Members' Register as on September 23, 2014.

#### (v) Listing on the Stock Exchanges:

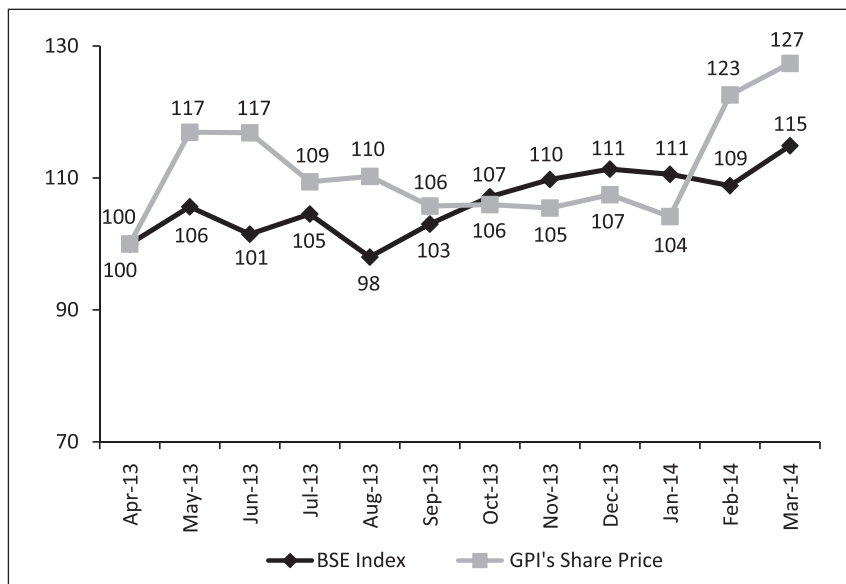
The Company's shares are listed on National Stock Exchange (Stock Code GODFRYPHLP) and Bombay Stock Exchange (Stock Code 500163).

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

The High and Low prices of the equity shares of the Company at BSE Limited (BSE) and National Stock Exchange (NSE) for the year ended 31<sup>st</sup> March, 2014 are as under:

| Month          | Share Prices (Rs.) at BSE |          | Share Prices (Rs.) at NSE |          |
|----------------|---------------------------|----------|---------------------------|----------|
|                | High                      | Low      | High                      | Low      |
| April 2013     | 2,799.85                  | 2,250.00 | 2,804.00                  | 2,250.00 |
| May 2013       | 3,550.00                  | 2,355.00 | 3,560.00                  | 2,325.50 |
| June 2013      | 3,250.00                  | 2,651.00 | 3,450.00                  | 2,649.00 |
| July 2013      | 3,020.00                  | 2,505.65 | 3,010.00                  | 2,510.00 |
| August 2013    | 2,966.00                  | 2,601.00 | 3,080.10                  | 2,588.00 |
| September 2013 | 2,790.00                  | 2,550.05 | 2,824.45                  | 2,550.00 |
| October 2013   | 2,800.00                  | 2,551.25 | 2,749.00                  | 2,527.10 |
| November 2013  | 2,825.00                  | 2,500.00 | 2,999.00                  | 2,500.05 |
| December 2013  | 2,920.00                  | 2,507.00 | 2,939.00                  | 2,501.10 |
| January 2014   | 2,750.00                  | 2,510.00 | 2,750.00                  | 2,500.05 |
| February 2014  | 3,660.60                  | 2,530.00 | 3,669.55                  | 2,507.20 |
| March 2014     | 3,351.95                  | 3,080.00 | 3,400.00                  | 3,075.60 |

**(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 2013-14.

**(viii) Registrar and Share Transfer Agents**

Sharepro Services (India) Pvt. Ltd.  
13 AB, Samhita Warehousing Complex, Second Floor,  
Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road,  
Sakinaka, Andheri (East), Mumbai - 400 072  
Telephone No : 022-67720300, 67720400  
Fax No : 022-28591568  
E-mail : sharepro@shareproservices.com

**(ix) Share Transfer System**

The Company's share transfer and related operations are handled by Sharepro Services (India) Pvt. Ltd., 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, 2014**

| Number of equity share holdings | Number of shareholders | Percentage of shareholders | Number of shares | Percentage of shares |
|---------------------------------|------------------------|----------------------------|------------------|----------------------|
| 1-50                            | 5740                   | 51.54                      | 94611            | 0.91                 |
| 51-100                          | 2012                   | 18.07                      | 179260           | 1.72                 |
| 101-500                         | 2988                   | 26.83                      | 641995           | 6.17                 |
| 501-1000                        | 214                    | 1.92                       | 151109           | 1.45                 |
| 1001-5000                       | 132                    | 1.18                       | 251054           | 2.42                 |
| 5001-10000                      | 13                     | 0.12                       | 99517            | 0.96                 |
| 10001 & Above                   | 38                     | 0.34                       | 8981238          | 86.37                |
| <b>TOTAL</b>                    | <b>11137</b>           | <b>100.00</b>              | <b>10398784</b>  | <b>100.00</b>        |



**(xi) Categories of Shareholding as on March 31, 2014**

| Category of Shareholder                | Number of Shares  | Percentage of Shares |
|--|-------------------|----------------------|
| <b>A. Promoter and Promoter Group</b>  | 7,387,937         | 71.05                |
| <b>B. Public Shareholding</b>          |                   |                      |
| Foreign Institutional Investors        | 1,040,836         | 10.01                |
| Mutual Funds/UTI                       | 3,24,748          | 3.12                 |
| Financial Institutions/Banks           | 9,575             | 0.09                 |
| Central Government/State Government(s) | 6,000             | 0.06                 |
| Bodies Corporate                       | 1,37,294          | 1.32                 |
| Individuals                            | 14,61,828         | 14.06                |
| Directors & Relatives                  | 7,938             | 0.08                 |
| NRIs and OCBs                          | 17,936            | 0.17                 |
| Others                                 | 4692              | 0.04                 |
| <b>Total Public Shareholding</b>       | 3,010,847         | 28.95                |
| <b>Total Shareholding (A+B)</b>        | <b>10,398,784</b> | <b>100.00</b>        |

**(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, 2014, a total of 1,00,03,386 equity shares of the Company, which forms 96.20% of the share capital, stood dematerialised.

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

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

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

**(xiv) Plant Locations**

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

|   |   |  |
|---|---|--|
| <b>Guldhar Plant</b><br>(Cigarette)         | : | International Tobacco Company Limited, Delhi- Meerut Road,<br>Guldhar, Ghaziabad - 201 003               |
| <b>Baramati Plant</b><br>(Chewing Products) | : | Plot No. A-1/1, MIDC Industrial Area, Baramati,<br>Maharashtra - 413 133                                 |
| <b>Rabale Plant</b><br>(Cigarette)          | : | Plot No. 19, MIDC, TTC Industrial Area, Rabale, Navi<br>Mumbai - 400 701                                 |
| <b>Ghaziabad</b><br>(Chewing Products)      | : | B-19, Meerut Road, Site No. 3, Ghaziabad   |
| <b>Faridabad</b><br>(Chewing Products)      | : | Industrial Plot No. 120, Sector-59, Industrial Estate, Tehsil<br>Ballabgarh, District Faridabad, Haryana |

|   |   |   |
|---|---|---|
| <b>Bazpur</b><br>(Tea Blending & Packaging)                             | : | Plot No. C-9, Bazpur - 1, UPSIDC Industrial Area,<br>Distt - Udham Singh Nagar, Uttarakhand - 262 123       |
| <b>Kolkata</b><br>(Tea Blending and Packaging-operated by a contractor) | : | Landys + GYR Compound, Diamond Harbour Road,<br>Joka, Kolkata - 700 104                                     |
| <b>Ongole</b><br>(Reconstituted Tobacco)                                | : | Plot No. 289 to 300, APIIC Growth Centre, Gundlapally,<br>Ongole, Prakasam Dist., Andhra Pradesh - 523 001. |

Production at Cigarette plant at Andheri (Mumbai) was discontinued during the year under report.

#### **(xv) Address for Correspondence**

Shareholders are requested to address all their correspondence concerning shares to the Company's Registrar and Share Transfer Agents, Sharepro Services (India) Pvt. Ltd. at the address mentioned in para 11 (viii) above or at:

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

#### **(xvi) Corporate Identity Number (CIN): L16004MH1936PLC008587**

### **14. CEO/CFO CERTIFICATION**

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

### **15. 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 Annexure 1B to the Clause 49 of the Listing Agreement.

### **16. COMPLIANCE**

Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance stipulated in clause 49 of the listing Agreement with the Stock Exchanges forms part of the Annual Report.

For and on behalf of the Board

Place : New Delhi  
Date : August 2, 2014

R.A. SHAH  
Chairman

## CERTIFICATE



GODFREY PHILLIPS  
—INDIA LIMITED—

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

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

I, K.K. Modi, Managing Director being the Chief Executive Officer (CEO) of Godfrey Phillips India Limited do hereby declare that all the members of the Board of Directors and the members of the Senior Management Team of the Company have affirmed compliance with the Code of business conduct of the Company during the financial year ended March 31, 2014.

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

Place : New Delhi  
Date : May 28, 2014

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

**The Board of Directors  
Godfrey Phillips India Limited  
49, Community Centre  
Friends Colony  
New Delhi - 110025**

We, K.K. Modi, Managing Director being the Chief Executive Officer and Sunil Agrawal, Senior 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, 2014 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, 2014 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, 2014 there has not been any significant change in internal control over financial reporting and in accounting policies and that there is no instance of any fraud involving management or other employees having significant role in the Company's internal control system over financial reporting.

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

**SUNIL AGRAWAL**  
Sr. Vice President - Finance  
(Chief Financial Officer)

Place : New Delhi  
Date : May 28, 2014

**To the Members of Godfrey Phillips India Limited**

We have examined the compliance of conditions of Corporate Governance by Godfrey Phillips India Limited for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells  
Chartered Accountants  
Firm's Registration No. 015125N

Place : Gurgaon  
Date : August 2, 2014

Jaideep Bhargava  
Partner  
Membership No. 090295

# STATEMENT

pursuant to Section 212 of the Companies Act, 1956



GODFREY PHILLIPS  
— INDIA LIMITED —

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

| Name of the Subsidiary                                | Financial Year ended | Extent of interest  |
|---|----------------------|---|
| 1. International Tobacco Company Limited              | 31.3.2014            | The entire issued share capital of 3,00,000 Equity Shares of Rs. 100 each fully paid.   |
| 2. Chase Investments Limited                          | 31.3.2014            | The entire issued share capital of 3,59,700 Equity Shares of Rs. 100 each of which 2,01,210 are fully paid up and 1,58,490 are Rs.50 paid up. |
| 3. Kashyap Metal and Allied Industries Limited        | 31.3.2014            | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.)   |
| 4. Unique Space Developers Limited                    | 31.3.2014            | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.)   |
| 5. Gopal Krishna Infrastructure & Real Estate Limited | 31.3.2014            | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.)   |
| 6. Rajputana Infrastructure Corporate Limited         | 31.3.2014            | Nil (It is a subsidiary under Section 4(1) (c) of the Companies Act, 1956.)   |

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

| Name of the Subsidiary                                | For Financial Year ended 31.3.2014<br>Rs. in lacs | For Previous Financial Years<br>Rs. in lacs |
|---|---|---|
| 1. International Tobacco Company Limited              | 43.57   | 1178.52                                     |
| 2. Chase Investments Limited                          | 25.28   | 448.25*                                     |
| 3. Kashyap Metal and Allied Industries Limited        | Not Applicable                                    | Not Applicable                              |
| 4. Unique Space Developers Limited                    | Not Applicable                                    | Not Applicable                              |
| 5. Gopal Krishna Infrastructure & Real Estate Limited | Not Applicable                                    | Not Applicable                              |
| 6. Rajputana Infrastructure Corporate Limited         | Not Applicable                                    | Not Applicable                              |

\* including net aggregate amount of profits/(losses) of the entities since merged with this company.

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

| Name of the Subsidiary                                | For Financial Year ended 31.3.2014<br>Rs. in lacs | For Previous Financial Years<br>Rs. in lacs |
|---|---|---|
| 1. International Tobacco Company Limited              | Nil   | Nil   |
| 2. Chase Investments Limited                          | Nil   | 23.65*                                      |
| 3. Kashyap Metal and Allied Industries Limited        | Not Applicable                                    | Not Applicable                              |
| 4. Unique Space Developers Limited                    | Not Applicable                                    | Not Applicable                              |
| 5. Gopal Krishna Infrastructure & Real Estate Limited | Not Applicable                                    | Not Applicable                              |
| 6. Rajputana Infrastructure Corporate Limited         | Not Applicable                                    | Not Applicable                              |

\* including the dividend declared by the entities since merged with this company.

For and on behalf of the Board of Directors

NITA KAPOOR  
COO - Domestic

SUNIL AGRAWAL  
Chief Financial Officer

Place : New Delhi  
Date : May 28, 2014

R. RAMAMURTHY  
Whole-time Director

SANJAY GUPTA  
Company Secretary

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

# INDEPENDENT AUDITORS' REPORT

## To the Members of Godfrey Phillips India Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **GODFREY PHILLIPS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : Gurgaon  
Date : May 28, 2014



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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



GODFREY PHILLIPS  
— INDIA LIMITED —

Having regard to the nature of the Company's business/activities/results during the year clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) is not applicable to the Company.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) As explained to us, the Company has a system of physical verification of fixed assets which is designed to cover all fixed assets once in a period of three years and in accordance therewith, no physical verification was due during the current year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals other than goods in transit for which subsequent receipts have been verified in most of the cases.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 ("the Act"), according to the information and explanations given to us:
  - (a) The Company has not granted any loan during the year to such parties. The maximum amount involved during the year in respect of a loan to such party was Rs. 200 lacs and the year-end balance is Rs. 200 lacs.
  - (b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima-facie, not prejudicial to the interest of the Company.
  - (c) The receipts of principal amount and interest have been as per stipulation.

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

- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

- (b) Where each of such transaction(excluding loans reported under paragraph (iii) above)is in excess of Rs. 5 lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Customs Duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities and has generally been regular in respect of dues of tax deducted at source, service tax,value added tax and Entry tax.
- (b) We are informed that there are no undisputed statutory dues as at the year-end outstanding for a period of more than six months from the date they became payable.
- (c) There are no dues of Wealth Tax,Customs Duty and Cess matters which have not been deposited on account of any dispute. The details of dues of Sales Tax, Excise Duty, Service tax and Income-tax as at March 31, 2014, which have not been deposited by the Company on account of disputes are as follows:

| Name of the statute      | Nature of the dues          | Amount of dues* (Rs. lacs) | Amount deposited (Rs. lacs) | Period to which the amount relates                         | Forum where dispute is pending                  |
|--------------------------|-----------------------------|----------------------------|-----------------------------|--|---|
| Sales Tax Acts           | Sales tax                   | 60.05                      | 21.31                       | 1995-96, 2001-02, 2006-07,2012-13                          | Sales Tax Tribunal                              |
|                          |                             | 199.67                     | 20.26                       | 1998-99 to 1999-00, 2005-06 to 2006-07, 2008-09 to 2013-14 | Upto Commissioners' Level                       |
| Central Excise Act, 1944 | Excise duty and Service Tax | 0.45                       | -                           | 2012-13  | Upto Commissioners' Level                       |
|                          |                             | 1911.72                    | 338.35                      | 2002-03 to 2012-13   | Customs Excise & Service Tax Appellate Tribunal |
| Income-Tax Act, 1961     | Income-tax                  | 244.00                     | 244.00                      | 1979 to 1982, 1995-96 to 1997-98                           | High Court                                      |
|                          |                             | 15.81                      | 15.81                       | 2008-09  | Income Tax Appellate Tribunal                   |
|                          |                             | 281.47                     | 281.47                      | 1999-00, 2005-06 to 2010-11                                | Upto Commissioners' Level                       |

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

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

| <b>Name of the statute</b>         | <b>Nature of the dues</b> | <b>Amount (Rs. lacs)</b> | <b>Period to which the amount relates</b>                  | <b>Forum where department has preferred appeal</b> |
|------------------------------------|---------------------------|--------------------------|--|--|
| Income Tax Act, 1961               | Income tax                | 340.54                   | 1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04 | High Court   |
|                                    |                           | 1.61                     | 2005-06  | Income Tax Appellate Tribunal                      |
| U.P. Krishi Utpadan Mandi Adhinyam | Mandi cess                | 108.20                   | 1997-98 to 1998-99   | Supreme Court                                      |
| Central Excise Act, 1944           | Excise duty               | 35.84                    | 2009-10 to 2011-12   | Customs Excise Service Tax Appellate Tribunal      |
| Sales Tax Laws                     | Sales tax                 | 10.40                    | 2007-08  | High Court   |

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

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

Jaideep Bhargava  
(Partner)  
(Membership No. 90295)

Place : Gurgaon  
Date : May 28, 2014

## BALANCE SHEET

as at March 31, 2014

Rupees in lacs

| Particulars  | Note No. | As at 31.3.2014  | As at 31.3.2013 |
|--|----------|------------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>                                    |          |                  |                 |
| Share capital  | 2        | <b>1039.88</b>   | 1039.88         |
| Reserves and surplus   | 3        | <b>115330.03</b> | 103132.39       |
|  |          | <b>116369.91</b> | 104172.27       |
| <b>Non-current liabilities</b>                                   |          |                  |                 |
| Long-term borrowings   | 4        | <b>9707.04</b>   | 16612.74        |
| Other long-term liabilities                                      | 5        | <b>20.40</b>     | 20.20           |
| Long-term provisions   | 6        | <b>3623.37</b>   | 3581.82         |
| Deferred tax liabilities (net)                                   | 13       | <b>-</b>         | 383.80          |
|  |          | <b>13350.81</b>  | 20598.56        |
| <b>Current liabilities</b>                                       |          |                  |                 |
| Short-term borrowings  | 7        | <b>5542.43</b>   | 5925.47         |
| Trade payables   | 8        | <b>14636.71</b>  | 15747.25        |
| Other current liabilities  | 9        | <b>34729.94</b>  | 26103.26        |
| Short-term provisions  | 10       | <b>6164.85</b>   | 6299.02         |
|  |          | <b>61073.93</b>  | 54075.00        |
| <b>TOTAL</b>   |          | <b>190794.65</b> | 178845.83       |
| <b>ASSETS</b>  |          |                  |                 |
| <b>Non-current assets</b>  |          |                  |                 |
| Fixed assets   |          |                  |                 |
| - Tangible assets  | 11       | <b>65853.24</b>  | 69320.96        |
| - Intangible assets  | 11       | <b>692.79</b>    | 590.75          |
| - Capital work-in-progress                                       | 11       | <b>4500.94</b>   | 1527.15         |
| Non-current investments  | 12       | <b>28154.08</b>  | 16150.08        |
| Deferred tax assets (net)  | 13       | <b>972.62</b>    | -               |
| Long-term loans and advances                                     | 14       | <b>4491.25</b>   | 4198.99         |
|  |          | <b>104664.92</b> | 91787.93        |
| <b>Current assets</b>  |          |                  |                 |
| Current investments  | 15       | <b>7375.00</b>   | 15702.87        |
| Inventories  | 16       | <b>58451.05</b>  | 53835.45        |
| Trade receivables  | 17       | <b>10353.35</b>  | 7929.67         |
| Cash and bank balances   | 18       | <b>2321.07</b>   | 2210.73         |
| Short-term loans and advances                                    | 19       | <b>5561.11</b>   | 5849.82         |
| Other current assets   | 20       | <b>2068.15</b>   | 1529.36         |
|  |          | <b>86129.73</b>  | 87057.90        |
| <b>TOTAL</b>   |          | <b>190794.65</b> | 178845.83       |
| Accompanying notes 1 to 49 form part of the financial statements |          |                  |                 |

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

Jaideep Bhargava  
Partner

NITA KAPOOR  
COO - Domestic

SUNIL AGRAWAL  
Chief Financial Officer

R. RAMAMURTHY  
Whole-time Director

SANJAY GUPTA  
Company Secretary

For and on behalf of the Board of Directors

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

Place : New Delhi  
Date : May 28, 2014

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2014



GODFREY PHILLIPS  
—INDIA LIMITED—

Rupees in lacs

| Particulars  | Note No. | Year ended 31.3.2014 | Year ended 31.3.2013 |
|--|----------|----------------------|----------------------|
| <b>INCOME</b>  |          |                      |                      |
| Revenue from operations  | 21       | <b>419637.99</b>     | 364221.16            |
| Less: Excise duty  |          | <b>171425.51</b>     | 154573.44            |
|  |          | <b>248212.48</b>     | 209647.72            |
| Other income   | 22       | <b>2429.15</b>       | 3060.54              |
| <b>TOTAL REVENUE</b>   |          | <b>250641.63</b>     | 212708.26            |
| <b>EXPENSES</b>  |          |                      |                      |
| Cost of materials consumed   | 23       | <b>53096.71</b>      | 47554.67             |
| Purchases of traded goods  | 24       | <b>44705.30</b>      | 42342.74             |
| Changes in inventories of finished goods, work-in-process and traded goods           | 25       | <b>1778.82</b>       | (9393.63)            |
| Employee benefits expenses   | 26       | <b>21664.78</b>      | 20081.43             |
| Finance costs  | 27       | <b>2868.83</b>       | 2691.73              |
| Depreciation and amortization expenses   | 11       | <b>8655.43</b>       | 8800.03              |
| Other expenses   | 28       | <b>88865.92</b>      | 76940.97             |
| <b>TOTAL EXPENSES</b>  |          | <b>221635.79</b>     | 189017.94            |
| <b>Profit before exceptional item and tax</b>  |          | <b>29005.84</b>      | 23690.32             |
| <b>Exceptional item</b>  | 29       | <b>3538.29</b>       | -                    |
| <b>Profit before tax</b>   |          | <b>25467.55</b>      | 23690.32             |
| Tax expense:   |          |                      |                      |
| Current tax  |          | <b>9602.40</b>       | 5855.62              |
| Deferred tax (credit)/charge   |          | <b>(1356.42)</b>     | 1136.03              |
| Current tax expense relating to prior years  |          | <b>157.51</b>        | (249.11)             |
| <b>Profit after tax</b>  |          | <b>17064.06</b>      | 16947.78             |
| <b>Earning per equity share- basic/diluted</b><br>(Face value of share - Rs.10 each) | 30       | <b>Rs.164.10</b>     | <b>Rs.162.98</b>     |
| Accompanying notes 1 to 49 form part of the financial statements                     |          |                      |                      |

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

Jaideep Bhargava  
Partner

NITA KAPOOR  
COO - Domestic

R. RAMAMURTHY  
Whole-time Director

Place : New Delhi  
Date : May 28, 2014

SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

For and on behalf of the Board of Directors

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

# CASH FLOW STATEMENT

for the year ended March 31, 2014

Rupees in lacs

| Particulars   |                    | For the year ended<br>31.3.2014 |             | For the year ended<br>31.3.2013 |
|---|--------------------|---------------------------------|-------------|---------------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                    |                                 |             |                                 |
| Net profit before tax   |                    | <b>25467.55</b>                 |             | 23690.32                        |
| Adjustments for:  |                    |                                 |             |                                 |
| Depreciation and amortization   |                    | <b>8655.43</b>                  |             | 8800.03                         |
| Interest income from:   |                    |                                 |             |                                 |
| Subsidiary companies  |                    | <b>(135.93)</b>                 |             | (135.53)                        |
| Debts, deposits, loans and advances, etc.                             |                    | <b>(236.30)</b>                 |             | (292.82)                        |
| Interest income from long-term investments                            |                    | <b>(34.80)</b>                  |             | (34.74)                         |
| Profit on redemption/sale of long-term investments                    |                    | <b>(1670.57)</b>                |             | (2343.55)                       |
| Profit on sale of current investments                                 |                    | <b>(497.89)</b>                 |             | (372.70)                        |
| Exchange loss on foreign currency bank balance                        |                    | <b>1.17</b>                     |             | -                               |
| Exchange loss on long-term foreign currency borrowings                |                    | <b>2363.33</b>                  |             | 1643.77                         |
| Provision for wealth-tax  |                    | <b>24.00</b>                    |             | 28.00                           |
| Interest expenses - on borrowings                                     |                    | <b>1060.72</b>                  |             | 1464.08                         |
| - others  |                    | <b>963.61</b>                   |             | 3.46                            |
| Provision for decline in the value of investments made/(written back) |                    | <b>496.00</b>                   |             | -                               |
| Fixed assets written off  |                    | <b>255.63</b>                   |             | 166.03                          |
| Loss on sale of fixed assets  |                    | <b>97.39</b>                    |             | 53.37                           |
| Write down in the value of fixed assets held for sale                 |                    | <b>211.00</b>                   |             | -                               |
|   |                    | <b>11552.79</b>                 |             | 8979.40                         |
| <b>Operating profit before working capital changes</b>                |                    | <b>37020.34</b>                 |             | 32669.72                        |
| Adjustments for:  |                    |                                 |             |                                 |
| Trade receivables, loans and advances and other current assets        |                    | <b>(3171.18)</b>                |             | 1230.80                         |
| Inventories   |                    | <b>(4615.60)</b>                |             | (16119.72)                      |
| Trade payables, liabilities and provisions                            |                    | <b>8725.95</b>                  |             | 6717.27                         |
|   |                    | <b>939.17</b>                   |             | (8171.65)                       |
| <b>Cash generated from operations</b>                                 |                    | <b>37959.51</b>                 |             | 24498.07                        |
| Interest received   |                    | <b>190.66</b>                   |             | 252.89                          |
| Direct taxes paid   |                    | <b>(9176.09)</b>                |             | (6384.72)                       |
|   |                    | <b>(8985.43)</b>                |             | (6131.83)                       |
| <b>Net cash from operating activities</b>                             |                    | <b>28974.08</b>                 |             | 18366.24                        |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |                    |                                 |             |                                 |
| Purchase of fixed assets  |                    | <b>(11449.63)</b>               |             | (14638.66)                      |
| Proceeds from sale of fixed assets                                    |                    | <b>172.65</b>                   |             | 35.86                           |
| Purchase of current and long-term investments                         | <b>(230900.00)</b> |                                 | (147195.29) |                                 |
| Proceeds from sale of current and long-term investments               | <b>228896.33</b>   | <b>(2003.67)</b>                | 153891.71   | 6696.42                         |
| Loans and deposits given  |                    | -                               |             | (200.00)                        |
| Loans and deposits received back                                      |                    | -                               |             | 200.00                          |
| Interest received   |                    | <b>195.28</b>                   |             | 158.00                          |
| Bank balances not considered as cash and cash equivalents             |                    | <b>(411.32)</b>                 |             | (97.45)                         |
| <b>Net cash used in investing activities</b>                          |                    | <b>(13496.69)</b>               |             | (7845.83)                       |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                        |                    |                                 |             |                                 |
| Repayment of long term borrowings                                     |                    | <b>(8458.31)</b>                |             | (6729.20)                       |
| Proceeds from/(Repayment of) short-term bank borrowings               |                    | <b>(383.04)</b>                 |             | 2488.78                         |
| Interest paid   |                    | <b>(2074.17)</b>                |             | (1528.58)                       |
| Dividend paid   |                    | <b>(4154.77)</b>                |             | (4149.43)                       |
| Corporate dividend tax paid   |                    | <b>(706.91)</b>                 |             | (674.78)                        |
| <b>Net cash used in financing activities</b>                          |                    | <b>(15777.20)</b>               |             | (10593.21)                      |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>           |                    | <b>(299.81)</b>                 |             | (72.80)                         |
| Opening cash and cash equivalents                                     |                    | <b>1103.07</b>                  |             | 1175.87                         |
|   |                    | <b>803.26</b>                   |             | 1103.07                         |
| Effect of exchange rate changes on foreign currency bank balance      |                    | <b>(1.17)</b>                   |             | -                               |
| Closing cash and cash equivalents                                     |                    | <b>802.09</b>                   |             | 1103.07                         |

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

Jaideep Bhargava  
Partner

NITA KAPOOR  
COO - Domestic

R. RAMAMURTHY  
Whole-time Director

For and on behalf of the Board of Directors

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

Directors

Place : New Delhi  
Date : May 28, 2014

SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

BINA MODI  
ANUP N. KOTHARI

# Notes forming part of the financial statements for the year ended March 31, 2014



GODFREY PHILLIPS  
—INDIA LIMITED—

## CORPORATE INFORMATION

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (i) Basis of Accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards notified under the Companies Act, 1956 ('the Act') (which continues to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention.

#### (ii) Use of estimates

The preparation of the financial statements 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 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.

#### (iii) Inventories

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

#### (iv) Cash and cash equivalents

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

#### (v) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### (vi) Revenue recognition

Sale of goods is recognised at the point of dispatch of goods to customers. Sales are inclusive of excise duty where applicable but exclusive of sales tax/value added tax.

#### (vii) Other income

Income from investments and interest income is accounted for on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### (viii) Fixed assets and depreciation

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

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



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

The rates applied are as follows:-

Buildings :

|                      |       |
|----------------------|-------|
| - Other than factory | 1.63% |
| - Factory            | 3.34% |

Plant and machinery 4.75%/10.34%

Furniture and fixtures 6.33%

Computers, information technology equipments and computer software 16.21%

Motor vehicles 9.50%

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

(ix) **Foreign currency transactions**

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

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

(x) **Investments**

Long-term investments are carried individually at cost less provision for diminution, if any, other than temporary. Current investments are carried individually at the lower of cost and fair value.

(xi) **Employee benefits**

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

(xii) **Earnings per share**

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

(xiii) **Taxes on income**

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

Deferred tax is recognised, subject to the consideration of prudence, on timing differences between taxable income and accounting income and is measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets on unabsorbed depreciation and carry forward of losses is not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.





(xiv) **Research and development expenditure**

Research and development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed assets and depreciation.

(xv) **Proposed dividends**

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

(xvi) **Operating cycle**

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Rupees in lacs**

|   | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|---|----------------------------|----------------------------|
| <b>2. Share capital</b>                     |                            |                            |
| <b>Authorised</b>                           |                            |                            |
| 60,000 Preference shares of Rs. 100 each    | <b>60.00</b>               | 60.00                      |
| 2,44,00,000 Equity shares of Rs. 10 each    | <b>2440.00</b>             | 2440.00                    |
|   | <b>2500.00</b>             | 2500.00                    |
| <b>Issued, subscribed and fully paid up</b> |                            |                            |
| 1,03,98,784 Equity shares of Rs.10 each     | <b>1039.88</b>             | 1039.88                    |

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

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

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

| Name of the shareholder                               | <b>No. of<br/>shares</b> | <b>% held as at<br/>March 31,<br/>2014</b> | No. of<br>shares | % held as at<br>March 31,<br>2013 |
|---|--------------------------|--|------------------|-----------------------------------|
| a) Philip Morris Global Brands Inc.                   | <b>2,610,095</b>         | <b>25.10%</b>                              | 2,610,095        | 25.10%                            |
| b) Indo Euro Investment Co. Pvt. Ltd.*                | -                        | -  | 1,471,782        | 14.15%                            |
| c) K K Modi Investment & Financial Services Pvt. Ltd. | <b>3,039,332</b>         | <b>29.23%</b>                              | 1,168,759        | 11.24%                            |
| d) Good Investment (India) Ltd.                       | <b>796,044</b>           | <b>7.66%</b>                               | 796,044          | 7.66%                             |
| e) Jupiter India Fund                                 | <b>333,672</b>           | <b>3.21%</b>                               | 532,616          | 5.12%                             |

\*since merged with KK Modi Investment & Financial Services Pvt. Ltd.



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>3. Reserves and surplus</b>  |                    |                    |
| Capital Redemption Reserve  | <b>30.00</b>       | 30.00              |
| General Reserve   | <b>25930.72</b>    | 23930.72           |
| Surplus in Statement of Profit and Loss   | <b>89369.31</b>    | 79171.67           |
|   | <b>115330.03</b>   | 103132.39          |
| <b>General Reserve</b>  |                    |                    |
| Opening balance   | <b>23930.72</b>    | 21930.72           |
| Add: Transfer from surplus in statement of profit and loss  | <b>2000.00</b>     | 2000.00            |
| Closing Balance   | <b>25930.72</b>    | 23930.72           |
| <b>Surplus in Statement of Profit and Loss</b>  |                    |                    |
| Opening balance   | <b>79171.67</b>    | 69090.31           |
| Add : Net profit for the current year   | <b>17064.06</b>    | 16947.78           |
| Less: Proposed dividend (Rs.40 per share;<br>previous year Rs.40 per share)   | <b>4159.51</b>     | 4159.51            |
| Corporate dividend tax  | <b>706.91</b>      | 706.91             |
| Transfer to general reserve   | <b>2000.00</b>     | 2000.00            |
| Net surplus in the statement of profit and loss   | <b>89369.31</b>    | 79171.67           |
| <b>4. Long-term borrowings</b>  |                    |                    |
| <b>Secured</b>  |                    |                    |
| Foreign currency term loans from banks  | <b>18335.52</b>    | 24430.50           |
| Less : Current maturities of long term borrowings   | <b>8628.48</b>     | 7817.76            |
|   | <b>9707.04</b>     | 16612.74           |
| <u>Details of security and terms of above loans</u><br>These loans carry interest ranging between 3.8% to 5.5% per annum and are repayable in half yearly/yearly instalments ranging between 3 to 5 years. Further, these loans are secured by way of exclusive charge over specific plant and machinery. |                    |                    |
| <b>5. Other long term-liabilities</b>   |                    |                    |
| Others  |                    |                    |
| - Security deposits   | <b>20.40</b>       | 20.20              |
|   | <b>20.40</b>       | 20.20              |
| <b>6. Long-term Provisions</b>  |                    |                    |
| Provision for employee benefits   |                    |                    |
| - provision for compensated absences  | <b>3623.37</b>     | 3581.82            |
|   | <b>3623.37</b>     | 3581.82            |



Rupees in lacs

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>7. Short-term borrowings</b>  |                    |                    |
| <b>Secured</b>   |                    |                    |
| - Cash credits from banks*   | <b>5542.43</b>     | 3425.47            |
| <b>Unsecured</b>   |                    |                    |
| - Demand loan from banks   | -                  | 2500.00            |
|  | <b>5542.43</b>     | 5925.47            |
| *Secured against hypothecation of stocks and book debts and second charge on all movable fixed assets of the Company |                    |                    |
| <b>8. Trade payables</b>   |                    |                    |
| Trade Payables   |                    |                    |
| - Micro and small enterprises (Refer Note 37)  | <b>276.27</b>      | 151.44             |
| - Other than Micro and small enterprises   | <b>12689.65</b>    | 14186.10           |
| Employee payables  | <b>1670.79</b>     | 1409.71            |
|  | <b>14636.71</b>    | 15747.25           |
| <b>9. Other current liabilities</b>  |                    |                    |
| Current maturities of long-term borrowings   | <b>8628.48</b>     | 7817.76            |
| Interest accrued but not due on borrowings   | <b>122.78</b>      | 172.62             |
| Unclaimed dividends  | <b>178.14</b>      | 173.40             |
| Payable to gratuity fund   | <b>683.86</b>      | 910.40             |
| Payables for fixed assets  | <b>805.05</b>      | 2914.78            |
| Other payables   |                    |                    |
| - Security deposits  | <b>25.89</b>       | 20.27              |
| - Statutory dues   | <b>17063.02</b>    | 11712.41           |
| - Advances from customers  | <b>7159.92</b>     | 2273.08            |
| - Others   | <b>62.80</b>       | 108.54             |
|  | <b>34729.94</b>    | 26103.26           |
| <b>10. Short-term provisions</b>   |                    |                    |
| Provision for employee benefits  |                    |                    |
| - Provision for compensated absences   | <b>781.10</b>      | 957.15             |
| Others   |                    |                    |
| - Proposed dividend  | <b>4159.51</b>     | 4159.51            |
| - Provision for corporate dividend tax   | <b>706.91</b>      | 706.91             |
| - Taxation (net of payments)   | <b>517.33</b>      | 475.45             |
|  | <b>6164.85</b>     | 6299.02            |



## 11. Fixed assets

Rupees in lacs

|   | GROSS BLOCK (AT COST) |                           |                            | DEPRECIATION/AMORTIZATION |                 |                                  | NET BLOCK          |                    |
|---|-----------------------|---------------------------|----------------------------|---------------------------|-----------------|----------------------------------|--------------------|--------------------|
|   | As at<br>31.3.2013    | Additions/<br>adjustments | Deductions/<br>adjustments | As at<br>31.3.2014        | For the<br>year | On<br>deductions/<br>adjustments | As at<br>31.3.2014 | As at<br>31.3.2013 |
| <b>Tangible Assets:</b>                         |                       |                           |                            |                           |                 |                                  |                    |                    |
| Land-leasehold                                  | 1433.16               | -                         | -                          | 1433.16                   | -               | -                                | 1433.16            | 1433.16            |
| Land-freehold                                   | 944.01                | -                         | -                          | 944.01                    | -               | -                                | 944.01             | 944.01             |
| Buildings                                       | 15662.71*             | 286.77                    | -                          | 15949.48                  | 482.88          | -                                | 1774.68            | 14370.91           |
| Leasehold building improvements                 | 677.17                | -                         | -                          | 677.17                    | 22.63           | -                                | 107.34             | 592.46             |
| Plant and machinery                             | 77220.93              | 4035.25                   | 2026.70**                  | 79229.48                  | 7094.90         | 1540.22**                        | 35988.58           | 46787.03           |
| Electrical installation and equipments          | 391.13                | 95.46                     | 42.55                      | 444.04                    | 20.39           | 20.85                            | 114.80             | 275.87             |
| Computers and information technology equipments | 2686.26               | 217.77                    | 163.71                     | 2740.32                   | 356.79          | 121.17                           | 1508.31            | 1413.57            |
| Furniture, fixtures and office equipments       | 2835.55               | 219.62                    | 246.52                     | 2808.65                   | 146.50          | 126.87                           | 1029.03            | 1826.15            |
| Motor vehicles                                  | 2671.15               | 988.58                    | 356.43                     | 3303.30                   | 310.07          | 149.79                           | 1153.63            | 1677.80            |
| <b>Total of Tangible assets</b>                 | <b>104522.07</b>      | <b>5843.45</b>            | <b>2835.91</b>             | <b>107529.61</b>          | <b>8434.16</b>  | <b>1958.90</b>                   | <b>41676.37</b>    | <b>69320.96</b>    |
| <b>Intangible Assets</b>                        |                       |                           |                            |                           |                 |                                  |                    |                    |
| Computer software                               | 1061.77               | 323.31                    | -                          | 1385.08                   | 221.27          | -                                | 692.29             | 590.75             |
| <b>Total of Intangible assets</b>               | <b>1061.77</b>        | <b>323.31</b>             | <b>-</b>                   | <b>1385.08</b>            | <b>221.27</b>   | <b>-</b>                         | <b>692.29</b>      | <b>590.75</b>      |
| <b>Grand Total</b>                              | <b>105583.84</b>      | <b>6166.76</b>            | <b>2835.91</b>             | <b>108914.69</b>          | <b>8655.43</b>  | <b>1958.90</b>                   | <b>42368.66</b>    | <b>66546.03</b>    |
| Previous year                                   | 80127.23              | 26258.14                  | 801.53                     | 105583.84                 | 8800.03         | 546.27                           | 35672.13           | 69911.71           |
| Capital work-in-progress                        |                       |                           |                            |                           |                 |                                  | <b>4500.94</b>     | 1527.15            |
|   |                       |                           |                            |                           |                 |                                  | <b>71046.97</b>    | <b>71438.86</b>    |

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

\*\* Includes adjustment of Rs. 1018.06 lacs in gross block and Rs.666.72 lacs in accumulated depreciation on account of 'fixed assets held for sale' classified as other current assets under Note 20.



**Rupees in lacs**

|  |               | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|--|---------------|----------------------------|----------------------------|
| <b>12. NON CURRENT INVESTMENTS</b>   |               |                            |                            |
| <b>LONG TERM INVESTMENTS-AT COST</b>   |               |                            |                            |
| <b>TRADE INVESTMENT - UNQUOTED</b>   |               |                            |                            |
| <b>Investments in Equity Instruments</b>   |               |                            |                            |
| <b>Subsidiary company</b>  |               |                            |                            |
| International Tobacco Company Limited<br>3,00,000 Equity shares of Rs.100 each fully paid up   |               | <b>3250.00</b>             | 3250.00                    |
| <b>Others</b>  |               |                            |                            |
| Molind Engineering Limited<br>3,500 Equity shares of Rs.10 each fully paid up  |               | <b>0.25</b>                | 0.25                       |
| IPM India Wholesale Trading Private Limited<br>49,60,000 Equity shares of Rs. 10 each fully paid up                                    | <b>496.00</b> | 496.00                     | 496.00                     |
| Less: Provision for diminution in the value  | <b>496.00</b> | -                          | -                          |
| KKM Management Centre Private Limited<br>11,02,500 Equity shares of Rs.10 each fully paid up   |               | <b>110.25</b>              | 110.25                     |
| <b>OTHER INVESTMENTS - UNQUOTED</b>  |               |                            |                            |
| <b>Investments in Equity Instruments</b>   |               |                            |                            |
| <b>Subsidiary companies:</b>   |               |                            |                            |
| Chase Investments Limited<br>2,01,210 Equity shares of Rs.100 each fully paid up   |               | <b>360.26</b>              | 360.26                     |
| 1,58,490 Equity shares of Rs.100 each Rs.50 paid up  |               | <b>79.24</b>               | 79.24                      |
| <b>Others:</b>   |               |                            |                            |
| Success Principles India Limited<br>1,99,673 Equity shares of Rs.10 each fully paid up   |               | <b>19.97</b>               | 19.97                      |
| <b>OTHER INVESTMENTS - QUOTED</b>  |               |                            |                            |
| <b>Investments in Bonds</b>  |               |                            |                            |
| <b>Indian Railway Finance Corporation Limited</b>  |               |                            |                            |
| 43,501 Tax Free Secured Redeemable Non-convertible Bonds of<br>Rs.1000 each fully paid up  |               | <b>435.01</b>              | 435.01                     |
| <b>Investments in Mutual Fund</b>  |               |                            |                            |
| Franklin Templeton Mutual Fund<br>1,83,51,130 Units of Templeton India Income Opportunities Fund<br>-Growth of Rs.10 each              |               | <b>1889.88</b>             | 1889.88                    |
| 27,534 Units of Templeton India Short Term Income Retail Plan<br>-Growth of Rs.1000 each   |               | <b>477.95</b>              | 477.95                     |
| ICICI Prudential Mutual Fund<br>70,50,405 Units of ICICI Prudential Income Opportunities Fund<br>-Growth of Rs.10 each                 |               | <b>1095.29</b>             | 1095.29                    |
| 13,88,808 Units of ICICI Prudential Income Regular Plan-Growth of Rs.10 each   |               | <b>500.00</b>              | 500.00                     |
| 41,57,762 Units of ICICI Prudential Short Term Direct Plan-Growth of Rs.10 each  |               | <b>1000.00</b>             | -                          |
| 75,28,363 Units of ICICI Prudential Dynamic Fund-Growth of Rs.10 each  |               | <b>1000.00</b>             | -                          |
| 1,00,00,000 Units of ICICI Prudential Interval Fund-Series VII, Annual Interval<br>Plan C-Growth of Rs.10 each                         |               | <b>1000.00</b>             | -                          |
| Birla Mutual Fund<br>44,46,821 Units of Birla Sun Life Income Plus Plan-Growth of Rs.10 each   |               | <b>1616.37</b>             | 1616.37                    |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series IU-527 Days<br>-Growth of Rs. 10 each                                       |               | <b>1000.00</b>             | -                          |
| IDFC Mutual Fund<br>52,81,572 (Previous year 35,78,150) Units of IDFC Super Saver Income<br>Fund Investment Plan-Growth of Rs. 10 each |               | <b>1500.00</b>             | 1000.00                    |
| 50,00,000 Units of IDFC Fixed Term Plan-Series 48 Direct Plan<br>-Growth of Rs.10 each   |               | <b>500.00</b>              | -                          |



Rupees in lacs

|   | As at<br>31.3.2014                                 | As at<br>31.3.2013 |
|---|--|--------------------|
| <b>12. NON CURRENT INVESTMENTS (Continued)</b>  |  |                    |
| 50,00,000 Units of IDFC Fixed Term Plan-Series 50 Direct Plan-Growth of Rs.10 each  | <b>500.00</b>                                      | -                  |
| HDFC Mutual Fund<br>80,90,484 Units of HDFC Medium Term Opportunities Fund<br>-Growth of Rs.10 each   | <b>1000.00</b>                                     | 1000.00            |
| ING Mutual Fund<br>16,67,838 Units of ING Short Term Income Fund-Growth of Rs.10 each   | <b>219.25</b>                                      | 219.25             |
| PineBridge Mutual Fund<br>9,77,995 Units of PineBridge India Equity Fund Standard<br>-Growth of Rs.10 each  | <b>100.00</b>                                      | 100.00             |
| SBI Mutual Fund<br>1,06,10,005 Units of SBI Dynamic Bond Fund-Growth of Rs.10 each<br>50,00,000 SBI Debt Fund Series A-1-15 Months-Direct-Growth of Rs.10 each  | <b>1500.00</b><br><b>500.00</b>                    | 1500.00<br>-       |
| TATA Mutual Fund<br>Nil* (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan<br>Series 42 Scheme H-(392 Days)-Growth of Rs.10 each  | -  | 1000.00            |
| AXIS Mutual Fund<br>79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each  | <b>1000.00</b>                                     | -                  |
| DSP BlackRock Mutual Fund<br>1,08,760 (Previous year 73,289) Units of DSP BlackRock Strategic Bond Fund<br>-Direct Plan-Growth of Rs.1000 each  | <b>1500.00</b>                                     | 1000.00            |
| Deutsche Mutual Fund<br>47,24,290 Units of DWS Short Maturity Fund-Direct Plan-Growth of Rs.10 each   | <b>1000.00</b>                                     | -                  |
| Reliance Mutual Fund<br>1,00,00,000 Units of Reliance Yearly Interval Fund Series-6-Growth of Rs.10 each  | <b>1000.00</b>                                     | -                  |
| UTI Mutual Fund<br>70,99,046 Units of UTI Short Term Income Fund Institutional Option<br>-Direct Plan-Growth of Rs. 10 each<br>27,09,726 Units of UTI Bond Fund Direct Plan-Growth of Rs.10 each<br>76,42,438 Units of UTI Dynamic Bond Fund Direct Plan-Growth of Rs.10 each | <b>1000.00</b><br><b>1000.00</b><br><b>1000.00</b> | -<br>-<br>-        |
| Sundaram Mutual Fund<br>1,00,00,000 Sundaram Fixed Term Plan ER (18 Months) Direct-Growth of Rs.10 each<br>Investment in Government Securities (Unquoted)   | <b>1000.00</b><br><b>0.36</b>                      | -<br>0.36          |
|   | <b>28154.08</b>                                    | 16150.08           |
| Aggregate value of quoted investments:  | <b>24333.75</b>                                    | 11833.75           |
| Aggregate amount of unquoted investments:   |  |                    |
| - Investments in equity instruments   | <b>3819.97</b>                                     | 4315.97            |
| - Others  | <b>0.36</b>  | 0.36               |
|   | <b>3820.33</b>                                     | 4316.33            |
| Market/Net asset value of quoted investments  | <b>27367.34</b>                                    | 13668.27           |
| *Transferred to Current Investments in Note 15.   |  |                    |



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>13. Deferred taxation</b>                          |                    |                    |
| Deferred tax assets                                   |                    |                    |
| - Accrued expenses deductible on payment              | <b>2163.26</b>     | 2140.32            |
| - Foreign currency fluctuation relating to borrowings | <b>1257.94</b>     | 1120.06            |
| - Expenditure under voluntary retirement schemes      | <b>962.13</b>      | -                  |
| - Others  | <b>102.09</b>      | 113.49             |
|   | <b>4485.42</b>     | 3373.87            |
| Deferred tax liabilities                              |                    |                    |
| - Accelerated depreciation                            | <b>3470.31</b>     | 3692.19            |
| - Capital gains                                       | <b>42.49</b>       | 65.48              |
|   | <b>3512.80</b>     | 3757.67            |
| <b>Deferred tax assets/(liabilities)-net</b>          | <b>972.62</b>      | (383.80)           |

|  |                |         |
|--|----------------|---------|
| <b>14. Long-term loans and advances</b>              |                |         |
| (Unsecured, considered good unless otherwise stated) |                |         |
| Capital advances                                     | <b>647.48</b>  | 448.13  |
| Security deposits                                    | <b>1225.14</b> | 1093.24 |
| Loans and advances to related parties                |                |         |
| - Dues from subsidiary companies                     | <b>1853.50</b> | 1853.50 |
| Other loans and advances                             |                |         |
| - Prepaid expenses                                   | <b>26.38</b>   | 22.95   |
| - Loans to employees                                 | <b>738.75</b>  | 581.17  |
| - Inter-corporate deposits                           | -              | 200.00  |
|  | <b>4491.25</b> | 4198.99 |



Rupees in lacs

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>15. CURRENT INVESTMENTS</b>   |                    |                    |
| <b>Current portion of long-term investments (at cost)#</b>   |                    |                    |
| <b>Investments in Mutual Fund (Quoted)</b>   |                    |                    |
| ICICI Prudential Mutual Fund   |                    |                    |
| Nil (Previous year 1,00,00,000) Units of ICICI Prudential FMP<br>Series 63-384 Days Plan A-Growth of Rs. 10 each | -                  | 1000.00            |
| Birla Mutual Fund  |                    |                    |
| Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term<br>Plan-Series GO-Growth of Rs. 10 each       | -                  | 1000.00            |
| Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term<br>Plan-Series FM Growth of Rs. 10 each       | -                  | 1000.00            |
| Nil (Previous year 1,50,00,000) Units of Birla Sun Life Fixed Term<br>Plan Series DP- Growth of Rs. 10 each      | -                  | 1500.00            |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series GT-<br>Growth of Rs. 10 each                          | 1000.00            | -                  |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series KG<br>(367 Days) -Growth of Rs. 10 each               | 1000.00            | -                  |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan- Series HM-<br>366 Days-Growth of Rs. 10 each                | 1000.00            | -                  |
| HDFC Mutual Fund   |                    |                    |
| Nil (Previous year 1,50,00,000) Units of HDFC FMP 400D<br>February 2012 (1)-Growth-Series XXI of Rs. 10 each     | -                  | 1500.00            |
| HSBC Mutual Fund   |                    |                    |
| Nil (Previous year 1,50,00,000) Units of HSBC Fixed Term Series<br>86-Growth of Rs. 10 each                      | -                  | 1500.00            |
| Reliance Mutual Fund   |                    |                    |
| Nil (Previous year 1,00,00,000) Units of Reliance Fixed Horizon<br>Fund XXII Series 2-Growth of Rs. 10 each      | -                  | 1000.00            |
| 32,90,917 (Previous year 87,75,778) Units of Reliance Income Fund<br>-Growth Bonus Option of Rs. 10 each         | 375.00             | 1000.00            |
| 1,00,00,000 Units of Reliance Fixed Horizon Fund XXV Series 14<br>(367 Days)-Growth of Rs. 10 each               | 1000.00            | -                  |
| TATA Mutual Fund   |                    |                    |
| Nil (Previous year 1,00,00,000) Units of Tata Fixed Maturity Plan<br>Series 40 Scheme C-Growth of Rs. 10 each    | -                  | 1000.00            |
| Nil (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan<br>Series 39 Scheme G-Growth of Rs. 10 each    | -                  | 1000.00            |
| 50,00,000 Units of TATA Fixed Maturity Plan Series 45 Scheme A<br>-Direct Plan-Growth of Rs. 10 each             | 500.00             | -                  |
| 1,00,00,000* Units of TATA Fixed Maturity Plan Series 42 Scheme H<br>(392 Days)-Growth of Rs. 10 each            | 1000.00            | -                  |





**Rupees in lacs**

|   | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|---|----------------------------|----------------------------|
| <b>15. CURRENT INVESTMENTS (Continued)</b>  |                            |                            |
| Sundaram Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of Sundaram Fixed Term Plan<br>DE 367 Days-Direct-Growth of Rs. 10 each         | -                          | 1000.00                    |
| Deutsche Mutual Fund  |                            |                            |
| Nil (Previous year 20,80,081) Units of DWS Money Plus Fund Regular<br>Bonus of Rs. 10 each                            | -                          | 202.87                     |
| 50,00,000 Units of DWS Fixed Maturity Plan -Series 43-Direct Plan<br>-Growth of Rs. 10 each                           | <b>500.00</b>              | -                          |
| 50,00,000 Units of DWS Fixed Maturity Plan -Series 46-Direct Plan<br>-Growth of Rs. 10 each                           | <b>500.00</b>              | -                          |
| DSP BlackRock Mutual Fund   |                            |                            |
| Nil (Previous year 1,00,00,000) Units of DSP BlackRock FMP Series<br>47-12M-Growth of Rs. 10 each                     | -                          | 1000.00                    |
| UTI Mutual Fund   |                            |                            |
| Nil (Previous year 1,00,00,000) Units of UTI Fixed Term Income Fund<br>Series XI-VII (366 Days)-Growth of Rs. 10 each | -                          | 1000.00                    |
| AXIS Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of AXIS Fixed Term Plan<br>-Series 22 (374 Days)-Growth of Rs. 10 each          | -                          | 1000.00                    |
| L&T Mutual Fund   |                            |                            |
| 50,00,000 Units of L&T FMP Series 9-Plan B-Direct-Growth of<br>Rs. 10 each  | <b>500.00</b>              | -                          |
| Total   | <b>7375.00</b>             | 15702.87                   |
| Aggregate value of quoted investments   | <b>7375.00</b>             | 15702.87                   |
| Net asset value of quoted investments   | <b>7733.25</b>             | 17058.51                   |

# Long term investments having a maturity of less than 12 months from the balance sheet date.

\* Transferred from Non Current Investments in Note 12.



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>16. Inventories</b>  |                    |                    |
| At lower of cost and net realisable value:  |                    |                    |
| Raw and packing materials*  | <b>39168.06</b>    | 32993.76           |
| Work-in-process   | <b>391.25</b>      | 497.59             |
| Finished goods - Cigarettes   | <b>11530.47</b>    | 13748.61           |
| - Chewing products  | <b>818.27</b>      | 619.25             |
| Traded goods  | <b>5072.80</b>     | 4726.16            |
| At cost or under:   |                    |                    |
| Stores and spare parts**  | <b>1470.20</b>     | 1250.08            |
|   | <b>58451.05</b>    | 53835.45           |
| * Includes goods in transit Rs.798.27 lacs (Previous year Rs.684.19 lacs)                 |                    |                    |
| ** Includes goods in transit Rs. 8.38 lacs (Previous year Rs.5.80 lacs)                   |                    |                    |
| <b>17. Trade Receivables</b>  |                    |                    |
| <b>Outstanding for a period exceeding 6 months from the date they are due for payment</b> |                    |                    |
| Unsecured - considered good   | <b>54.51</b>       | 211.41             |
| - considered doubtful   | <b>63.95</b>       | 64.22              |
|   | <b>118.46</b>      | 275.63             |
| Less: Allowances for doubtful receivables   | <b>63.95</b>       | 64.22              |
|   | <b>54.51</b>       | 211.41             |
| <b>Others</b>   |                    |                    |
| Unsecured-considered good   | <b>10298.84</b>    | 7718.26            |
|   | <b>10298.84</b>    | 7718.26            |
|   | <b>10353.35</b>    | 7929.67            |
| <b>18. Cash and bank balances</b>   |                    |                    |
| <b>Cash and cash equivalents:</b>   |                    |                    |
| -Cash on hand   | <b>90.70</b>       | 65.80              |
| -Cheques, drafts on hand  | <b>35.42</b>       | 0.28               |
| -Balances with Banks  |                    |                    |
| -In current accounts  | <b>675.97</b>      | 1036.99            |
|   | <b>802.09</b>      | 1103.07            |
| <b>Other bank balances:</b>   |                    |                    |
| -In earmarked accounts for  |                    |                    |
| -Margin money   | <b>1338.93</b>     | 932.34             |
| -Unpaid dividend, fixed deposits interest and preference shares/ debentures redemption    | <b>178.48</b>      | 173.75             |
| -Fixed deposit receipts lodged with government authorities                                | <b>1.57</b>        | 1.57               |
|   | <b>1518.98</b>     | 1107.66            |
|   | <b>2321.07</b>     | 2210.73            |



Rupees in lacs

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>19. Short Term Loans and advances</b>             |                    |                    |
| (Unsecured, considered good unless otherwise stated) |                    |                    |
| <b>Loans and advances to related parties</b>         |                    |                    |
| - Dues from officers/directors of the Company        | <b>4.08</b>        | 5.08               |
| - Dues from subsidiary companies                     | <b>122.33</b>      | 240.12             |
| - Dues from associate companies                      | <b>431.07</b>      | 403.33             |
| - Dues from other related parties                    | <b>66.02</b>       | 18.91              |
| <b>Others</b>  |                    |                    |
| - Inter-corporate deposits                           | <b>200.00</b>      | -                  |
| - With excise and customs on current/cenvat accounts | <b>769.46</b>      | 689.72             |
| - Income-tax recoverable                             | <b>810.12</b>      | 1376.06            |
| - Security deposits                                  | <b>150.72</b>      | 228.19             |
| - Prepaid expenses                                   | <b>161.00</b>      | 206.50             |
| - Loans to employees                                 | <b>165.56</b>      | 142.15             |
| - Others   | <b>2680.75</b>     | 2539.76            |
|  | <b>5561.11</b>     | 5849.82            |

|   |                 |                |         |
|---|-----------------|----------------|---------|
| <b>20. Other Current Assets</b>                       |                 |                |         |
| Interest accrued on bank and other deposits           |                 | <b>59.44</b>   | 38.70   |
| Export incentives accrued/available                   |                 | <b>1868.37</b> | 1490.66 |
| Fixed assets held for sale-net book value on transfer | <b>351.34</b>   |                |         |
| Less: Write down in the value                         | <b>(211.00)</b> | <b>140.34</b>  | -       |
|   |                 | <b>2068.15</b> | 1529.36 |



Rupees in lacs

|  | Year ended<br>31.3.2014 | Year ended<br>31.3.2013 |
|--|-------------------------|-------------------------|
| <b>21. Revenue from operations</b>           |                         |                         |
| Sale of products (Refer Note 42)             | <b>413177.39</b>        | 359819.89               |
| <b>Other operating revenues</b>              |                         |                         |
| Export incentives                            | <b>1780.29</b>          | 1270.32                 |
| Rent and hire charges (gross) from:          |                         |                         |
| - Subsidiary companies                       | <b>4.80</b>             | 4.80                    |
| - Others                                     | <b>213.33</b>           | 146.75                  |
| Interest income (gross) from:                |                         |                         |
| - Debts, deposits, loans and advances, etc.  | <b>146.34</b>           | 118.80                  |
| Doubtful debts and advances written back     | <b>0.27</b>             | -                       |
| Receipts from secondment of services         | <b>1823.67</b>          | 1428.25                 |
| Liabilities no longer required, written back | -                       | 391.09                  |
| Scrap sales                                  | <b>423.07</b>           | 273.89                  |
| Sundries                                     | <b>2068.83</b>          | 767.37                  |
|  | <b>6460.60</b>          | 4401.27                 |
| <b>Total revenue from operations</b>         | <b>419637.99</b>        | 364221.16               |
| Less: Excise duty                            | <b>171425.51</b>        | 154573.44               |
|  | <b>248212.48</b>        | 209647.72               |
| <b>22. Other income</b>                      |                         |                         |
| Interest income (gross) from:                |                         |                         |
| - Subsidiary companies                       | <b>135.93</b>           | 135.53                  |
| - Debts, deposits, loans and advances, etc.  | <b>89.96</b>            | 174.02                  |
| - Long-term investments                      | <b>34.80</b>            | 34.74                   |
| Net gain on sale/redemption of:              |                         |                         |
| - Long-term investments                      | <b>1670.57</b>          | 2343.55                 |
| - Current investments                        | <b>497.89</b>           | 372.70                  |
|  | <b>2429.15</b>          | 3060.54                 |
| <b>23. Cost of materials consumed</b>        |                         |                         |
| (Raw and packing materials)                  |                         |                         |
| Unmanufactured and blended tobacco           | <b>19689.60</b>         | 18653.50                |
| Cigarette paper                              | <b>810.09</b>           | 765.33                  |
| Cardboard (shells, slides and others)        | <b>8222.81</b>          | 7682.88                 |
| Filter rods                                  | <b>6441.18</b>          | 4878.57                 |
| Aluminium foil/Metallised paper              | <b>1481.43</b>          | 1348.77                 |
| Cellulose paper                              | <b>887.17</b>           | 822.61                  |
| Flavours for chewing products                | <b>3021.43</b>          | 3179.07                 |
| Betel nut                                    | <b>3152.00</b>          | 2476.20                 |
| Katha, lime and bulking agent                | <b>1418.55</b>          | 1209.60                 |
| Paper/Laminate pouches for chewing products  | <b>2100.36</b>          | 1681.11                 |
| Miscellaneous                                | <b>5872.09</b>          | 4857.03                 |
|  | <b>53096.71</b>         | 47554.67                |



GODFREY PHILLIPS  
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Rupees in lacs

|  | Year ended<br>31.3.2014 | Year ended<br>31.3.2013 |
|--|-------------------------|-------------------------|
| <b>24. Purchases of traded goods</b>                                       |                         |                         |
| Unmanufactured tobacco (transferred from raw and packing materials)        | <b>22358.82</b>         | 15100.11                |
| Cigarettes   | <b>990.78</b>           | 8849.34                 |
| Other goods-Tea, etc. (including packing materials and processing charges) | <b>21355.70</b>         | 18393.29                |
|  | <b>44705.30</b>         | 42342.74                |

|   |                 |                 |          |            |
|---|-----------------|-----------------|----------|------------|
| <b>25. Changes in Inventories of Finished goods, Work-in-process and Traded goods</b> |                 |                 |          |            |
| Opening stock:  |                 |                 |          |            |
| - Work-in-process   | <b>497.59</b>   |                 | 311.16   |            |
| - Finished goods - Cigarettes   | <b>13748.61</b> |                 | 7080.07  |            |
| - Chewing products  | <b>619.25</b>   |                 | 251.00   |            |
| - Traded goods  | <b>4726.16</b>  |                 | 2555.75  |            |
|   | <b>19591.61</b> |                 | 10197.98 |            |
| Closing stock:  |                 |                 |          |            |
| - Work-in-process   | <b>391.25</b>   |                 | 497.59   |            |
| - Finished goods - Cigarettes   | <b>11530.47</b> |                 | 13748.61 |            |
| - Chewing products  | <b>818.27</b>   |                 | 619.25   |            |
| - Traded goods  | <b>5072.80</b>  |                 | 4726.16  |            |
|   | <b>17812.79</b> |                 | 19591.61 |            |
| Decrease/(Increase)   |                 | <b>1,778.82</b> |          | (9,393.63) |

|  |  |                 |  |          |
|--|--|-----------------|--|----------|
| <b>26. Employee Benefits Expenses</b>            |  |                 |  |          |
| Salaries, wages, bonus, etc.                     |  | <b>17745.25</b> |  | 16561.45 |
| Contribution to provident and other funds        |  | <b>1299.67</b>  |  | 1119.39  |
| Workmen and staff welfare expenses               |  | <b>1756.66</b>  |  | 1279.51  |
| Contribution to gratuity and superannuation fund |  | <b>863.20</b>   |  | 1121.08  |
|  |  | <b>21664.78</b> |  | 20081.43 |

|   |  |                |  |         |
|---|--|----------------|--|---------|
| <b>27. Finance Costs</b>  |  |                |  |         |
| Interest expenses on:   |  |                |  |         |
| - Borrowings  |  | <b>1060.72</b> |  | 1464.08 |
| - Others  |  | <b>963.61*</b> |  | 3.46    |
| Other borrowing costs   |  | <b>49.05</b>   |  | 24.12   |
| Foreign currency fluctuations (considered as finance cost)                      |  | <b>795.45</b>  |  | 1200.07 |
|   |  | <b>2868.83</b> |  | 2691.73 |
| *including Rs.939.41lacs towards interest on entry tax relating to prior years. |  |                |  |         |



Rupees in lacs

|   | Year ended<br>31.3.2014 |       | Year ended<br>31.3.2013 |
|---|-------------------------|-------|-------------------------|
| <b>28. Other Expenses</b>   |                         |       |                         |
| Manufacturing charges paid to a subsidiary company for cigarette/tobacco manufactured on our behalf | <b>4898.75</b>          |       | 4039.31                 |
| Increase/(decrease) in excise duty on finished goods  | <b>227.69</b>           |       | 3203.87                 |
| Consumption of stores and spare parts*  | <b>152.35</b>           |       | 188.49                  |
| Power and fuel  | <b>2204.20</b>          |       | 2153.62                 |
| Rent  | <b>2873.32</b>          |       | 2170.99                 |
| Repairs and maintenance   |                         |       |                         |
| - Buildings   | <b>518.80</b>           |       | 588.53                  |
| - Machinery   | <b>1335.36</b>          |       | 683.19                  |
| - Others  | <b>769.77</b>           |       | 639.29                  |
| Insurance   | <b>438.93</b>           |       | 441.83                  |
| Rates and taxes   | <b>7368.92</b>          |       | 4606.65                 |
| Freight and cartage   | <b>3392.82</b>          |       | 3080.22                 |
| Legal and professional expenses   | <b>9131.15</b>          |       | 6987.25                 |
| Auditors' Remuneration (net of cenvatable service tax)  |                         |       |                         |
| - Audit fees  | <b>55.00</b>            | 55.00 |                         |
| - For tax audit   | <b>14.74</b>            | 12.71 |                         |
| - For limited review of unaudited financial statements  | <b>39.65</b>            | 35.08 |                         |
| - For corporate governance, consolidated financial statements and other certificates                | <b>6.10</b>             | 5.08  |                         |
| - For other services  | <b>6.97</b>             | 5.08  |                         |
| - Reimbursement of expenses   | <b>7.55</b>             | 6.41  | 119.36                  |
| Cash discount   | <b>131.85</b>           |       | 153.62                  |
| Commission paid to other than sole selling agents   | <b>351.46</b>           |       | 193.84                  |
| Advertising and sales promotion   | <b>29730.96</b>         |       | 28661.31                |
| Selling and distribution expenses   | <b>6936.18</b>          |       | 5709.93                 |
| Travelling and conveyance   | <b>3596.80</b>          |       | 3190.72                 |
| Donations   | <b>743.11</b>           |       | 274.29                  |
| Bad debts and advances written off  | <b>105.30</b>           |       | 18.03                   |
| Provision for doubtful debts and advances   | <b>-</b>                |       | 10.33                   |
| Fixed assets written off  | <b>255.63</b>           |       | 166.03                  |
| Loss on sale of fixed assets  | <b>97.39</b>            |       | 53.37                   |
| Technical services fee and royalty  | <b>1367.25</b>          |       | 1223.33                 |
| Foreign currency fluctuation  | <b>1689.55</b>          |       | 348.88                  |
| Consumer research activity  | <b>922.83</b>           |       | 1463.66                 |
| Machine and material handling expenses  | <b>550.06</b>           |       | 273.62                  |
| Provision for decline in the value of investments   | <b>496.00</b>           |       | -                       |
| Write down in the value of fixed assets held for sale   | <b>211.00</b>           |       | -                       |
| Miscellaneous expenses  | <b>8238.48</b>          |       | 6297.41                 |
|   | <b>88865.92</b>         |       | 76940.97                |
| *Excludes consumption of stores and spare parts charged to repair and maintenance-machinery         | <b>702.28</b>           |       | 413.46                  |

**29.** The exceptional item represents compensation paid to unionized staff and workmen attached to the Company's plant at Andheri, Mumbai, pursuant to the voluntary retirement schemes announced by the Company under the terms of settlement memorandum executed by it with the workers' union.



Rupees in lacs

|  | For the year<br>ended<br>31.3.2014 | For the year<br>ended<br>31.3.2013 |
|--|------------------------------------|------------------------------------|
| <b>30. Earnings per share has been computed as under:</b>  |                                    |                                    |
| (a) Net profit as per statement of profit and loss (Rs. lacs)  | <b>17,064.06</b>                   | 16,947.78                          |
| (b) Weighted average number of equity shares outstanding   | <b>1,03,98,784</b>                 | 1,03,98,784                        |
| (c) Basic and diluted earnings per share -Rupees<br>(Face value of share-Rs.10 each)   | <b>164.10</b>                      | 162.98                             |
| <b>31. Remuneration of Directors</b>   |                                    |                                    |
| a) Included in Expenses are:   |                                    |                                    |
| Salaries*  | <b>417.00</b>                      | 334.13                             |
| Monetary value of benefits   | <b>49.12</b>                       | 43.41                              |
| Commission**   | <b>427.00</b>                      | 309.17                             |
| Sitting fees   | <b>7.93</b>                        | 7.06                               |
|  | <b>901.05</b>                      | 693.77                             |
| <p>* excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.</p> <p>**includes Rs.170.00 lacs (previous year Rs.110.00 lacs) payable to a non-working director.</p> |                                    |                                    |
| b) Computation of directors' commission and net profit in accordance with Section 198 of the Companies Act, 1956   |                                    |                                    |
| Profit before tax  | <b>25467.55</b>                    | 23690.32                           |
| Add/(less):  |                                    |                                    |
| Directors' remuneration  | <b>901.05</b>                      | 693.77                             |
| Payments under voluntary retirement schemes  | <b>3538.29</b>                     | -                                  |
| Provision for decline in the value of investments  | <b>496.00</b>                      | -                                  |
| Provision for doubtful debts and advances written back   | <b>(0.27)</b>                      | -                                  |
| Profit on sale/redemption of long term investments   | <b>(1670.57)</b>                   | (2343.55)                          |
|  | <b>28732.05</b>                    | 22040.54                           |
| Maximum remuneration to working directors @ 10% of above   | <b>2873.21</b>                     | 2204.05                            |
| Restricted to  | <b>723.12</b>                      | 576.71                             |
| Maximum remuneration to non-working directors @ 1% of above  | <b>287.32</b>                      | 220.41                             |
| Restricted to  | <b>170.00</b>                      | 110.00                             |
| <b>32. Expenditure on Scientific Research and Development</b>  |                                    |                                    |
| Revenue expenditure  | <b>1121.93</b>                     | 1049.18                            |
| Capital expenditure  | <b>169.66</b>                      | 111.44                             |
| <b>33. Contingent Liabilities not provided for</b>   | <b>As at<br/>31.3.2014</b>         | <b>As at<br/>31.3.2013</b>         |
| a) Demands from excise, income tax, sales tax and other authorities disputed by the Company @  | <b>3592.66*</b>                    | 2873.54*                           |
| b) Uncalled liability on shares partly paid  | <b>79.24</b>                       | 79.24                              |
| c) Guarantee given to a bank on behalf of subsidiary company – International Tobacco Company Limited   | <b>76.99</b>                       | 54.29                              |

\* includes Rs. 1812.19 lacs (previous year Rs.1730.18 lacs) relating to demands received by the subsidiary company – International Tobacco Company Limited.

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

- 34.** The following are the particulars of dues on account of sales tax, excise duty and income-tax as at March 31, 2014 that have been disputed by the Company in appeals pending before the appellate authorities:

| Name of the statute      | Nature of the dues          | Amount of dues* (Rs. lacs) | Amount deposited (Rs. lacs) | Period to which the amount relates                         | Forum where dispute is pending                   |
|--------------------------|-----------------------------|----------------------------|-----------------------------|--|--|
| Sales Tax Acts           | Sales tax                   | 60.05                      | 21.31                       | 1995-96, 2001-02, 2006-07, 2012-13                         | Sales Tax Tribunal                               |
|                          |                             | 199.67                     | 20.26                       | 1998-99 to 1999-00, 2005-06 to 2006-07, 2008-09 to 2013-14 | Upto Commissioners' Level                        |
| Central Excise Act, 1944 | Excise duty and Service tax | 0.45                       | -                           | 2012-13  | Upto Commissioners' Level                        |
|                          |                             | 1911.72**                  | 338.35                      | 2002-03 to 2012-13   | Customs, Excise & Service Tax Appellate Tribunal |
| Income Tax Act, 1961     | Income tax                  | 244.00***                  | 244.00                      | 1979 to 1982, 1995-96 to 1997-98                           | High Court                                       |
|                          |                             | 15.81***                   | 15.81                       | 2008-09  | Income Tax Appellate Tribunal                    |
|                          |                             | 281.47***                  | 281.47                      | 1999-00, 2005-06 to 2010-11                                | Upto Commissioners' Level                        |

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

\*\* provided for in the accounts amounting to Rs.457.44 lacs.

\*\*\* provided for in the accounts.

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

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

| Name of the statute                 | Nature      | Amount (Rs. lacs) | 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, 2003-04 | High Court                                       |
|                                     |             | 1.61              | 2005-06  | Income Tax Appellate Tribunal                    |
| U.P. Krishi Utpadan Mandi Adhiniyam | Mandi cess  | 108.20            | 1997-98 to 1998-99                                       | Supreme Court                                    |
| Central Excise Act, 1944            | Excise duty | 35.84             | 2009-10 to 2011-12                                       | Customs, Excise & Service Tax Appellate Tribunal |
| Sales Tax Acts                      | Sales tax   | 10.40             | 2007-08  | High Court                                       |





**35.** The Company and its contract manufacturers have received various show cause notices from Excise Authorities asking them to explain why certain amounts mentioned in these notices should not be paid. As these notices are in the nature of explanations required, the Company does not consider these to constitute a liability of any kind.

**36.** The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.4661.44 lacs (previous year- Rs.5449.58 lacs).

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

**37.** Amount due to micro and small enterprises covered under “The Micro, Small and Medium Enterprises Act, 2006” has been disclosed to the extent such parties having been identified from the available information. The Company has not received any claim for interest from any party covered under the said Act.

**38.** The Company has entered into various operating lease agreements for premises (residential, offices, godowns, etc.). These lease arrangements are mostly cancellable in nature and range between two to three years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate rentals paid under such agreements have been charged as rent in Note 28.

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

- (i) for periods not later than one year – Rs.254.74 lacs (previous year – Rs.165.96 lacs).
- (ii) for periods between later than one year and less than five years – Rs.473.90 lacs (previous year – Rs.386.79 lacs).
- (iii) For period later than five years- Rs. Nil (previous year Rs. Nil).

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

**39.** Related party disclosures under Accounting Standard 18

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

(a) Subsidiary companies:

International Tobacco Company Limited  
Chase Investments Limited

(b) Subsidiaries of the subsidiary companies:

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

(c) Associates:

Philip Morris Global Brands Inc., of which the Company is an associate.  
K K Modi Investment & Financial Service Private Limited, of which the Company is an associate.  
Success Principles India Limited, an associate of the Company.  
IPM India Wholesale Trading Private Limited, an associate of the Company.  
KKM Management Centre Private Limited, an associate of the Company

(d) Key management personnel and their relatives:

|                      |   |
|----------------------|---|
| Mr. K.K. Modi        | President and Managing Director   |
| Mr. Samir Kumar Modi | Executive Director  |
| Mr. Lalit Kumar Modi | Ordinary Director and a relative of<br>Mr. K.K. Modi and Mr. Samir Kumar Modi |
| Mr. R.Ramamurthy     | Whole-time Director   |

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

Modicare Limited  
Beacon Travels Private Limited  
Indofil Industries Limited  
Assam Cigarette Company Private Limited  
R C Tobacco Private Limited  
HMA Udyog Private Limited  
Bina Fashion N Food Private Limited  
Modicare Foundation  
Priyal Hitay Nidhi  
Colorbar Cosmetics Private Limited  
Gujarmal Modi Science Foundation  
Modi Healthcare Placement India Private Limited  
Modi Innovative Education Society  
International Research Park Laboratories Limited  
Rajputana Fertilizers Limited

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

| Nature of transactions   | Subsidiary companies |            | Associates       |           | Key management personnel and their relatives |        | Enterprises over which significant influence exists |          |
|--|----------------------|------------|------------------|-----------|--|--------|---|----------|
|  | 2014                 | 2013       | 2014             | 2013      | 2014   | 2013   | 2014  | 2013     |
| Sale of goods, spare parts, etc.   | <b>7.64</b>          | 11.58      | <b>25230.86@</b> | 16224.08@ | -  | -      | <b>166.88</b>                                       | 87.84    |
| Purchase of goods/services   | <b>4.12</b>          | 1.85       | <b>990.78@</b>   | 8849.35@  | -  | -      | <b>2284.46#</b>                                     | 1558.82# |
| Receipts from business support services provided   | -                    | -          | <b>867.48@</b>   | -         | -  | -      | -   | -        |
| Receipts from secondment of services   | -                    | -          | <b>1823.67@</b>  | 1428.25@  | -  | -      | -   | -        |
| Interest income  | <b>135.93**</b>      | 135.53**   | <b>20.96@</b>    | 19.72@    | -  | -      | -   | -        |
| Miscellaneous income   | -                    | -          | <b>285.06@</b>   | 77.67@    | -  | -      | -   | -        |
| Rent and hire charges received   | <b>4.80</b>          | 4.80       | <b>70.20@</b>    | 70.20@    | -  | -      | <b>69.63</b>  | 65.80    |
| Manufacturing charges paid   | -                    | -          | -                | -         | -  | -      | -   | -        |
| - International Tobacco Company Ltd.   | <b>4898.75</b>       | 4039.31    | -                | -         | -  | -      | -   | -        |
| Rent paid  | -                    | -          | -                | -         | -  | -      | <b>17.60</b>  | 14.06    |
| Payments for professional services availed   | -                    | -          | <b>2237.70@</b>  | 1764.04@  | -  | -      | -   | -        |
| Purchase of fixed assets   | -                    | -          | <b>7.54@</b>     | -         | -  | -      | -   | -        |
| Donation given   | -                    | -          | -                | -         | -  | -      | -   | -        |
| Expenses recovered   | <b>2.62</b>          | 3.62       | -                | -         | -  | -      | <b>624.50</b>                                       | 127.10   |
| Expenses reimbursed  | <b>99497.18*</b>     | 88990.67*  | <b>1845.05@</b>  | 3325.90@  | -  | -      | <b>1.03</b>   | 1.25     |
| Dividend payment (gross)   | -                    | -          | <b>37.11</b>     | 17.65     | -  | -      | <b>1.17</b>   | 2.14     |
| - Philip Morris Global Brands Inc.   | -                    | -          | <b>1044.04</b>   | 1044.04   | -  | -      | -   | -        |
| Managerial remuneration ##   | -                    | -          | -                | -         | -  | -      | -   | -        |
| - K.K.Modi   | -                    | -          | -                | -         | <b>440.40</b>                                | 359.38 | -   | -        |
| - Lalit Kumar Modi   | -                    | -          | -                | -         | <b>170.00</b>                                | 110.00 | -   | -        |
| - Samir Kumar Modi   | -                    | -          | -                | -         | <b>162.33</b>                                | 114.61 | -   | -        |
| - R.Ramamurthy   | -                    | -          | -                | -         | <b>120.39</b>                                | 102.72 | -   | -        |
| Balance outstanding as at the year end   | -                    | -          | <b>176.76@</b>   | 1498.60@  | -  | -      | <b>56.85</b>  | 15.08    |
| - Trade receivables  | <b>1975.83***</b>    | 2093.62*** | <b>431.07</b>    | 403.33    | -  | 0.06   | <b>9.17</b>   | 3.83     |
| - Loans and advances   | -                    | -          | <b>1203.31@</b>  | 4171.35@  | -  | -      | <b>200.07</b>                                       | 642.29   |
| - Trade payables   | -                    | -          | -                | -         | <b>2.02</b>                                  | 1.94   | -   | -        |
| - Dues payable   | <b>20.50****</b>     | -          | -                | -         | -  | -      | -   | -        |
| - Surety given by International Tobacco Company Ltd. on behalf of the Company to U.P.Trade Tax Authority | -                    | 13.41      | -                | -         | -  | -      | -   | -        |
| - Guarantees given by the Company to a bank on behalf of International Tobacco Company Ltd.              | <b>76.99</b>         | 54.29      | -                | -         | -  | -      | -   | -        |

@ relates to IPM India Wholesale Trading Private Limited.

@@ relates to KKM Management Centre Private Limited.

@\* includes Rs. 1834.00 lacs (previous year Rs. 3319.07 lacs) from IPM India Wholesale Trading Private Limited.

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

\*\* from Kashyap Metal and Allied Industries Limited.

\*\*\* comprising of Rs. 1975.83 lacs (previous year Rs. 1975.48 lacs) due from Kashyap Metal and Allied Industries Limited and Rs. Nil (previous year Rs. 118.14 lacs) due from International Tobacco Company Limited.

\*\*\*\* relates to wholly owned subsidiary, International Tobacco Company Limited.

# includes Rs. 2150.46 lacs (previous year Rs. 1243.75 lacs) from Beacon Travels Private Ltd.

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

**40. Segment reporting disclosures under Accounting Standard 17**

- (A) Business segments:  
Based on the guiding principles given in Accounting Standard-17 "Segment Reporting", the Company's primary business segments are (a) Cigarette and tobacco products; and (b) Tea and other retail products.
- (B) Geographical segments:  
Since the Company's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

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

|  | Rupees in lacs                    |                                   |            |                                   |                               |
|--|-----------------------------------|-----------------------------------|------------|-----------------------------------|-------------------------------|
|  | Cigarette and tobacco products    | Tea and other retail products     | Total      | Cigarette and tobacco products    | Tea and other retail products |
|  | For the year ended March 31, 2014 | For the year ended March 31, 2014 | Total      | For the year ended March 31, 2013 | Total                         |
| 1. Segment revenue - External sales (gross)                          | 386161.69                         | 27015.70                          | 413177.39  | 339190.99                         | 359819.89                     |
| - Less : Excise duty   | 171425.51                         | -                                 | 171425.51  | 154573.44                         | 154573.44                     |
| - Net sales  | 214736.18                         | 27015.70                          | 241751.88  | 184617.55                         | 205246.45                     |
| - Other operating income   | 5845.25                           | 615.35                            | 6460.60    | 4032.55                           | 4401.27                       |
| - Total  | 220581.43                         | 27631.05                          | 248212.48  | 188650.10                         | 209647.72                     |
| - Unallocable income   |                                   | 2429.15                           | 2429.15    |                                   | 3060.54                       |
| Total revenue  | 32301.39                          | (3441.50)                         | 250641.63  | 25537.59                          | 212708.26                     |
| 2. Segment result  |                                   |                                   | 28859.89   |                                   | 23972.69                      |
| - Unallocable income/(expenses) net of unallocable (expenses)/income |                                   |                                   | (523.51)   |                                   | 2409.36                       |
| Profit before finance costs and tax                                  |                                   |                                   | 28336.38   |                                   | 26382.05                      |
| - Finance costs  |                                   |                                   | (2,868.83) |                                   | (2,691.73)                    |
| - Tax expense  |                                   |                                   | (8,403.49) |                                   | (6,742.54)                    |
| Profit after tax   |                                   |                                   | 17064.06   |                                   | 16947.78                      |
| 3. Other information   |                                   |                                   |            |                                   |                               |
|  | As at March 31, 2014              | As at March 31, 2014              |            | As at March 31, 2013              |                               |
| a) Segment assets  | 139488.43                         | 10708.55                          | 150196.98  | 132550.25                         | 142528.24                     |
| - Unallocable assets/investments                                     |                                   |                                   | 40597.67   |                                   | 36317.59                      |
| Total assets   | 42803.37                          | 2058.75                           | 190794.65  | 36663.03                          | 178845.83                     |
| b) Segment liabilities   |                                   |                                   | 44862.12   |                                   | 38245.90                      |
| - Share capital and reserves   |                                   |                                   | 116369.91  |                                   | 104172.27                     |
| - Unallocable liabilities  |                                   |                                   | 29562.62   |                                   | 36427.66                      |
| Total liabilities  |                                   |                                   | 190794.65  |                                   | 178845.83                     |
| c) Capital expenditure including capital work in progress            | 8777.44                           | 562.46                            | 9339.90    | 11415.93                          | 13499.08                      |
| d) Depreciation and amortization                                     | 8318.70                           | 336.73                            | 8655.43    | 8516.14                           | 8800.03                       |
| e) Non cash expenditure other than depreciation                      | 582.90                            | (10.67)                           | 572.23     | 821.66                            | 883.48                        |

#### Segment accounting policies:

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

a) Segment revenue and expenses:

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

b) Segment assets and liabilities:

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

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

## 41. Employee Benefits

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

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

|   | Rupees in Lacs |               |
|---|----------------|---------------|
|   | Current year   | Previous year |
| - Employers' contribution to provident fund and employee's pension scheme | <b>1299.67</b> | 1119.39       |
| - Employers' contribution to superannuation fund                          | <b>179.34</b>  | 210.68        |
| - Employers' contribution to employee's state insurance                   | <b>7.86</b>    | 7.81          |

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

- Compensated absences – amount recognized in the statement of profit and loss – Rs.1080.76 lacs; previous year Rs.1249.57 lacs.

### III. Defined benefit plans (based on actuarial valuation)

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



|   | Gratuity (Funded)  |   |
|---|--------------------|---|
|   | Current year       | Previous year   |
| <b>A) Principal Assumptions</b>   |                    |   |
| • Discount rate (per annum)   | <b>9.20%</b>       | 8.05%   |
| • Rate of increase in compensation levels                                     | <b>7.50%</b>       | Management:<br>9% p.a. for first<br>year & 7% p.a.<br>thereafter<br>Non Management:<br>7% |
| • Expected rate of return on plan assets                                      | <b>7.50%</b>       | 7.50%   |
| • Expected average remaining working lives of employees                       | <b>11.08 years</b> | 11.34 years   |
| • Retirement age  | <b>58 years</b>    | 58 years  |
|   |                    | <b>Rupees in lacs</b>   |
|   | Current year       | Previous year   |
| <b>B) Changes in the present value of obligation</b>                          |                    |   |
| • Present value of obligation as at the beginning of the year                 | <b>5974.95</b>     | 4907.69   |
| • Interest cost   | <b>463.47</b>      | 395.83  |
| • Current service cost  | <b>395.58</b>      | 316.89  |
| • Benefits paid   | <b>(1742.60)</b>   | (259.27)  |
| • Actuarial (gain)/loss on obligations  | <b>279.47</b>      | 613.81  |
| • Present value of obligation as at the end of the year                       | <b>5370.87</b>     | 5974.95   |
| <b>C) Change in the fair value of plan assets</b>                             |                    |   |
| • Fair value of plan assets as at the beginning of the year                   | <b>5058.35</b>     | 4294.69   |
| • Expected return on plan assets  | <b>359.64</b>      | 310.44  |
| • Actuarial gain/ (loss) on plan assets                                       | <b>76.80</b>       | 144.78  |
| • Contributions received  | <b>910.40</b>      | 567.71  |
| • Benefits paid   | <b>(1742.60)</b>   | (259.27)  |
| • Fair value of plan assets as at the end of the year                         | <b>4662.59</b>     | 5058.35   |
| <b>D) (Shortfall)/excess of fair value over book value of plan assets</b>     | <b>(24.42)</b>     | (6.20)  |
| <b>E) Net liability recognized in the balance sheet (B-C+D)</b>               | <b>683.86</b>      | 910.40  |
| <b>F) Constitution of plan assets</b>   |                    |   |
| • Government Securities   | <b>678.08</b>      | 956.06  |
| • Corporate Bonds   | <b>838.11</b>      | 996.83  |
| • Insurer Managed Funds   | <b>3215.35</b>     | 3098.40   |
| • Others (net)  | <b>(68.95)</b>     | 7.06  |
| • Total   | <b>4662.59</b>     | 5058.35   |
| <b>G) Expenses recognized in the profit and loss account</b>                  |                    |   |
| • Current service cost  | <b>395.58</b>      | 316.89  |
| • Interest cost   | <b>463.47</b>      | 395.83  |
| • Expected return on plan assets  | <b>(359.64)</b>    | (310.44)  |
| • Net actuarial (gain)/ loss  | <b>202.67</b>      | 469.03  |
| • (Shortfall)/excess of fair value over book value of plan assets-incremental | <b>(18.22)</b>     | 39.09   |
| • Total   | <b>683.86</b>      | 910.40  |

## H) Experience adjustments

| Rupees in lacs                            |           |           |           |           |                 |
|---|-----------|-----------|-----------|-----------|-----------------|
| Particulars                               | 31-Mar-10 | 31-Mar-11 | 31-Mar-12 | 31-Mar-13 | 31-Mar-14       |
| Defined benefit obligation                | 3551.73   | 4213.58   | 4907.69   | 5974.95   | <b>5370.87</b>  |
| Plan assets                               | 3261.15   | 3477.78   | 4294.69   | 5058.35   | <b>4662.59</b>  |
| Surplus/(deficit)                         | (290.58)  | (735.80)  | (613.00)  | (916.60)  | <b>(708.28)</b> |
| Experience adjustment on plan liabilities | 477.31    | 512.10    | 457.77    | 495.91    | <b>596.04</b>   |
| Experience adjustment on plan assets      | 53.42     | 36.46     | 144.82    | 144.78    | <b>76.80</b>    |

| Rupees in lacs                               |         |              |                  |                              |                  |
|--|---------|--------------|------------------|------------------------------|------------------|
| For the year ended 31.3.2014                 |         |              |                  | For the year ended 31.3.2013 |                  |
| <b>42. Turnover and stocks</b>               |         |              |                  |                              |                  |
| a) Particulars of sales (gross)**            |         |              |                  |                              |                  |
| - Cigarettes                                 | Million | <b>15318</b> | <b>340791.19</b> | 15185                        | 302953.89        |
| - Unmanufactured tobacco*                    | Tonne   | <b>13036</b> | <b>26406.90</b>  | 8970                         | 17533.33         |
| - Chewing products                           | Tonne   | <b>1409</b>  | <b>15778.09</b>  | 1359                         | 14231.95         |
| - Traded goods                               |         |              | <b>30201.21</b>  |                              | 25100.72         |
|  |         |              | <b>413177.39</b> |                              | <b>359819.89</b> |
| * transferred from raw and packing materials |         |              |                  |                              |                  |
| ** excludes samples, write-off, etc.         |         |              |                  |                              |                  |
| b) Details of stock-in-trade                 |         |              |                  |                              |                  |
| i) Opening stocks                            |         |              |                  |                              |                  |
| - Cigarettes                                 | Million | <b>725</b>   | <b>13748.61</b>  | 574                          | 7080.07          |
| - Chewing products                           | Tonne   | <b>70</b>    | <b>619.25</b>    | 31                           | 251.00           |
| - Traded goods                               |         |              | <b>4726.16</b>   |                              | 2555.75          |
| ii) Closing stocks                           |         |              |                  |                              |                  |
| - Cigarettes                                 | Million | <b>738</b>   | <b>11530.47</b>  | 725                          | 13748.61         |
| - Chewing products                           | Tonne   | <b>91</b>    | <b>818.27</b>    | 70                           | 619.25           |
| - Traded goods                               |         |              | <b>5072.80</b>   |                              | 4726.16          |

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

|                               |  | % of total consumption | Rs. in lacs     | % of total consumption | Rs. in lacs |
|-------------------------------|--|------------------------|-----------------|------------------------|-------------|
| (A) Raw and packing materials |  |                        |                 |                        |             |
| i) Imported                   |  | <b>12.40</b>           | <b>6582.33</b>  | 10.64                  | 5057.79     |
| ii) Indigenous                |  | <b>87.60</b>           | <b>46514.38</b> | 89.36                  | 42496.88    |
|                               |  | <b>100.00</b>          | <b>53096.71</b> | 100.00                 | 47554.67    |
| (B) Spare parts               |  |                        |                 |                        |             |
| i) Imported                   |  | <b>56.94</b>           | <b>399.88</b>   | 44.80                  | 185.22      |
| ii) Indigenous                |  | <b>43.06</b>           | <b>302.40</b>   | 55.20                  | 228.24      |
|                               |  | <b>100.00</b>          | <b>702.28</b>   | 100.00                 | 413.46      |



**GODFREY PHILLIPS**  
—INDIA LIMITED—

**Rupees in lacs**

|   | <b>For the year ended<br/>31.3.2014</b> | <b>For the year ended<br/>31.3.2013</b> |
|---|---|---|
| <b>44.</b> Earnings in foreign exchange   |   |   |
| a) Export of goods on F.O.B. basis  | <b>48169.81</b>                         | 35253.83                                |
| b) Others including freight, etc.   | <b>976.78</b>                           | 804.71                                  |
|   | <b>49146.59</b>                         | 36058.54                                |
| <b>45.</b> Value of imports on C.I.F. basis<br>(including those in transit)         |   |   |
| i) Raw and packing materials  | <b>8935.80</b>                          | 4304.79                                 |
| ii) Components and spare parts  | <b>451.10</b>                           | 234.19                                  |
| iii) Capital goods  | <b>2171.93</b>                          | 2957.17                                 |
| iv) Purchases for resale - cigars, etc.   | <b>107.77</b>                           | 191.91                                  |
|   | <b>11666.60</b>                         | 7688.06                                 |
| <b>46.</b> Expenditure in foreign currencies<br>(net of tax, where applicable)      |   |   |
| Technical services fee and royalty  | <b>1230.52</b>                          | 1101.00                                 |
| Professional /technical consultancy fees  | <b>1561.87</b>                          | 1806.26                                 |
| Interest  | <b>915.50</b>                           | 1177.09                                 |
| Others  | <b>1974.79</b>                          | 833.31                                  |
|   | <b>5682.68</b>                          | 4917.66                                 |
| <b>47.</b> Dividends remittance to non-resident<br>shareholders in foreign currency |   |   |
| Amount of dividends   | <b>1044.04</b>                          | 1044.04                                 |
| Number of non-resident shareholders to whom<br>remittances made                     | <b>1</b>                                | 1                                       |
| Number of shares on which remittances made  | <b>26,10,095</b>                        | 26,10,095                               |
| Year for which dividends remitted (year ended)                                      | <b>31.3.2013</b>                        | 31.3.2012                               |

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

| Particulars  | <b>As at 31.3.2014</b>                           |                                  | <b>As at 31.3.2013</b>                           |                                  |
|--|--|----------------------------------|--|----------------------------------|
|  | <b>Amount in<br/>foreign<br/>currency (Lacs)</b> | <b>Amount in<br/>Rs. in Lacs</b> | <b>Amount in<br/>foreign<br/>currency (Lacs)</b> | <b>Amount in<br/>Rs. in Lacs</b> |
| Loan Funds   | <b>306.00 USD</b>                                | <b>18335.52</b>                  | 450.00 USD                                       | 24430.50                         |
| Sundry debtors   | <b>52.59 USD</b>                                 | <b>3150.67</b>                   | 47.49 USD  | 2577.76                          |
|  | <b>- EURO</b>                                    | <b>-</b>                         | 1.30 EURO  | 90.47                            |
|  | <b>6.20 GBP</b>                                  | <b>617.08</b>                    | 4.82 GBP   | 397.46                           |
|  | <b>- AED</b>                                     | <b>-</b>                         | 10.31 AED  | 152.42                           |
| Current liabilities and provisions   | <b>13.01 USD</b>                                 | <b>779.44</b>                    | 15.91 USD  | 863.97                           |
|  | <b>2.10 EURO</b>                                 | <b>172.75</b>                    | 22.04 EURO                                       | 1534.65                          |
|  | <b>0.33 GBP</b>                                  | <b>33.31</b>                     | 0.25 GBP   | 20.95                            |
|  | <b>0.63 SGD</b>                                  | <b>29.97</b>                     | - SGD  | -                                |
|  | <b>- CHF</b>                                     | <b>-</b>                         | 0.10 CHF   | 5.70                             |
|  | <b>- AED</b>                                     | <b>-</b>                         | 0.63 AED   | 9.32                             |
|  | <b>8.59 JPY</b>                                  | <b>5.03</b>                      | 2.38 JPY   | 1.37                             |
| (b). Derivative instrument outstanding as at year end:<br>Currency option and interest rate swap to<br>hedge exposure in foreign currency loan and<br>interest thereon | <b>26642.00 JPY</b>                              | <b>18335.52</b>                  | 39445 JPY  | 24430.50                         |

**49.** Previous year's figures have been regrouped/reclassified, wherever considered necessary to conform to the current year's classification/disclosure.

For and on behalf of the Board of Directors

NITA KAPOOR  
COO - Domestic

SUNIL AGRAWAL  
Chief Financial Officer

Place : New Delhi  
Date : May 28, 2014

R. RAMAMURTHY  
Whole-time Director

SANJAY GUPTA  
Company Secretary

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors



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

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **GODFREY PHILLIPS INDIA LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements of subsidiaries viz., Chase Investments Limited, Kashyap Metal and Allied Industries Limited, Rajputana Infrastructure Corporate Limited, Unique Space Developers Limited and Gopal Krishna Infrastructure & Real Estate Limited whose financial statements reflect total assets (net) of Rs. 3305.55 lacs as at March 31, 2014, total revenues of Rs. 37.61 lacs and net cash flows amounting to Rs.3.99 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs.29.13 lacs for the year ended March 31, 2014, as considered in the consolidated financial statements, in respect of associates viz., Success Principles India Limited, KKM Management Centre Private Limited and IPM India Wholesale Trading Private Limited (IPM), whose financial statements have not been audited by us. In case of IPM, the financial statements considered are for the period from January 1, 2013 to December 31, 2013. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : Gurgaon  
Date : May 28, 2014

# CONSOLIDATED BALANCE SHEET

as at March 31, 2014

Rupees in lacs

| Particulars   | Note No. | As at 31.3.2014  | As at 31.3.2013 |
|---|----------|------------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>   |          |                  |                 |
| <b>Shareholders' funds</b>  |          |                  |                 |
| Share capital   | 3        | <b>1039.88</b>   | 1039.88         |
| Reserves and surplus  | 4        | <b>117389.72</b> | 104701.91       |
|   |          | <b>118429.60</b> | 105741.79       |
| <b>Minority interests</b>   |          | <b>142.33</b>    | 187.49          |
| <b>Non-current liabilities</b>  |          |                  |                 |
| Long-term borrowings  | 5        | <b>9707.04</b>   | 16612.74        |
| Deferred tax liabilities (net)  | 14       | -                | 508.16          |
| Other long-term liabilities   | 6        | <b>20.80</b>     | 20.60           |
| Long-term provisions  | 7        | <b>4130.37</b>   | 4003.28         |
|   |          | <b>13858.21</b>  | 21144.78        |
| <b>Current liabilities</b>  |          |                  |                 |
| Short-term borrowings   | 8        | <b>5542.43</b>   | 5925.47         |
| Trade payables  | 9        | <b>14935.08</b>  | 15984.88        |
| Other current liabilities   | 10       | <b>34977.25</b>  | 26302.82        |
| Short-term provisions   | 11       | <b>6227.12</b>   | 6375.75         |
|   |          | <b>61681.88</b>  | 54588.92        |
| <b>TOTAL</b>  |          | <b>194112.02</b> | 181662.98       |
| <b>ASSETS</b>   |          |                  |                 |
| <b>Non-current assets</b>   |          |                  |                 |
| Fixed assets  |          |                  |                 |
| - Tangible assets   | 12       | <b>69793.98</b>  | 73382.00        |
| - Intangible assets   | 12       | <b>692.79</b>    | 590.75          |
| - Capital work-in-progress  | 12       | <b>4561.00</b>   | 1633.40         |
| Goodwill on consolidation   |          | <b>165.49</b>    | 165.49          |
| Non-current investments   | 13       | <b>25207.63</b>  | 12801.57        |
| Deferred tax assets (net)   | 14       | <b>887.92</b>    | -               |
| Long-term loans and advances  | 15       | <b>5165.55</b>   | 4810.37         |
|   |          | <b>106474.36</b> | 93383.58        |
| <b>Current assets</b>   |          |                  |                 |
| Current investments   | 16       | <b>7480.00</b>   | 15796.91        |
| Inventories   | 17       | <b>59016.82</b>  | 54335.12        |
| Trade receivables   | 18       | <b>10353.35</b>  | 7929.67         |
| Cash and bank balances  | 19       | <b>2609.61</b>   | 2447.39         |
| Short-term loans and advances   | 20       | <b>6095.63</b>   | 6226.22         |
| Other current assets  | 21       | <b>2082.25</b>   | 1544.09         |
|   |          | <b>87637.66</b>  | 88279.40        |
| <b>TOTAL</b>  |          | <b>194112.02</b> | 181662.98       |
| Accompanying notes 1 to 43 form part of the consolidated financial statements |          |                  |                 |

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

Jaideep Bhargava  
Partner

NITA KAPOOR  
COO - Domestic

R. RAMAMURTHY  
Whole-time Director

For and on behalf of the Board of Directors

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

Place : New Delhi  
Date : May 28, 2014

SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2014



GODFREY PHILLIPS  
—INDIA LIMITED—

Rupees in lacs

| Particulars   | Note No. | Year ended 31.3.2014 | Year ended 31.3.2013 |
|---|----------|----------------------|----------------------|
| <b>INCOME</b>   |          |                      |                      |
| Revenue from operations   | 22       | <b>419673.10</b>     | 364332.78            |
| Less: Excise duty   |          | <b>171425.51</b>     | 154573.44            |
|   |          | <b>248247.59</b>     | 209759.34            |
| Other income  | 23       | <b>2309.24</b>       | 2938.03              |
| <b>TOTAL REVENUE</b>  |          | <b>250556.83</b>     | 212697.37            |
| <b>EXPENSES</b>   |          |                      |                      |
| Cost of materials consumed  | 24       | <b>53096.71</b>      | 47554.67             |
| Purchases of traded goods   | 25       | <b>44705.30</b>      | 42342.74             |
| Changes in inventories of finished goods, work-in-process and traded goods    | 26       | <b>1788.89</b>       | (9400.55)            |
| Employee benefits expenses  | 27       | <b>23895.94</b>      | 21862.31             |
| Finance costs   | 28       | <b>2900.36</b>       | 2692.66              |
| Depreciation and amortization expenses  | 12       | <b>9104.58</b>       | 9255.46              |
| Other expenses  | 29       | <b>85639.45</b>      | 74706.27             |
| <b>TOTAL EXPENSES</b>   |          | <b>221131.23</b>     | 189013.56            |
| <b>Profit before exceptional item and tax</b>                                 |          | <b>29425.60</b>      | 23683.81             |
| <b>Exceptional item</b>   | 30       | <b>3538.29</b>       | -                    |
|   |          | <b>25887.31</b>      | 23683.81             |
| Tax expense:  |          |                      |                      |
| Current tax   |          | <b>9652.25</b>       | 5890.62              |
| Deferred tax (credit)/charge  |          | <b>(1396.08)</b>     | 1106.55              |
| Current tax expense relating to prior years                                   |          | <b>151.20</b>        | (257.07)             |
| Profit after tax but before results of associates and minority interests      |          | <b>17479.94</b>      | 16943.71             |
| Share of net profit of associates   |          | <b>29.13</b>         | 42.42                |
| Profit after tax but before minority interests                                |          | <b>17509.07</b>      | 16986.13             |
| Minority interests  |          | <b>(45.16)</b>       | (16.42)              |
| <b>Net profit</b>   |          | <b>17554.23</b>      | 17002.55             |
| <b>Earnings per equity share- basic/diluted</b>                               | 31       | <b>Rs.168.81</b>     | <b>Rs.163.50</b>     |
| (Face value of share - Rs.10 each)  |          |                      |                      |
| Accompanying notes 1 to 43 form part of the consolidated financial statements |          |                      |                      |

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

Jaideep Bhargava  
Partner

NITA KAPOOR  
COO - Domestic

SUNIL AGRAWAL  
Chief Financial Officer

R. RAMAMURTHY  
Whole-time Director

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For and on behalf of the Board of Directors

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

Place : New Delhi  
Date : May 28, 2014

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2014

Rupees in lacs

|  |                    | For the year<br>ended<br>31.3.2014 |             | For the year<br>ended<br>31.3.2013 |
|--|--------------------|------------------------------------|-------------|------------------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                    |                                    |             |                                    |
| Net profit before tax  |                    | <b>25887.31</b>                    |             | 23683.81                           |
| Adjustments for:   |                    |                                    |             |                                    |
| Depreciation and amortization  |                    | <b>9104.58</b>                     |             | 9255.46                            |
| Interest income from debts, deposits, loans and advances, etc.       |                    | <b>(248.72)</b>                    |             | (305.43)                           |
| Dividends from current and long-term investments                     |                    | <b>(17.37)</b>                     |             | (14.90)                            |
| Interest income from long-term investments                           |                    | <b>(34.80)</b>                     |             | (34.74)                            |
| Profit on redemption/sale of long-term investments                   |                    | <b>(1678.11)</b>                   |             | (2432.57)                          |
| Profit on sale of current investments                                |                    | <b>(497.89)</b>                    |             | (372.70)                           |
| Exchange loss on foreign currency bank balance                       |                    | <b>1.17</b>                        |             | -                                  |
| Exchange loss on long-term foreign currency borrowings               |                    | <b>2363.33</b>                     |             | 1643.77                            |
| Provision for wealth-tax   |                    | <b>24.00</b>                       |             | 28.00                              |
| Interest expenses - on borrowings                                    |                    | <b>1060.72</b>                     |             | 1464.08                            |
| - others   |                    | <b>995.14</b>                      |             | 4.39                               |
| Provision for decline in the value of investments written back       |                    | <b>(8.15)</b>                      |             | (6.12)                             |
| Fixed assets written off   |                    | <b>272.73</b>                      |             | 166.76                             |
| Loss on sale of fixed assets   |                    | <b>99.61</b>                       |             | 53.02                              |
| Write down in the value of fixed assets held for sale                |                    | <b>211.00</b>                      |             | -                                  |
|  |                    | <b>11647.24</b>                    |             | 9449.02                            |
| <b>Operating profit before working capital changes</b>               |                    | <b>37534.55</b>                    |             | 33132.83                           |
| Adjustments for:   |                    |                                    |             |                                    |
| Trade receivables, loans and advances and other current assets       |                    | <b>(3296.06)</b>                   |             | (1376.43)                          |
| Inventories  |                    | <b>(4681.70)</b>                   |             | (16167.50)                         |
| Trade payables, liabilities and provisions                           |                    | <b>8950.60</b>                     |             | 6834.28                            |
|  |                    | <b>972.84</b>                      |             | (7956.79)                          |
| <b>Cash generated from operations</b>                                |                    | <b>38507.39</b>                    |             | 25176.04                           |
| Interest received  |                    | <b>203.32</b>                      |             | 260.92                             |
| Dividends received   |                    | <b>17.37</b>                       |             | 14.90                              |
| Purchase of investments*   | <b>(13.62)</b>     |                                    | (214.38)    |                                    |
| Proceeds from sale of investments*                                   | <b>141.42</b>      | <b>127.80</b>                      | 296.62      | 82.24                              |
| Direct taxes paid  |                    | <b>(9277.54)</b>                   |             | (6448.83)                          |
|  |                    | <b>(8929.05)</b>                   |             | (6090.77)                          |
| <b>Net cash from operating activities</b>                            |                    | <b>29578.34</b>                    |             | 19085.27                           |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |                    |                                    |             |                                    |
| Purchase of fixed assets   |                    | <b>(11847.45)</b>                  |             | (15248.11)                         |
| Proceeds from sale of fixed assets                                   |                    | <b>185.20</b>                      |             | 36.52                              |
| Purchase of current and long-term investments                        |                    | <b>(2003.67)</b>                   | (147195.29) | 6696.42                            |
| Proceeds from sale of current and long-term investments              | <b>(230900.00)</b> |                                    | 153891.71   | (200.00)                           |
| Loans and deposits given   |                    | <b>-</b>                           |             | 200.00                             |
| Loans and deposits received back                                     |                    | <b>59.70</b>                       |             | 56.61                              |
| Interest received  |                    | <b>(412.71)</b>                    |             | (102.55)                           |
| Bank balances not considered as cash and cash equivalents            |                    | <b>(14018.93)</b>                  |             | (8561.11)                          |
| <b>Net cash used in investing activities</b>                         |                    |                                    |             |                                    |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                    |                                    |             |                                    |
| Repayment of long-term borrowings                                    |                    | <b>(8458.31)</b>                   |             | (6729.19)                          |
| Proceeds from/(Repayment of) short-term bank borrowings              |                    | <b>(383.04)</b>                    |             | 2488.78                            |
| Interest paid  |                    | <b>(2105.70)</b>                   |             | (1529.52)                          |
| Dividend paid  |                    | <b>(4154.77)</b>                   |             | (4149.43)                          |
| Corporate dividend tax paid  |                    | <b>(706.91)</b>                    |             | (674.78)                           |
| <b>Net cash used in financing activities</b>                         |                    | <b>(15808.73)</b>                  |             | (10594.14)                         |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>          |                    | <b>(249.32)</b>                    |             | (69.98)                            |
| Opening cash and cash equivalents                                    |                    | <b>1249.55</b>                     |             | 1319.53                            |
|  |                    | <b>1000.23</b>                     |             | 1249.55                            |
| Effect of exchange rate changes on foreign currency bank balance     |                    | <b>(1.17)</b>                      |             | -                                  |
| Closing cash and cash equivalents                                    |                    | <b>999.06</b>                      |             | 1249.55                            |
| * By the subsidiary companies engaged in the business of investments |                    |                                    |             |                                    |

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

Jaideep Bhargava  
Partner

NITA KAPOOR  
COO - Domestic

R. RAMAMURTHY  
Whole-time Director

SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

Place : New Delhi  
Date : May 28, 2014

For and on behalf of the Board of Directors

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

## NOTES

forming part of the consolidated financial statements  
for the year ended March 31, 2014



GODFREY PHILLIPS  
—INDIA LIMITED—

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Act. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

a) Principles of consolidation

The consolidated financial statements relate to Godfrey Phillips India Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements
- The excess of cost to the Company of its investment in a subsidiary company over the Company's portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognized in the consolidated financial statements as goodwill.

b) The subsidiaries (which along with Godfrey Phillips India Limited, the Parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

| Name   | Country of incorporation | Percentage of voting power as at |            |
|--|--------------------------|----------------------------------|------------|
|  |                          | 31.03.2014                       | 31.03.2013 |
|  |                          | %                                | %          |
| International Tobacco Company Limited              | India                    | 100.00                           | 100.00     |
| Chase Investments Limited                          | India                    | 100.00                           | 100.00     |
| Kashyap Metal and Allied Industries Limited        | India                    | 66.23 *                          | 66.23 *    |
| Unique Space Developers Limited                    | India                    | 66.67 *                          | 66.67 *    |
| Gopal Krishna Infrastructure & Real Estate Limited | India                    | 66.67 **                         | 66.67 **   |
| Rajputana Infrastructure Corporate Limited         | India                    | 66.23 ***                        | 66.23 ***  |

\* Held through other subsidiaries

\*\* 100% Subsidiary of Unique Space Developers Limited

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

c) The Group's associates are:

| Name  | Country of incorporation | Percentage of voting power as at |            |
|---|--------------------------|----------------------------------|------------|
|   |                          | 31.03.2014                       | 31.03.2013 |
|   |                          | %                                | %          |
| Success Principles India Limited            | India                    | 48.89                            | 48.89      |
| IPM India Wholesale Trading Private Limited | India                    | 24.80                            | 24.80      |
| KKM Management Centre Private Limited       | India                    | 36.75                            | 36.75      |

In respect of IPM India Wholesale Trading Private Limited, the financial statements for the year ended December 31, 2013 have been considered for the purpose of consolidation.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (i) **Use of estimates**

The preparation of the consolidated financial statements 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 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.

### (ii) **Inventories**

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

### (iii) **Cash and cash equivalents**

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

### (iv) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. (The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.)

### (v) **Revenue recognition**

Sale of goods is recognised at the point of dispatch of goods to customers. Sales are inclusive of excise duty where applicable but exclusive of sales tax/value added tax.

### (vi) **Other income**

Income from investments and interest income is accounted for on accrual basis. Dividend income is accounted for when the right to receive it is established.

### (vii) **Fixed assets and depreciation**

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

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

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

The rates applied are as follows:-

|  |              |
|--|--------------|
| Buildings -Other than factory                                      | 1.63%        |
| -Factory   | 3.34%        |
| Plant and machinery  | 4.75%/10.34% |
| Electrical installation and office equipments                      | 4.75%/5.15%  |
| Furniture and fixtures   | 6.33%        |
| Computers, information technology equipments and computer software | 16.21%       |
| Motor vehicles   | 9.50%        |



- Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.
- (viii) **Foreign currency transactions**
- Transactions in foreign currency are recorded at the exchange rates prevailing at the time of transactions. Gains/losses on settlement of the transactions are taken to the statement of profit and loss. The monetary items are translated at the year end rates and the gains/losses are taken to the statement of profit and loss.
- The difference between the forward rate and the exchange rate at the date of the forward contract transaction is recognised as income or expense over the life of the contract in the statement of profit and loss. The exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of the contract/the last reporting date, is recognised as income or expense for the period.
- (ix) **Investments**
- Long-term investments are carried individually at cost less provision for diminution, if any, other than temporary. Current investments are carried individually at the lower of cost and fair value.
- (x) **Employee benefits**
- The Group has various schemes of employee benefits such as provident fund, superannuation fund and gratuity fund duly recognised by the Income-tax authorities. The funds are administered through trustees and the Group's contributions are charged against the revenue every year. Accrued liability for gratuity and compensated absences on retirement are determined on the basis of actuarial valuation at the end of the financial year.
- (xi) **Earnings per share**
- Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.
- (xii) **Taxes on income**
- Provision for current tax for the period is based on taxable income computed in accordance with the provisions of the Income-tax Act, 1961.
- Deferred tax is recognised, subject to the consideration of prudence, on timing differences between taxable income and accounting income and is measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.
- Deferred tax assets on unabsorbed depreciation and carry forward of losses is not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.
- (xiii) **Research and development expenditure**
- Research and development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed assets and depreciation.
- (xiv) **Proposed dividends**
- Dividends proposed by the directors as appropriation of profits are provided for in the books of account, pending approval of shareholders at the annual general meeting.
- (xv) **Operating cycle**
- Based on the nature of products/activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.
- (xvi) **Investment subsidiaries**
- Income recognition, assets classification and provisioning are done in accordance with the prudential norms/guidelines issued by the Reserve Bank of India from time to time for Non-Banking Financial Companies.



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>3. Share capital</b>                     |                    |                    |
| <b>Authorised</b>                           |                    |                    |
| 60,000 Preference shares of Rs. 100 each    | <b>60.00</b>       | 60.00              |
| 2,44,00,000 Equity shares of Rs. 10 each    | <b>2440.00</b>     | 2440.00            |
|   | <b>2500.00</b>     | 2500.00            |
| <b>Issued, subscribed and fully paid up</b> |                    |                    |
| 1,03,98,784 Equity shares of Rs.10 each     | <b>1039.88</b>     | 1039.88            |

- (i) There has been no movement in the equity shares in the current and previous year.
- (ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
- (iii) Shares held by each shareholder holding more than 5%

| Name of the shareholder                                  | No. of<br>shares | % held as at<br>31.03.2014 | No. of shares | % held as at<br>31.03.2013 |
|--|------------------|----------------------------|---------------|----------------------------|
| a) Philip Morris Global Brands Inc.                      | <b>2,610,095</b> | <b>25.10%</b>              | 2,610,095     | 25.10%                     |
| b) Indo Euro Investment Co. Pvt. Ltd.*                   | -                | -                          | 1,471,782     | 14.15%                     |
| c) K K Modi Investment & Financial<br>Services Pvt. Ltd. | <b>3,039,332</b> | <b>29.23%</b>              | 1,168,759     | 11.24%                     |
| d) Good Investment (India) Ltd.                          | <b>796,044</b>   | <b>7.66%</b>               | 796,044       | 7.66%                      |
| e) Jupiter India Fund                                    | <b>333,672</b>   | <b>3.21%</b>               | 532,616       | 5.12%                      |

\*since merged with K K Modi Investment & Financial Services Pvt.Ltd.

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>4. Reserves and surplus</b>                                |                    |                    |
| Capital Redemption Reserve                                    | <b>30.13</b>       | 30.13              |
| Statutory Reserve   | <b>15.64</b>       | 10.59              |
| General Reserve   | <b>25931.89</b>    | 23931.89           |
| Surplus in Statement of Profit and Loss                       | <b>91412.06</b>    | 80729.30           |
|   | <b>117389.72</b>   | 104701.91          |
| Movement in reserves and surplus is as under:                 |                    |                    |
| <b>Statutory Reserve</b>                                      |                    |                    |
| Opening balance   | <b>10.59</b>       | 6.41               |
| Add: Transfer from surplus in statement of<br>profit and loss | <b>5.05</b>        | 4.18               |
| Closing Balance   | <b>15.64</b>       | 10.59              |





Rupees in lacs

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>General Reserve</b>                                     |                    |                    |
| Opening balance  | 23931.89           | 21931.89           |
| Add: Transfer from surplus in statement of profit and loss | 2000.00            | 2000.00            |
| Closing Balance  | <u>25931.89</u>    | <u>23931.89</u>    |
| <b>Surplus in Statement of Profit and Loss</b>             |                    |                    |
| Opening balance  | 80729.30           | 70597.35           |
| Add : Net profit for the current year                      | 17554.23           | 17002.55           |
| Less : Proposed dividend                                   | 4159.51            | 4159.51            |
| Corporate dividend tax                                     | 706.91             | 706.91             |
| Transfer to general reserve                                | 2000.00            | 2000.00            |
| Transfer to statutory reserve                              | 5.05               | 4.18               |
| Net surplus in the statement of profit and loss            | <u>91412.06</u>    | <u>80729.30</u>    |

|   |                |                 |
|---|----------------|-----------------|
| <b>5. Long-term borrowings</b>                    |                |                 |
| <b>Secured</b>                                    |                |                 |
| Foreign currency term loans from banks            | 18335.52       | 24430.50        |
| Less : Current maturities of long term borrowings | 8628.48        | 7817.76         |
|   | <u>9707.04</u> | <u>16612.74</u> |

Details of security and terms of above loans

These loans carry interest ranging between 3.8% to 5.5% per annum and are repayable in half yearly/ yearly instalments ranging between 3 to 5 years. Further, these loans are secured by way of exclusive charge over specific plant and machinery.

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| <b>6. Other long term-liabilities</b> |              |              |
| Others                                |              |              |
| -Security deposits                    | 20.80        | 20.60        |
|                                       | <u>20.80</u> | <u>20.60</u> |

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| <b>7. Long-term Provisions</b>      |                |                |
| Provision for employee benefits     |                |                |
| -provision for compensated absences | 4130.37        | 4003.28        |
|                                     | <u>4130.37</u> | <u>4003.28</u> |



Rupees in lacs

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>8. Short-term borrowings</b>  |                    |                    |
| <b>Secured</b>   |                    |                    |
| - Cash credits from banks*   | <b>5542.43</b>     | 3425.47            |
| <b>Unsecured</b>   |                    |                    |
| - Demand loan from banks   | -                  | 2500.00            |
|  | <b>5542.43</b>     | <u>5925.47</u>     |
| *Secured against hypothecation of stocks and book debts and second charge on all movable fixed assets of the Company |                    |                    |
| <b>9. Trade payables</b>   |                    |                    |
| Trade Payables   |                    |                    |
| -Micro and small enterprises   | <b>276.79</b>      | 152.31             |
| -Other than Micro and small enterprises  | <b>12987.50</b>    | 14422.86           |
| Employee payables  | <b>1670.79</b>     | 1409.71            |
|  | <b>14935.08</b>    | <u>15984.88</u>    |
| <b>10. Other current liabilities</b>   |                    |                    |
| Current maturities of long-term borrowings   | <b>8628.48</b>     | 7817.76            |
| Interest accrued but not due on borrowings   | <b>122.78</b>      | 172.62             |
| Unclaimed dividends  | <b>178.14</b>      | 173.40             |
| Payable to gratuity fund   | <b>779.53</b>      | 953.01             |
| Payables for fixed assets  | <b>873.65</b>      | 3004.33            |
| Other payables   |                    |                    |
| -Security deposits   | <b>32.50</b>       | 26.88              |
| -Statutory dues  | <b>17159.26</b>    | 11771.54           |
| -Advances from customers   | <b>7159.92</b>     | 2273.08            |
| -Others  | <b>42.99</b>       | 110.20             |
|  | <b>34977.25</b>    | <u>26302.82</u>    |
| <b>11. Short-term provisions</b>   |                    |                    |
| Provision for employee benefits  |                    |                    |
| -Provision for compensated absences  | <b>843.37</b>      | 1009.75            |
| Others   |                    |                    |
| -Proposed dividend   | <b>4159.51</b>     | 4159.51            |
| -Provision for corporate dividend tax  | <b>706.91</b>      | 706.91             |
| -Taxation (net of payments)  | <b>517.33</b>      | 499.58             |
|  | <b>6227.12</b>     | <u>6375.75</u>     |

## 12. Fixed assets

|   | GROSS BLOCK (AT COST) |                           |                |                  | DEPRECIATION/AMORTIZATION |                            |                 |                 | NET BLOCK       |  |
|---|-----------------------|---------------------------|----------------|------------------|---------------------------|----------------------------|-----------------|-----------------|-----------------|--|
|   | As at                 | Additions/<br>adjustments | Deductions     | As at            | For the                   | On                         | As at           | As at           | Rupees in lacs  |  |
|   | 31.3.2013             |                           |                | 31.3.2014        | year                      | deductions/<br>adjustments | 31.3.2014       | 31.3.2014       |                 |  |
| <b>Tangible Assets:</b>                         |                       |                           |                |                  |                           |                            |                 |                 |                 |  |
| Land-leasehold                                  | 1730.22 *             | -                         | -              | 1730.22 *        | -                         | -                          | -               | 1730.22         | 1730.22         |  |
| Land-freehold                                   | 982.42 @              | -                         | -              | 982.42 @         | -                         | -                          | -               | 982.42          | 982.42          |  |
| Buildings                                       | 17926.85 #            | 374.92                    | 0.03           | 18301.74 #       | 560.68                    | 0.03                       | 2360.30         | 15941.44        | 16127.20        |  |
| Leasehold building improvements                 | 677.17                | 0.00                      | -              | 677.17           | 22.63                     | -                          | 107.34          | 569.83          | 592.46          |  |
| Plant and machinery                             | 82105.26              | 4239.66 **                | 2404.53        | 83940.39         | 7425.20                   | 1892.51 **                 | 39301.84        | 44638.55        | 48336.11        |  |
| Electrical installation and equipments          | 777.26                | 109.24                    | 54.86          | 831.64           | 38.51                     | 28.43                      | 235.98          | 595.66          | 551.36          |  |
| Computers and information technology equipments | 2749.77               | 220.95                    | 169.77         | 2800.95          | 363.42                    | 126.87                     | 1551.48         | 1249.47         | 1434.84         |  |
| Furniture, fixtures and office equipments       | 3019.74               | 223.33                    | 254.76         | 2988.31          | 155.52                    | 133.87                     | 1112.04         | 1876.27         | 1929.35         |  |
| Motor vehicles                                  | 2700.30               | 1036.07                   | 356.43         | 3379.94          | 317.35                    | 149.79                     | 1169.82         | 2210.12         | 1698.04         |  |
| <b>Total of Tangible assets</b>                 | <b>112668.99</b>      | <b>6204.17</b>            | <b>3240.38</b> | <b>115632.78</b> | <b>8883.31</b>            | <b>2331.50</b>             | <b>45838.80</b> | <b>69793.98</b> | <b>73382.00</b> |  |
| <b>Intangible Assets</b>                        |                       |                           |                |                  |                           |                            |                 |                 |                 |  |
| Computer softwares                              | 1061.77               | 323.31                    | -              | 1385.08          | 221.27                    | -                          | 692.29          | 692.79          | 590.75          |  |
| <b>Total of Intangible assets</b>               | <b>1061.77</b>        | <b>323.31</b>             | <b>-</b>       | <b>1385.08</b>   | <b>221.27</b>             | <b>-</b>                   | <b>692.29</b>   | <b>692.79</b>   | <b>590.75</b>   |  |
| <b>Grand Total</b>                              | <b>113730.76</b>      | <b>6527.48</b>            | <b>3240.38</b> | <b>117017.86</b> | <b>9104.58</b>            | <b>2331.50</b>             | <b>46531.09</b> | <b>70486.77</b> |                 |  |
| Previous year                                   | 87577.38              | 26967.57                  | 814.19         | 113730.76        | 9255.46                   | 557.89                     | 39758.01        |                 | 73972.75        |  |
| <b>Capital work-in-progress</b>                 |                       |                           |                |                  |                           |                            |                 | <b>4561.00</b>  | <b>1633.40</b>  |  |
|   |                       |                           |                |                  |                           |                            |                 | <b>75047.77</b> | <b>75606.15</b> |  |

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

@ Includes Rs. 22.91 lacs (previous year Rs.22.91 lacs) in respect of land, title for which is yet to be registered in the name of the Group.

\* Includes Rs.6.69 lacs (previous year Rs.6.69 lacs) in respect of land for which a notice for termination of lease has been received from the Government of U.P., which notice has been disputed by the Group in a petition filed before the Allahabad High Court which is pending disposal.

\*\* Includes adjustment of Rs. 1018.06 lacs in gross block and Rs.666.72 lacs in accumulated depreciation on account of 'fixed assets held for sale' classified as other current assets under Note 21.



Rupees in lacs

|   |               | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|---------------|--------------------|--------------------|
| <b>13. Non-Current Investments</b>  |               |                    |                    |
| <b>LONG TERM (At cost unless otherwise stated)</b>  |               |                    |                    |
| <b>TRADE INVESTMENT - UNQUOTED</b>  |               |                    |                    |
| <b>Investments in Equity Instruments</b>  |               |                    |                    |
| <b>Associate:</b>   |               |                    |                    |
| IPM India Wholesale Trading Private Limited<br>49,60,000 Equity shares of Rs. 10 each fully paid up | <b>496.00</b> | 496.00             |                    |
| Less: Group's share of loss restricted to the original<br>cost of investment                        | <b>496.00</b> | 496.00             | -                  |
| KKM Management Centre Private Limited<br>11,02,500 Equity Shares of Rs.10 each fully paid up        | <b>110.25</b> | 110.25             |                    |
| Cost of acquisition   | <b>86.96</b>  | 56.79              | 167.04             |
| Add: Group's share of profit upto year end  | <b>197.21</b> |                    |                    |
| <b>Others:</b>  |               |                    |                    |
| Molind Engineering Limited<br>3,500 Equity Shares of Rs.10 each fully paid up                       |               | <b>0.25</b>        | 0.25               |
| Narang Industries Limited<br>40,000 Equity Shares of Rs.10 each fully paid up                       |               | <b>4.00</b>        | 4.00               |
| <b>OTHER INVESTMENTS - QUOTED</b>   |               |                    |                    |
| <b>Investments in Equity Instruments</b>  |               |                    |                    |
| Nestle India Limited<br>93 Equity Shares of Rs.10 each fully paid up                                |               | <b>0.07</b>        | 0.07               |
| Smithkline Beecham Consumer Healthcare Limited<br>320 Equity Shares of Rs.10 each fully paid up     |               | <b>0.38</b>        | 0.38               |
| GTC Industries Limited<br>100 Equity Shares of Rs.10 each fully paid up                             |               | <b>0.01</b>        | 0.01               |
| VST Industries Limited<br>100 Equity Shares of Rs.10 each fully paid up                             |               | <b>0.11</b>        | 0.11               |
| Hindustan Unilever Limited<br>290 Equity Shares of Re.1 each fully paid up                          |               | <b>0.07</b>        | 0.07               |
| HDFC Bank Limited<br>75,000 Equity Shares of Rs.2 each fully paid up                                |               | <b>1.50</b>        | 1.50               |
| Oriental Bank of Commerce<br>1,000 Equity Shares of Rs.10 each fully paid up                        |               | <b>0.60</b>        | 0.60               |
| Bank of Baroda<br>1,000 Equity Shares of Rs.10 each fully paid up                                   |               | <b>2.30</b>        | 2.30               |
| State Bank of Travancore<br>14,050 Equity Shares of Rs.10 each fully paid up                        |               | <b>8.43</b>        | 8.43               |
| Bank of India<br>1,000 Equity Shares of Rs.10 each fully paid up                                    |               | <b>1.35</b>        | 1.35               |
| Corporation Bank<br>3,687 Equity Shares of Rs.10 each fully paid up                                 |               | <b>13.58</b>       | 13.58              |
| Punjab Communications Limited<br>2399 Equity Shares of Rs.10 each fully paid up                     |               | <b>6.00</b>        | 6.00               |
| Circassia Pacific Finance Limited<br>1,00,000 Equity Shares of Rs.10 each fully paid up             |               | <b>10.00</b>       | 10.00              |
| Maruti Suzuki India Limited<br>950 Equity Shares of Rs.5 each fully paid up                         |               | <b>1.19</b>        | 1.19               |
| Emami Limited<br>2700 (Previous year 1800) Equity Shares of<br>Re.1 each fully paid up              |               | <b>0.63</b>        | 0.63               |



**Rupees in lacs**

|  | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|--|----------------------------|----------------------------|
| <b>13. Non Current Investments (Continued)</b>   |                            |                            |
| NTPC Limited<br>6,544 Equity Shares of Rs.10 each fully paid up                                    | <b>9.58</b>                | 9.58                       |
| Punjab National Bank<br>1,376 Equity Shares of Rs.10 each fully paid up                            | <b>7.13</b>                | 7.13                       |
| Reliance Industries Limited<br>5,176 Equity Shares of Rs.10 each fully paid up                     | <b>33.00</b>               | 33.00                      |
| Tata Consultancy Services Limited<br>3,850 Equity Shares of Re.1 each fully paid up                | <b>17.90</b>               | 17.90                      |
| Ashok Leyland Limited<br>15,000 Equity Shares of Re.1 each fully paid up                           | <b>2.05</b>                | 2.05                       |
| HT Media Limited<br>1,000 Equity Shares of Rs.2 each fully paid up                                 | <b>1.06</b>                | 1.06                       |
| Andhra Bank<br>12,379 Equity Shares of Rs.10 each fully paid up                                    | <b>11.40</b>               | 11.40                      |
| ICICI Bank Limited<br>2,339 Equity Shares of Rs.10 each fully paid up                              | <b>18.58</b>               | 18.58                      |
| Zee Entertainment Enterprises Limited<br>1,094 Equity Shares of Re.1 each fully paid up            | <b>0.82</b>                | 0.82                       |
| 22,974 6% Preference Shares of Rs.1 each fully paid up received as bonus<br>shares during the year | <b>-</b>                   | -                          |
| Suzlon Energy Limited<br>975 Equity Shares of Rs.2 each fully paid up                              | <b>0.99</b>                | 0.99                       |
| Talbro Automotive Components Limited<br>1,034 Equity Shares of Rs.10 each fully paid up            | <b>1.06</b>                | 1.06                       |
| IDFC Limited<br>1,500 Equity Shares of Rs.10 each fully paid up                                    | <b>1.80</b>                | 1.80                       |
| Chennai Petroleum Corporation Limited<br>400 Equity Shares of Rs.10 each fully paid up             | <b>0.96</b>                | 0.96                       |
| Dabur India Limited<br>6,000 Equity Shares of Re.1 each fully paid up                              | <b>2.11</b>                | 2.11                       |
| SRF Limited<br>3,200 Equity Shares of Rs.10 each fully paid up                                     | <b>8.31</b>                | 8.31                       |
| State Bank of India<br>1,000 Equity Shares of Rs.10 each fully paid up                             | <b>8.76</b>                | 8.76                       |
| Tata Chemicals Limited<br>1,500 Equity Shares of Rs.10 each fully paid up                          | <b>3.74</b>                | 3.74                       |
| Union Bank of India<br>913 Equity Shares of Rs.10 each fully paid up                               | <b>1.00</b>                | 1.00                       |
| Lanco Infratech Limited<br>1,00,000 Equity Shares of Re.1 each fully paid up                       | <b>24.00</b>               | 24.00                      |
| Parsvnath Developers Limited<br>1,122 Equity Shares of Rs.5 each fully paid up                     | <b>1.68</b>                | 1.68                       |
| Power Finance Corporation Limited<br>997 Equity Shares of Rs.10 each fully paid up                 | <b>0.85</b>                | 0.85                       |
| Idea Cellular Limited<br>1,637 Equity Shares of Rs.10 each fully paid up                           | <b>1.68</b>                | 1.68                       |
| Indian Bank Limited<br>2,096 Equity Shares of Rs.10 each fully paid up                             | <b>1.91</b>                | 1.91                       |
| Technocraft Industries India Limited<br>2,350 Equity Shares of Rs.10 each fully paid up            | <b>2.47</b>                | 2.47                       |
| Reliance Communication Limited<br>2,010 Equity Shares of Rs.5 each fully paid up                   | <b>2.75</b>                | 2.75                       |



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>13. Non Current Investments (Continued)</b>  |                    |                    |
| Reliance Infrastructure Limited<br>1,113 Equity Shares of Rs.10 each fully paid up          | <b>9.16</b>        | 9.16               |
| Reliance Power Limited<br>306 Equity Shares of Rs.10 each fully paid up                     | <b>1.17</b>        | 1.17               |
| Axis Bank<br>1,000 Equity Shares of Rs.10 each fully paid up                                | <b>8.27</b>        | 8.27               |
| Deccan Chronicle Holdings Limited<br>2,000 Equity Shares of Rs.2 each fully paid up         | <b>3.40</b>        | 3.40               |
| GMR Infrastructure Limited<br>10,000 Equity Shares of Re.1 each fully paid up               | <b>10.63</b>       | 10.63              |
| Industrial Development Bank of India<br>3,500 Equity Shares of Rs.10 each fully paid up     | <b>4.70</b>        | 4.70               |
| Indian Hotels Company Limited<br>3,500 Equity Shares of Re.1 each fully paid up             | <b>4.73</b>        | 4.73               |
| ITC Limited<br>9,000 Equity Shares of Re.1 each fully paid up                               | <b>7.39</b>        | 7.39               |
| J.K.Cement Limited<br>2,000 Equity Shares of Rs.10 each fully paid up                       | <b>3.47</b>        | 3.47               |
| Mahanagar Telephone Nigam Limited<br>1,000 Equity Shares of Rs.10 each fully paid up        | <b>1.65</b>        | 1.65               |
| Adani Port & Special Economic Zone Limited<br>240 Equity Shares of Rs.2 each fully paid up  | <b>0.21</b>        | 0.21               |
| Omaxe Limited<br>263 (Previous year 210) Equity Shares of Rs.10 each fully paid up          | <b>0.65</b>        | 0.65               |
| Power Grid Corporation of India Limited<br>17,068 Equity Shares of Rs.10 each fully paid up | <b>19.32</b>       | 19.32              |
| Steel Authority of India Limited<br>6,000 Equity Shares of Rs.10 each fully paid up         | <b>13.21</b>       | 13.21              |
| SKF India Limited<br>1,000 Equity Shares of Rs.10 each fully paid up                        | <b>4.34</b>        | 4.34               |
| Tata Motors Limited<br>5,000 Equity Shares of Rs.2 each fully paid up                       | <b>6.96</b>        | 6.96               |
| Tata Power Limited<br>10,000 Equity Shares of Re.1 each fully paid up                       | <b>11.52</b>       | 11.52              |
| V2 Retail Limited<br>25 Equity Shares of Rs.10 each fully paid up                           | <b>0.07</b>        | 0.07               |
| Central Bank of India<br>598 Equity Shares of Rs.10 each fully paid up                      | <b>0.61</b>        | 0.61               |
| Fortis Healthcare Limited<br>51,176 Equity Shares of Rs.10 each fully paid up               | <b>55.27</b>       | 55.27              |
| Bharat Earth Movers Limited<br>166 Equity Shares of Rs.10 each fully paid up                | <b>1.78</b>        | 1.78               |
| Cipla Limited<br>1,000 Equity Shares of Rs.2 each fully paid up                             | <b>2.14</b>        | 2.14               |
| ICRA Limited<br>1,000 Equity Shares of Rs.10 each fully paid up                             | <b>9.68</b>        | 9.68               |
| Infosys Limited<br>500 Equity Shares of Rs.5 each fully paid up                             | <b>6.56</b>        | 6.56               |
| Kotak Mahindra Bank Limited<br>2,000 Equity Shares of Rs. 5 each fully paid up              | <b>7.99</b>        | 7.99               |
| Oil India Limited<br>525 Equity Shares of Rs. 10 each fully paid up                         | <b>2.21</b>        | 2.21               |



Rupees in lacs

|   | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|---|----------------------------|----------------------------|
| <b>13. Non Current Investments (Continued)</b>  |                            |                            |
| Coal India Limited<br>154 Equity Shares of Rs.10 each fully paid up   | <b>0.37</b>                | 0.37                       |
| Punjab and Sind Bank<br>50 Equity Shares of Rs.10 each fully paid up  | <b>0.06</b>                | 0.06                       |
| Shipping Corporation of India Ltd<br>719 Equity Shares of Rs.10 each fully paid up  | <b>1.01</b>                | 1.01                       |
| Emami Infrastructure Limited<br>300 Equity Shares of Rs.2 each fully paid up (received free of cost)                                    | -                          | -                          |
| Reliance Capital Limited<br>75 Equity Shares of Rs.10 each fully paid up (received free of cost)  | -                          | -                          |
| Siti Cable Network Limited<br>250 Equity Shares of Re.1 each fully paid up (received free of cost)                                      | -                          | -                          |
| Zee News Limited<br>226 Equity Shares of Re.1 each fully paid up (received free of cost)  | -                          | -                          |
| Zee Learn Limited<br>137 Equity Shares of Re.1 each fully paid up (received free of cost)   | -                          | -                          |
| <b>Investments in Bonds</b>   |                            |                            |
| Indian Railway Finance Corporation Limited<br>43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each<br>fully paid up | <b>435.01</b>              | 435.01                     |
| <b>Investments under Portfolio Management Service #:</b>  |                            |                            |
| <b>A) Reliance Portfolio Management Scheme- Trinity Series</b>  |                            |                            |
| <b>(Managed by Reliance Capital Asset Management Limited)</b>   |                            |                            |
| Aries Agro Limited<br>Nil (Previous year 687) Equity Shares of Rs.10 each fully paid up   | -                          | 0.88                       |
| HDFC Bank Limited<br>238 (Previous year 330) Equity Shares of Rs.2 each fully paid up   | <b>0.42</b>                | 0.59                       |
| Housing Development Finance Corporation<br>Nil (Previous year 59) Equity Shares of Rs.2 each fully paid up                              | -                          | 0.16                       |
| ONGC Limited<br>Nil (Previous year 460) Equity Shares of Rs.5 each fully paid up  | -                          | 0.82                       |
| Zuari Industries Limited<br>Nil (Previous year 109) Equity Shares of Rs.10 each fully paid up   | -                          | 0.29                       |
| Sai Rayalaseema Paper Mills Limited<br>15,895 Equity Shares of Rs.10 each fully paid up   | <b>1.93</b>                | 1.93                       |
| Tata Consultancy Services Limited<br>93 (Previous year 140) Equity Shares of Re.1 each fully paid up                                    | <b>0.65</b>                | 0.93                       |
| Bharti Televenture Limited<br>224 (Previous year 365) Equity Shares of Rs.5 each fully paid up  | <b>0.73</b>                | 1.19                       |
| Larsen and Toubro Limited<br>135 (Previous year 80) Equity Shares of Rs.5 each fully paid up  | <b>1.17</b>                | 1.04                       |
| Standard Chartered PLC<br>Nil (Previous year 1,070) IDR   | -                          | 1.05                       |
| Bharat Heavy Electricals Limited<br>Nil (Previous year 276) Equity Shares of Rs.2 each fully paid up                                    | -                          | 0.68                       |
| Cairn India Limited<br>Nil (Previous year 225) Equity Shares of Rs.10 each fully paid up  | -                          | 0.75                       |
| Crompton Greaves Limited<br>Nil (Previous year 418) Equity Shares of Rs.2 each fully paid up  | -                          | 0.60                       |
| Hindustan Zinc Limited<br>551 Equity Shares of Rs.2 each fully paid up  | <b>0.77</b>                | 0.77                       |



**Rupees in lacs**

|  | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|--|----------------------------|----------------------------|
| <b>13. Non Current Investments (Continued)</b>   |                            |                            |
| ICICI Bank Limited<br>223 (Previous year 137) Equity Shares of Rs.10 each fully paid up          | <b>2.03</b>                | 1.22                       |
| Mahindra & Mahindra Limited<br>72 (Previous year 129) Equity Shares of Rs.5 each fully paid up   | <b>0.48</b>                | 0.87                       |
| Reliance Industries Limited<br>207 (Previous year 169) Equity Shares of Rs.10 each fully paid up | <b>1.68</b>                | 1.40                       |
| Tata Steel Limited<br>Nil (Previous year 135) Equity Shares of Rs.10 each fully paid up          | -                          | 0.70                       |
| Tata Motors Limited<br>211 (Previous year 510) Equity Shares of Rs.2 each fully paid up          | <b>0.36</b>                | 0.86                       |
| Infosys Limited<br>59 Equity Shares of Rs.5 each fully paid up                                   | <b>1.39</b>                | 1.39                       |
| Axis Bank<br>Nil (Previous year 50) Equity Shares of Rs.10 each fully paid up                    | -                          | 0.66                       |
| CRISIL Ltd<br>Nil (Previous year 99) Equity Shares of Re.1 each fully paid up                    | -                          | 0.96                       |
| Divis Laboratories Ltd<br>97 (Previous year 83) Equity Shares of Rs.2 each fully paid up         | <b>0.90</b>                | 0.76                       |
| HCL Technologies Ltd<br>183 (Previous year 60) Equity Shares of Rs.2 each fully paid up          | <b>1.20</b>                | 0.28                       |
| IDFC Limited<br>Nil (Previous year 662) Equity Shares of Rs.10 each fully paid up                | -                          | 1.06                       |
| ING Vysya Bank<br>115 (Previous year 179) Equity Shares of Rs.10 each fully paid up              | <b>0.66</b>                | 0.97                       |
| Jyothi Laboratories Ltd<br>Nil (Previous year 355) Equity Shares of Re.1 each fully paid up      | -                          | 0.51                       |
| Lupin Laboratories Ltd<br>155 Equity Shares of Rs.2 each fully paid up                           | <b>0.92</b>                | 0.92                       |
| Maruti Suzuki India Ltd<br>42 (Previous year 85) Equity Shares of Rs.5 each fully paid up        | <b>0.79</b>                | 1.11                       |
| NTPC Ltd<br>Nil (Previous year 366) Equity Shares of Rs.10 each fully paid up                    | -                          | 0.53                       |
| State Bank of India<br>Nil (Previous year 56) Equity Shares of Rs.10 each fully paid up          | -                          | 1.03                       |
| Wockhardt Ltd<br>Nil (Previous year 61) Equity Shares of Rs. 5 each fully paid up                | -                          | 0.99                       |
| Canara Bank Limited<br>716 Equity Shares of Rs.10 each fully paid up                             | <b>1.83</b>                | -                          |
| Citi Union Bank Ltd<br>1,440 Equity Shares of Rs.10 each fully paid up                           | <b>0.77</b>                | -                          |
| Cox and Kings Limited<br>436 Equity Shares of Rs.10 each fully paid up                           | <b>0.59</b>                | -                          |
| Dr Reddy's Laboratories Ltd<br>27 Equity Shares of Rs.10 each fully paid up                      | <b>0.60</b>                | -                          |
| Engineers India Limited<br>393 Equity Shares of Rs.10 each fully paid up                         | <b>0.74</b>                | -                          |
| Federal Bank Limited<br>1,921 Equity Shares of Rs.10 each fully paid up                          | <b>1.63</b>                | -                          |
| Hero Honda Motors Ltd<br>33 Equity Shares of Rs.10 each fully paid up                            | <b>0.69</b>                | -                          |





Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>13. Non Current Investments (Continued)</b>  |                    |                    |
| HT Media Limited<br>948 Equity Shares of Rs.10 each fully paid up   | <b>0.74</b>        | -                  |
| IRB Infrastructure Developers Ltd<br>736 Equity Shares of Rs.10 each fully paid up  | <b>0.72</b>        | -                  |
| Manappuram General Finance & Leasing Ltd<br>4,608 Equity Shares of Rs.10 each fully paid up   | <b>0.84</b>        | -                  |
| NIIT Limited<br>352 Equity Shares of Rs.10 each fully paid up   | <b>1.08</b>        | -                  |
| Sesa Sterlite Limited<br>410 Equity Shares of Rs.10 each fully paid up  | <b>0.74</b>        | -                  |
| The Ramco Cements Limited<br>753 Equity Shares of Rs.10 each fully paid up  | <b>1.45</b>        | -                  |
| Torrent Pharmaceuticals Limited<br>243 Equity Shares of Rs.10 each fully paid up  | <b>1.02</b>        | -                  |
| Balance with portfolio management scheme  | <b>0.78</b>        | 0.39               |
| <b>B) Kotak 2010 Opportunities Portfolio Management Scheme<br/>(Managed by Kotak Securities Limited)</b>  |                    |                    |
| Kakinada Fertilizers Limited<br>7,521 Equity Shares of Rs.10 each fully paid up   | <b>0.53</b>        | 0.53               |
| Balance with portfolio management scheme  | <b>0.01</b>        | 0.01               |
| # Investments have been made under the portfolio management agreement entered into between the Group and Portfolio Management schemes and are being held in the name of the Portfolio Manager as envisaged in the aforesaid agreement |                    |                    |
| <b>Investments in Mutual Fund</b>   |                    |                    |
| Franklin Templeton Mutual Fund  |                    |                    |
| 1,83,51,130 Units of Templeton India Income Opportunities Fund -Growth of Rs.10 each  | <b>1889.88</b>     | 1889.88            |
| 27,534 Units of Templeton India Short Term Income Retail Plan-Growth of Rs.1000 each  | <b>477.95</b>      | 477.95             |
| ICICI Prudential Mutual Fund  |                    |                    |
| 70,50,405 Units of ICICI Prudential Income Opportunities Fund-Growth of Rs.10 each  | <b>1095.29</b>     | 1095.29            |
| 13,88,808 Units of ICICI Prudential Income Regular Plan-Growth of Rs.10 each  | <b>500.00</b>      | 500.00             |
| 41,57,762 Units of ICICI Prudential Short Term Direct Plan-Growth of Rs.10 each   | <b>1000.00</b>     | -                  |
| 75,28,363 Units of ICICI Prudential Dynamic Fund-Growth of Rs.10 each   | <b>1000.00</b>     | -                  |
| 1,00,00,000 Units of ICICI Prudential Interval Fund-Series VII, Annual Interval Plan C-Growth of Rs.10 each   | <b>1000.00</b>     | -                  |
| 4,09,436 (Previous year 12,64,818) Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each   | <b>63.77</b>       | 197.00             |
| Birla Mutual Fund   |                    |                    |
| 44,46,821 Units of Birla Sun Life Income Plus Plan-Growth of Rs.10 each   | <b>1616.37</b>     | 1616.37            |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series IU-527 Days-Growth of Rs. 10 each  | <b>1000.00</b>     | -                  |
| IDFC Mutual Fund  |                    |                    |
| 52,81,572 (Previous year 35,78,150) Units of IDFC Super Saver Income Fund Investment Plan-Growth of Rs. 10 each   | <b>1500.00</b>     | 1000.00            |
| 50,00,000 Units of IDFC Fixed Term Plan-Series 48 Direct Plan-Growth of Rs.10 each  | <b>500.00</b>      | -                  |
| 50,00,000 Units of IDFC Fixed Term Plan-Series 50 Direct Plan-Growth of Rs.10 each  | <b>500.00</b>      | -                  |
| HDFC Mutual Fund  |                    |                    |
| 80,90,484 Units of HDFC Medium Term Opportunities Fund-Growth of Rs.10 each   | <b>1000.00</b>     | 1000.00            |



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>13. Non Current Investments (Continued)</b>  |                    |                    |
| ING Mutual Fund<br>16,67,838 Units of ING Short Term Income Fund-Growth of Rs.10 each   | <b>219.25</b>      | 219.25             |
| Pine Bridge Mutual Fund<br>9,77,995 Units of PineBridge India Equity Fund Standard-Growth of Rs.10 each                                       | <b>100.00</b>      | 100.00             |
| SBI Mutual Fund<br>1,06,10,005 Units of SBI Dynamic Bond Fund-Growth of Rs.10 each  | <b>1500.00</b>     | 1500.00            |
| 50,00,000 SBI Debt Fund Series A-1-15 Months-Direct-Growth of Rs.10 each  | <b>500.00</b>      | -                  |
| TATA Mutual Fund<br>Nil* (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan Series<br>42 Scheme H-(392 Days) Growth of Rs.10 each  | -                  | 1000.00            |
| AXIS Mutual Fund<br>79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each  | <b>1000.00</b>     | -                  |
| DSP BlackRock Mutual Fund<br>1,08,760 (Previous year 73,289) Units of DSP BlackRock Strategic Bond<br>Fund-Direct Plan-Growth of Rs.1000 each | <b>1500.00</b>     | 1000.00            |
| Deutsche Mutual Fund<br>47,24,290 Units of DWS Short Maturity Fund-Direct Plan-Growth of Rs.1000 each   | <b>1000.00</b>     | -                  |
| Reliance Mutual Fund<br>1,00,00,000 Units of Reliance Yearly Interval Fund Series-6-Growth of Rs.10 each                                      | <b>1000.00</b>     | -                  |
| 20,000 Units of Reliance Equity Opportunity Fund -Growth of Rs.10 each  | <b>2.00</b>        | 2.00               |
| 97,800 Units of Reliance Top 200 Fund -Retail Plan - Growth of Rs.10 each   | <b>10.00</b>       | 10.00              |
| UTI Mutual Fund<br>70,99,046 Units of UTI Short Term Income Fund Institutional Option-Direct Plan-<br>Growth of Rs. 10 each                   | <b>1000.00</b>     | -                  |
| 27,09,726 Units of UTI Bond Fund Direct Plan-Growth of Rs.10 each   | <b>1000.00</b>     | -                  |
| 76,42,438 Units of UTI Dynamic Bond Fund Direct Plan-Growth of Rs.10 each   | <b>1000.00</b>     | -                  |
| Sundaram Mutual Fund<br>1,00,00,000 Sundaram Fixed Term Plan ER (18 Months) Direct-Growth of Rs.10 each                                       | <b>1000.00</b>     | -                  |

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>OTHER INVESTMENTS - UNQUOTED</b>  |                    |                    |
| <b>Investments in Equity Instruments</b>   |                    |                    |
| <b>Associate:</b>  |                    |                    |
| Success Principles India Limited<br>1,99,673 Equity Shares of Rs. 10 each fully paid up  | <b>19.97</b>       | 19.97              |
| Cost of acquisition (net of capital reserve of Rs.1.67 lacs)   | <b>41.16</b>       | 42.20              |
| Add: Group's share of profit upto year end   | <b>61.13</b>       | 62.17              |
| <b>Others:</b>   |                    |                    |
| K K Modi Investment & Financial Services Pvt. Ltd.<br>91,875** Equity Shares of Rs.10 each.<br>(previous year 36750 equity shares of<br>Indo Euro Investment Co. Pvt. Ltd. of Rs.100 each) | <b>36.78</b>       | 36.78              |
| Modicare Limited***<br>7,20,000 Equity Shares of Rs.2.50 each<br>(previous year Rs.10 Each)  | <b>18.00</b>       | 72.00              |
| 71,28,000 Preference Shares of K K Modi Investment &<br>Financial Services Pvt. Ltd. of Rs.10 each   | <b>54.00</b>       | -                  |
| <b>Investment in Government Securities (Unquoted)</b>  | <b>0.36</b>        | 0.36               |
|  | <b>25222.43</b>    | 12824.52           |



**Rupees in lacs**

|   | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|---|----------------------------|----------------------------|
| <b>13. Non Current Investments (Continued)</b>  |                            |                            |
| Less: Provision for diminution in the value of investments  | <b>14.80</b>               | 22.95                      |
|   | <b>25207.63</b>            | 12801.57                   |
| Aggregate value of quoted investments   | <b>24850.70</b>            | 12481.92                   |
| Aggregate amount of unquoted investments  | <b>356.93</b>              | 319.65                     |
|   | <b>25207.63</b>            | 12801.57                   |
| Market/net asset value of quoted investments  | <b>28652.39</b>            | 14971.87                   |
| * Transferred to Current Investment in Note 16.   |                            |                            |
| ** Shares allotted under the 'Scheme of Arrangement on merger of Indo Euro Investment Company Private Limited with K K Modi Investment & Financial Services Pvt.Ltd.  |                            |                            |
| *** Pursuant to 'Scheme of Arrangement', against the shareholding in equity share capital of Modicare Limited the Group received Preference share in the capital of K K Modi Investment & Financial Services Pvt. Ltd. in the ratio of 10:99 as free of cost. The face value per equity share of Modicare Limited got reduced to Rs.2.50 as against Rs.10 upon the implementation of said scheme. The cost of equity shares of Modicare Limited in the books of the Group has been apportioned between equity shares (post reduction of face value) and preference shares (received free of cost) in the ratio of 25:75 respectively. |                            |                            |

**Rupees in lacs**

|   | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|---|----------------------------|----------------------------|
| <b>14. Deferred taxation</b>                          |                            |                            |
| Deferred tax assets                                   |                            |                            |
| - Accrued expenses deductible on payment              | <b>2325.15</b>             | 2271.32                    |
| - Foreign currency fluctuation relating to borrowings | <b>1257.94</b>             | 1120.06                    |
| - Expenditure under voluntary retirement schemes      | <b>962.13</b>              | -                          |
| - Others  | <b>102.09</b>              | 113.49                     |
|   | <b>4647.31</b>             | 3504.87                    |
| Deferred tax liabilities                              |                            |                            |
| - Accelerated depreciation                            | <b>3716.90</b>             | 3947.55                    |
| - Capital gains                                       | <b>42.49</b>               | 65.48                      |
|   | <b>3759.39</b>             | 4013.03                    |
| Deferred tax assets/(liabilities)-net                 | <b>887.92</b>              | (508.16)                   |
| <b>15. Long-term loans and advances</b>               |                            |                            |
| (Unsecured, considered good unless otherwise stated ) |                            |                            |
| Capital advances                                      | <b>722.26</b>              | 460.57                     |
| Security deposits                                     | <b>1328.97</b>             | 1199.35                    |
| Other loans and advances                              |                            |                            |
| - Loans given   | <b>2325.00</b>             | 2325.00                    |
| - Prepaid expenses                                    | <b>26.38</b>               | 22.95                      |
| - Loans to employees                                  | <b>762.94</b>              | 602.50                     |
| - Inter-corporate deposits                            | <b>-</b>                   | 200.00                     |
|   | <b>5165.55</b>             | 4810.37                    |



**Rupees in lacs**

|   | <b>As at<br/>31.3.2014</b> | <b>As at<br/>31.3.2013</b> |
|---|----------------------------|----------------------------|
| <b>16. CURRENT INVESTMENTS</b>  |                            |                            |
| <b>Current portion of long-term investments (at cost)#</b>  |                            |                            |
| <b>Investments in Mutual Fund (Quoted)</b>  |                            |                            |
| ICICI Prudential Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of ICICI Prudential FMP Series 63-384 Days-Plan A-Growth of Rs. 10 each     | -                          | 1000.00                    |
| Birla Mutual Fund   |                            |                            |
| Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series GO-Growth of Rs.10 each            | -                          | 1000.00                    |
| Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series FM Growth of Rs. 10 each           | -                          | 1000.00                    |
| Nil (Previous year 1,50,00,000) Units of Birla Sun Life Fixed Term Plan Series DP- Growth of Rs.10 each           | -                          | 1500.00                    |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series GT-Growth of Rs.10 each                                | <b>1000.00</b>             | -                          |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series KG (367 Days) -Growth of Rs.10 each                    | <b>1000.00</b>             | -                          |
| 1,00,00,000 Units of Birla Sun Life Fixed Term Plan- Series HM-366 Days-Growth of Rs. 10 each                     | <b>1000.00</b>             | -                          |
| 45,649 Units of Birla Sun Life Saving Fund- Retails Growth of Rs.100 each   | <b>90.00</b>               | 90.00                      |
| 6,467 (Previous year 1,385) Units of Birla Sun Life Saving Fund- Growth of Rs.100 each                            | <b>15.00</b>               | 3.00                       |
| HDFC Mutual Fund  |                            |                            |
| Nil (Previous year 1,50,00,000) Units of HDFC FMP 400D February 2012 (1)-Growth-Series XXI of Rs.10 each          | -                          | 1500.00                    |
| HSBC Mutual Fund  |                            |                            |
| Nil (Previous year 1,50,00,000) Units of HSBC Fixed Term Series 86-Growth of Rs.10 each                           | -                          | 1500.00                    |
| Reliance Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of Reliance Fixed Horizon Fund XXII Series 2-Growth of Rs.10 each           | -                          | 1000.00                    |
| 32,90,917 (Previous year 87,75,778) Units of Reliance Income Fund-Growth Bonus Option of Rs.10 each               | <b>375.00</b>              | 1000.00                    |
| 1,00,00,000 Units of Reliance Fixed Horizon Fund XXV Series 14 (367 Days)-Growth of Rs. 10 each                   | <b>1000.00</b>             | -                          |
| Nil (Previous year 104) Units of Reliance Liquidity Fund- Direct Daily Dividend Reinvestment of Rs. 10 each       | -                          | 1.04                       |
| TATA Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of Tata Fixed Maturity Plan Series 40 Scheme C-Growth of Rs. 10 each        | -                          | 1000.00                    |
| Nil (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan Series 39 Scheme G-Growth of Rs.10 each         | -                          | 1000.00                    |
| 50,00,000 Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each                   | <b>500.00</b>              | -                          |
| 1,00,00,000* Units of TATA Fixed Maturity Plan Series 42 Scheme H (392 Days)-Growth of Rs.10 each                 | <b>1000.00</b>             | -                          |
| Sundaram Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of Sundaram Fixed Term Plan DE-367 Days-Direct-Growth of Rs.10 each         | -                          | 1000.00                    |
| Deutsche Mutual Fund  |                            |                            |
| Nil (Previous year 20,80,081) Units of DWS Money Plus Fund Regular Bonus of Rs.10 each                            | -                          | 202.87                     |
| 50,00,000 Units of DWS Fixed Maturity Plan -Series 43-Direct Plan-Growth of Rs.10 each                            | <b>500.00</b>              | -                          |
| 50,00,000 Units of DWS Fixed Maturity Plan -Series 46-Direct Plan-Growth of Rs.10 each                            | <b>500.00</b>              | -                          |
| DSP BlackRock Mutual Fund   |                            |                            |
| Nil (Previous year 1,00,00,000) Units of DSP BlackRock FMP Series 47-12M-Growth of Rs. 10 each                    | -                          | 1000.00                    |
| UTI Mutual Fund   |                            |                            |
| Nil (Previous year 1,00,00,000) Units of UTI Fixed Term Income Fund Series XI-VII (366 Days)-Growth of Rs.10 each | -                          | 1000.00                    |
| AXIS Mutual Fund  |                            |                            |
| Nil (Previous year 1,00,00,000) Units of AXIS Fixed Term Plan -Series 22 (374 Days)-Growth of Rs. 10 each         | -                          | 1000.00                    |
| L&T Mutual Fund   |                            |                            |
| 50,00,000 Units of L&T FMP Series 9-Plan B-Direct-Growth of Rs. 10 each   | <b>500.00</b>              | -                          |
| <b>Total</b>  | <b>7480.00</b>             | 15796.91                   |
| Aggregate value of quoted investments   | <b>7480.00</b>             | 15796.91                   |
| Net asset value of quoted investments   | <b>7857.77</b>             | 17161.64                   |
| # Long term investments having a maturity of less than 12 months from the balance sheet date.                     |                            |                            |
| * Transferred from Non Current Investments in Note 13.  |                            |                            |



Rupees in lacs

|  | As at<br>31.3.2014 | As at<br>31.3.2013 |
|--|--------------------|--------------------|
| <b>17. Inventories</b>                     |                    |                    |
| At lower of cost and net realisable value: |                    |                    |
| Raw and packing materials*                 | <b>39168.06</b>    | 32993.76           |
| Work-in-process                            | <b>391.25</b>      | 497.59             |
| Finished goods - Cigarettes                | <b>11513.76</b>    | 13741.97           |
| - Chewing products                         | <b>818.27</b>      | 619.25             |
| Traded goods                               | <b>5072.80</b>     | 4726.16            |
| At cost or under:                          |                    |                    |
| Stores and spare parts**                   | <b>2052.68</b>     | 1756.39            |
|  | <b>59016.82</b>    | 54335.12           |

\* Includes goods in transit Rs. 798.27 lacs (Previous year Rs.684.19 lacs)

\*\* Includes goods in transit Rs. 34.55 lacs (Previous year Rs.19.47 lacs)

|   |                 |         |
|---|-----------------|---------|
| <b>18. Trade Receivables</b>  |                 |         |
| <b>Outstanding for a period exceeding 6 months from the date they are due for payment</b> |                 |         |
| Unsecured - considered good   | <b>54.51</b>    | 211.41  |
| - considered doubtful   | <b>63.95</b>    | 64.22   |
|   | <b>118.46</b>   | 275.63  |
| Less: Allowances for doubtful receivables   | <b>63.95</b>    | 64.22   |
|   | <b>54.51</b>    | 211.41  |
| <b>Others</b>   |                 |         |
| Unsecured-considered good   | <b>10298.84</b> | 7718.26 |
|   | <b>10298.84</b> | 7718.26 |
|   | <b>10353.35</b> | 7929.67 |

|   |                 |          |
|---|-----------------|----------|
| <b>19. Cash and bank balances</b>   |                 |          |
| <b>Cash and cash equivalents:</b>   |                 |          |
| -Cash on hand   | <b>92.08</b>    | 67.08    |
| -Cheques, drafts on hand  | <b>35.50</b>    | 0.28     |
| -Balances with Banks  |                 |          |
| -In current accounts  | <b>871.48</b>   | 1182.19  |
|   | <b>999.06</b>   | 1249.55  |
| <b>Other bank balances:</b>   |                 |          |
| -In term deposit accounts   | <b>50.67</b>    | 54.78    |
| -In earmarked accounts for  |                 |          |
| -Margin money   | <b>1,338.93</b> | 932.34   |
| -Unpaid dividend, fixed deposits interest and preference shares/debentures redemption | <b>178.48</b>   | 173.75   |
| -Fixed deposit receipts lodged with government authorities                            | <b>42.47</b>    | 36.97    |
|   | <b>1,610.55</b> | 1,197.84 |
|   | <b>2609.61</b>  | 2447.39  |



Rupees in lacs

|   | As at<br>31.3.2014 | As at<br>31.3.2013 |
|---|--------------------|--------------------|
| <b>20. Short Term Loans and advances</b>              |                    |                    |
| (Unsecured, considered good unless otherwise stated)  |                    |                    |
| <b>Loans and advances to related parties</b>          |                    |                    |
| - Dues from officers/directors of the Company         | <b>4.08</b>        | 5.08               |
| - Dues from associate companies                       | <b>431.07</b>      | 403.33             |
| - Dues from other related parties                     | <b>66.02</b>       | 18.91              |
| <b>Others</b>   |                    |                    |
| - Inter-corporate deposits                            | <b>200.00</b>      | -                  |
| - With excise and customs on current/cenvat accounts  | <b>1046.01</b>     | 886.47             |
| - Income-tax recoverable                              | <b>1099.22</b>     | 1631.38            |
| - Security deposits                                   | <b>150.72</b>      | 228.19             |
| - Prepaid expenses                                    | <b>180.60</b>      | 248.69             |
| - Loans to employees                                  | <b>172.33</b>      | 148.51             |
| - Others  | <b>2745.58</b>     | 2655.66            |
|   | <b>6095.63</b>     | 6226.22            |
| <b>21. Other Current Assets</b>                       |                    |                    |
| Interest accrued on bank deposits                     | <b>67.24</b>       | 46.74              |
| Export incentives accrued/available                   | <b>1,868.37</b>    | 1490.66            |
| Fixed assets held for sale-net book value on transfer | <b>351.34</b>      |                    |
| Less: Write down in the value                         | <b>(211.00)</b>    | -                  |
| Unbilled revenue and others                           | <b>6.30</b>        | 6.69               |
|   | <b>2082.25</b>     | 1544.09            |



Rupees in lacs

|   | Year ended<br>31.3.2014 | Year ended<br>31.3.2013 |
|---|-------------------------|-------------------------|
| <b>22. Revenue from operations</b>  |                         |                         |
| Sale of products  |                         |                         |
| - Cigarettes  | <b>340791.19</b>        | 302953.89               |
| - Unmanufactured tobacco  | <b>26406.90</b>         | 17533.33                |
| - Chewing products  | <b>15778.09</b>         | 14231.95                |
| - Traded goods  | <b>30201.21</b>         | 25100.72                |
|   | <b>413177.39</b>        | 359819.89               |
| <b>Other operating revenues</b>   |                         |                         |
| Export incentives   | <b>1780.29</b>          | 1270.32                 |
| Rent and hire charges (gross) from:   |                         |                         |
| - Others  | <b>213.33</b>           | 146.75                  |
| Interest income (gross) from:   |                         |                         |
| - Debts, deposits, loans and advances, etc.                                   | <b>150.89</b>           | 124.51                  |
| Dividend income from long-term investments                                    | <b>17.37</b>            | 14.90                   |
| Doubtful debts and advances written back                                      | <b>0.27</b>             | -                       |
| Net gain on sale of long-term investments                                     | <b>7.54</b>             | 89.02                   |
| Liabilities no longer required, written back                                  | -                       | 391.09                  |
| Receipts from secondment of services  | <b>1823.67</b>          | 1428.25                 |
| Scrap sales   | <b>428.88</b>           | 280.67                  |
| Sundries  | <b>2073.47</b>          | 767.38                  |
|   | <b>6495.71</b>          | 4512.89                 |
| <b>Total revenue from operations</b>  | <b>419673.10</b>        | 364332.78               |
| Less: Excise duty   | <b>171425.51</b>        | 154573.44               |
|   | <b>248247.59</b>        | 209759.34               |
| <b>23. Other income</b>   |                         |                         |
| Interest income (gross) from:   |                         |                         |
| - Debts, deposits, loans and advances, etc.                                   | <b>97.83</b>            | 180.92                  |
| - Long-term investments   | <b>34.80</b>            | 34.74                   |
| Net gain on sale/redemption of:   |                         |                         |
| - Long-term investments   | <b>1670.57</b>          | 2343.55                 |
| - Current investments   | <b>497.89</b>           | 372.70                  |
| Provision made for decline in the value of long-term investments written back | <b>8.15</b>             | 6.12                    |
|   | <b>2309.24</b>          | 2938.03                 |



Rupees in lacs

|   | Year ended<br>31.3.2014 | Year ended<br>31.3.2013 |
|---|-------------------------|-------------------------|
| <b>24. Cost of materials consumed</b>   |                         |                         |
| (Raw and packing materials)   |                         |                         |
| Unmanufactured and blended tobacco  | <b>19689.60</b>         | 18653.50                |
| Cigarette paper   | <b>810.09</b>           | 765.33                  |
| Cardboard (shells, slides and others)   | <b>8222.81</b>          | 7682.88                 |
| Filter rods   | <b>6441.18</b>          | 4878.57                 |
| Aluminium foil/Metallised paper   | <b>1481.43</b>          | 1348.77                 |
| Cellulose paper   | <b>887.17</b>           | 822.61                  |
| Flavours for chewing products   | <b>3021.43</b>          | 3179.07                 |
| Betel nut   | <b>3152.00</b>          | 2476.20                 |
| Katha, lime and bulking agent   | <b>1418.55</b>          | 1209.60                 |
| Paper/Laminate pouches for chewing products   | <b>2100.36</b>          | 1681.11                 |
| Miscellaneous   | <b>5872.09</b>          | 4857.03                 |
|   | <b><u>53096.71</u></b>  | <u>47554.67</u>         |
| <b>25. Purchases of traded goods</b>  |                         |                         |
| Unmanufactured tobacco (transferred from raw and packing materials)                   | <b>22358.82</b>         | 15100.11                |
| Cigarettes  | <b>990.78</b>           | 8849.34                 |
| Other goods - Tea, etc. (including packing materials and processing charges)          | <b><u>21355.70</u></b>  | <u>18393.29</u>         |
|   | <b><u>44705.30</u></b>  | <u>42342.74</u>         |
| <b>26. Changes in Inventories of Finished goods, Work-in-process and Traded goods</b> |                         |                         |
| Opening stock:  |                         |                         |
| - Work-in-process   | <b>497.59</b>           | 311.16                  |
| - Finished goods - Cigarettes   | <b>13741.97</b>         | 7066.51                 |
| - Chewing products  | <b>619.25</b>           | 251.00                  |
| - Traded goods  | <b>4726.16</b>          | 2555.75                 |
|   | <b><u>19584.97</u></b>  | <u>10184.42</u>         |
| Closing stock:  |                         |                         |
| - Work-in-process   | <b>391.25</b>           | 497.59                  |
| - Finished goods - Cigarettes   | <b>11513.76</b>         | 13741.97                |
| - Chewing products  | <b>818.27</b>           | 619.25                  |
| - Traded goods  | <b>5072.80</b>          | 4726.16                 |
|   | <b><u>17796.08</u></b>  | <u>19584.97</u>         |
| Decrease/(Increase)   | <b><u>1788.89</u></b>   | <u>(9400.55)</u>        |





Rupees in lacs

|   | Year ended<br>31.3.2014 | Year ended<br>31.3.2013 |
|---|-------------------------|-------------------------|
| <b>27. Employee Benefits Expenses</b>                         |                         |                         |
| Salaries, wages, bonus, etc.                                  | <b>19509.50</b>         | 18015.86                |
| Contribution to provident and other funds                     | <b>1433.46</b>          | 1234.13                 |
| Workmen and staff welfare expenses                            | <b>1933.98</b>          | 1404.91                 |
| Contribution to gratuity and superannuation fund              | <b>1019.00</b>          | 1207.41                 |
|   | <b>23895.94</b>         | 21862.31                |
| <b>28. Finance Costs</b>                                      |                         |                         |
| Interest expenses on:   |                         |                         |
| - Borrowings  | <b>1060.72</b>          | 1464.08                 |
| - Others  | <b>995.14*</b>          | 4.39                    |
| Other borrowing costs   | <b>49.05</b>            | 24.12                   |
| Foreign currency fluctuations<br>(considered as finance cost) | <b>795.45</b>           | 1200.07                 |
|   | <b>2900.36</b>          | 2692.66                 |

\*including Rs.939.41 lacs towards interest on entry tax relating to prior years.

|  |              |                |       |         |
|--|--------------|----------------|-------|---------|
| <b>29. Other Expenses</b>  |              |                |       |         |
| Increase/(decrease) in excise duty<br>on finished goods                                    |              | <b>227.69</b>  |       | 3203.87 |
| Consumption of stores and spare parts*   |              | <b>167.61</b>  |       | 199.15  |
| Power and fuel   |              | <b>3155.45</b> |       | 2879.32 |
| Rent   |              | <b>2873.32</b> |       | 2170.99 |
| Repairs and maintenance  |              |                |       |         |
| - Buildings  |              | <b>557.42</b>  |       | 605.13  |
| - Machinery  |              | <b>1967.44</b> |       | 1350.28 |
| - Others   |              | <b>780.71</b>  |       | 649.51  |
| Insurance  |              | <b>453.05</b>  |       | 467.60  |
| Rates and taxes  |              | <b>7396.55</b> |       | 4627.90 |
| Freight and cartage  |              | <b>3392.82</b> |       | 3080.22 |
| Legal and professional expenses  |              | <b>9154.32</b> |       | 7012.11 |
| Auditors' Remuneration**<br>(net of cenvatable service tax)                                |              |                |       |         |
| - Audit fees   | <b>62.27</b> |                | 62.21 |         |
| - For tax audit  | <b>17.14</b> |                | 14.71 |         |
| - For limited review of unaudited<br>financial statements                                  | <b>39.65</b> |                | 35.08 |         |
| - For corporate governance,<br>consolidated financial statements<br>and other certificates | <b>6.10</b>  |                | 5.08  |         |
| - For other services   | <b>6.97</b>  |                | 5.08  |         |
| - Reimbursement of expenses  | <b>7.92</b>  | <b>140.05</b>  | 6.41  | 128.57  |



Rupees in lacs

|   | Year ended<br>31.3.2014 | Year ended<br>31.3.2013 |
|---|-------------------------|-------------------------|
| <b>29. Other Expenses (Contd.)</b>  |                         |                         |
| Cash discount   | <b>131.85</b>           | 153.62                  |
| Commission paid to other than sole selling agents   | <b>351.46</b>           | 193.84                  |
| Advertising and sales promotion   | <b>29731.06</b>         | 28661.31                |
| Selling and distribution expenses   | <b>6936.18</b>          | 5709.93                 |
| Travelling and conveyance   | <b>3642.59</b>          | 3229.41                 |
| Donations   | <b>743.11</b>           | 274.29                  |
| Bad debts and advances written off  | <b>110.16</b>           | 18.03                   |
| Provision for doubtful debts and advances   | -                       | 10.33                   |
| Fixed assets written off  | <b>272.73</b>           | 166.76                  |
| Loss on sale of fixed assets  | <b>99.61</b>            | 53.02                   |
| Technical services fee and royalty  | <b>1367.25</b>          | 1223.33                 |
| Foreign Currency fluctuation  | <b>1692.11</b>          | 348.34                  |
| Consumer research activity  | <b>922.83</b>           | 1463.66                 |
| Machine and material handling expenses  | <b>765.63</b>           | 401.48                  |
| Write down in the value of assets held for sale   | <b>211.00</b>           | -                       |
| Miscellaneous expenses  | <b>8395.45</b>          | 6424.27                 |
|   | <b>85639.45</b>         | 74706.27                |
| *Excludes consumption of stores and spares<br>parts changed to repairs and<br>maintenance-machinery | <b>1063.02</b>          | 801.03                  |
| **Includes fees paid to the auditors of<br>subsidiary companies                                     |                         |                         |

**30.** The exceptional item represents compensation paid to unionized staff and workmen attached to the Company's plant at Andheri, Mumbai, pursuant to the voluntary retirement schemes announced by the Company under the terms of settlement memorandum executed by it with the workers' union.

|  | For the year<br>ended<br>31.3.2014 | For the year<br>ended<br>31.3.2013 |
|--|------------------------------------|------------------------------------|
| <b>31. Earnings per share has been computed as under:</b>                              |                                    |                                    |
| (a) Net profit as per consolidated statement of<br>profit and loss (Rs. lacs)          | <b>17554.23</b>                    | 17002.55                           |
| (b) Weighted average number of equity shares<br>outstanding                            | <b>1,03,98,784</b>                 | 1,03,98,784                        |
| (c) Basic and diluted earnings per share (Rupees)<br>(face value of share-Rs. 10 each) | <b>168.81</b>                      | 163.50                             |



Rupees in lacs

|                                      | For the year<br>ended<br>31.3.2014 | For the year<br>ended<br>31.3.2013 |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>32. Remuneration of Directors</b> |                                    |                                    |
| Included in Expenses are:            |                                    |                                    |
| Salaries*                            | <b>417.00</b>                      | 334.13                             |
| Monetary value of benefits           | <b>49.12</b>                       | 43.41                              |
| Commission**                         | <b>427.00</b>                      | 309.17                             |
| Sitting fees                         | <b>8.09</b>                        | 7.30                               |
| <b>Total</b>                         | <b>901.21</b>                      | 694.01                             |

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

\*\* including Rs.170.00 lacs (previous year Rs.110.00 lacs) payable to a non-working director.

|   |                |         |
|---|----------------|---------|
| <b>33. Expenditure on Scientific Research and Development</b> |                |         |
| Revenue expenditure   | <b>1121.93</b> | 1049.18 |
| Capital expenditure   | <b>169.66</b>  | 111.44  |

|  |                |         |
|--|----------------|---------|
| <b>34. Contingent Liabilities not Provided for</b>   |                |         |
| a) Demands from excise, sales tax, income tax and other authorities disputed by the Group@ | <b>3651.43</b> | 2932.24 |
| b) Claims against the Group not acknowledged as debts                                      | <b>1.37</b>    | 1.37    |

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

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

**36.** The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.4688.74 lacs (previous year Rs.5534.81 lacs)

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

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

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



- (i) for periods not later than one year – Rs.254.74 lacs (previous year – Rs.165.96 lacs)
- (ii) for periods between later than one year and less than five years – Rs.473.90 lacs (previous year – Rs.386.79 lacs).
- (iii) for period later than five years Rs. Nil (previous year Rs.Nil).

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

### **38. Related party disclosures under Accounting Standard 18**

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

(a) Associates:

Philip Morris Global Brands Inc., of which the Company is an associate.  
K K Modi Investment & Financial Services Private Limited, of which the Company is an associate.  
Success Principles India Limited, an associate of the Company.  
IPM India Wholesale Trading Private Limited, an associate of the Company.  
KKM Management Centre Private Limited, an associate of the Company.

(b) Key management personnel and their relatives:

|                      |  |
|----------------------|--|
| Mr. K.K.Modi         | President and Managing Director  |
| Mr. Samir Kumar Modi | Executive Director   |
| Mr. Lalit Kumar Modi | Ordinary Director and a relative of Mr. K.K. Modi and Mr. Samir Kumar Modi |
| Mr. R.Ramamurthy     | Whole-time Director  |

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

Modicare Limited  
Beacon Travels Private Limited  
Indofil Industries Limited  
Assam Cigarette Company Private Limited  
R C Tobacco Private Limited  
HMA Udyog Private Limited  
Bina Fashion N Food Private Limited  
Modicare Foundation  
Priyal Hitay Nidhi  
Colorbar Cosmetics Private Limited  
Gujarmal Modi Science Foundation  
Modi Healthcare Placement India Private Limited  
Modi Innovative Education Society  
International Research Park Laboratories Limited  
Rajputana Fertilizers Limited  
Rajputana Developers Projects (AOP)



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

| Nature of transactions                     | Rupees in lacs    |            |  |        |   |           |
|--|-------------------|------------|--|--------|---|-----------|
|  | Associates        |            | Key management personnel and their relatives |        | Enterprises over which significant influence exists |           |
|  | 2014              | 2013       | 2014   | 2013   | 2014  | 2013      |
| Sale of goods, spare parts, etc.           | <b>25230.86 @</b> | 16224.08 @ | -  | -      | <b>166.88</b>                                       | 87.84     |
| Purchase of goods/services                 | <b>990.78 @</b>   | 8849.35 @  | -  | -      | <b>2301.15 #</b>                                    | 1573.79 # |
| Receipts from support services             | <b>867.48 @</b>   | -          | -  | -      | -   | -         |
| Receipts from secondment of services       | <b>1823.67 @@</b> | 1428.25 @@ | -  | -      | -   | -         |
| Interest income                            | <b>20.96 @</b>    | 19.72 @    | -  | -      | -   | -         |
| Miscellaneous Income                       | <b>285.06 @</b>   | 77.67 @    | -  | -      | -   | -         |
| Rent and hire charges received             | <b>70.20 @@</b>   | 70.20 @@   | -  | -      | <b>69.63</b>  | 65.80     |
| Rent paid                                  | -                 | -          | -  | -      | <b>17.60</b>  | 14.06     |
| Payments for professional services availed | <b>2237.70 @@</b> | 1764.04 @@ | -  | -      | -   | -         |
| Purchase of fixed assets                   | <b>7.54 @</b>     | -          | -  | -      | -   | -         |
| Donation given                             | -                 | -          | -  | -      | <b>624.50</b>                                       | 127.10    |
| Expenses recovered                         | <b>1845.05 @*</b> | 3325.90 @* | -  | -      | <b>1.03</b>   | 1.25      |
| Expenses reimbursed                        | <b>37.11</b>      | 17.65      | -  | -      | <b>1.17</b>   | 2.14      |
| Dividend payment (gross)                   |                   |            |  |        |   |           |
| - Philip Morris Global Brands Inc.         | <b>1044.04</b>    | 1044.04    | -  | -      | -   | -         |
| Managerial remuneration ##                 |                   |            |  |        |   |           |
| - K.K.Modi                                 | -                 | -          | <b>440.40</b>                                | 359.38 | -   | -         |
| - Lalit Kumar Modi                         | -                 | -          | <b>170.00</b>                                | 110.00 | -   | -         |
| - Samir Kumar Modi                         | -                 | -          | <b>162.33</b>                                | 114.61 | -   | -         |
| - R.Ramamurthy                             | -                 | -          | <b>120.39</b>                                | 102.72 | -   | -         |
| Balance outstanding as at the year end     |                   |            |  |        |   |           |
| - Trade receivables                        | <b>176.76 @</b>   | 1498.60 @  | -  | -      | <b>56.85</b>  | 15.08     |
| - Loans and advances                       | <b>431.07</b>     | 403.33     | -  | 0.06   | <b>2334.17*</b>                                     | 2328.83*  |
| - Trade payables                           | <b>1203.31 @</b>  | 4171.35 @  | -  | -      | <b>201.60</b>                                       | 642.32    |
| - Dues payable                             | -                 | -          | <b>2.02</b>                                  | 1.94   | -   | -         |

@relates to IPM India Wholesale Trading Private Limited

@@relates to KKM Management Centre Private Limited

@\*includes Rs.1834.00 lacs (previous year Rs.3319.07 lacs) from IPM India Wholesale Trading Private Limited.

# includes Rs.2167.15 lacs (previous year Rs. 1258.72 lacs) from Beacon Travels Private Limited

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

\*includes Rs.2325 lacs (previous year Rs.2325 lacs) to Rajputana Developers Projects (AOP).

**39. Segment reporting disclosures under Accounting Standard 17**

(A) Business segments:

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

(B) Geographical segments:

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



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

**Rupees in lacs**

|   | Cigarette and tobacco products    | Tea and other retail products | Others  | Total     | Cigarette and tobacco products    | Tea and other retail products | Others  | Total     |
|---|-----------------------------------|-------------------------------|---------|-----------|-----------------------------------|-------------------------------|---------|-----------|
|   | For the year ended March 31, 2014 |                               |         |           | For the year ended March 31, 2013 |                               |         |           |
| 1. Segment revenue - External sales (gross)                                   | 386161.69                         | 27015.70                      | -       | 413177.39 | 339190.99                         | 20628.90                      | -       | 359819.89 |
| - Less: Excise duty   | 171425.51                         | -                             | -       | 171425.51 | 154573.44                         | -                             | -       | 154573.44 |
| - Net sales   | 214736.18                         | 27015.70                      | -       | 241751.88 | 184617.55                         | 20628.90                      | -       | 205246.45 |
| - Other income  | 5850.90                           | 615.35                        | 29.46   | 6495.71   | 4034.53                           | 368.72                        | 109.64  | 4512.89   |
| - Total   | 220587.08                         | 27631.05                      | 29.46   | 248247.59 | 188652.08                         | 20997.62                      | 109.64  | 209759.34 |
| - Unallocable income  |                                   |                               |         | 2309.24   |                                   |                               |         | 2938.03   |
| Total revenue   |                                   |                               |         | 250556.83 |                                   |                               |         | 212697.37 |
| 2. Segment result   | 32359.90                          | (3441.50)                     | 16.29   | 28934.69  | 25549.08                          | (1564.90)                     | 104.90  | 24089.08  |
| - Unallocable (expenses)/income net of unallocable income/(expenses)          |                                   |                               |         | (147.02)  |                                   |                               |         | 2287.39   |
| Profit before finance costs and tax   |                                   |                               |         | 28787.67  |                                   |                               |         | 26376.47  |
| - Finance costs   |                                   |                               |         | (2900.36) |                                   |                               |         | (2692.66) |
| - Tax expense   |                                   |                               |         | (8407.37) |                                   |                               |         | (6740.10) |
| Profit after tax before share of results of associates and minority interests |                                   |                               |         | 17479.94  |                                   |                               |         | 16943.71  |
| Share of net profit of associates   |                                   |                               |         | 29.13     |                                   |                               |         | 42.42     |
| Profit after tax before minority interests                                    |                                   |                               |         | 17509.07  |                                   |                               |         | 16986.13  |
| 3. Other information  | As at March 31, 2014              |                               |         |           | As at March 31, 2013              |                               |         |           |
| a) Segment assets   | 144821.98                         | 10708.55                      | 3284.74 | 158815.27 | 137983.15                         | 9977.99                       | 3397.15 | 151358.29 |
| - Unallocable assets/investments  |                                   |                               |         | 35296.75  |                                   |                               |         | 30304.69  |
| Total assets  |                                   |                               |         | 194112.02 |                                   |                               |         | 181662.98 |
| b) Segment liabilities  | 43901.47                          | 2058.75                       | 17.25   | 45977.47  | 37559.03                          | 1582.87                       | 15.65   | 39157.55  |
| - Share capital, reserves and minority interests                              |                                   |                               |         | 118571.93 |                                   |                               |         | 105929.28 |
| - Unallocable liabilities   |                                   |                               |         | 29562.62  |                                   |                               |         | 36576.15  |
| Total liabilities   |                                   |                               |         | 194112.02 |                                   |                               |         | 181662.98 |
|   | For the year ended March 31, 2014 |                               |         |           | For the year ended March 31, 2013 |                               |         |           |
| c) Capital expenditure including capital work in progress                     | 9091.97                           | 562.46                        | -       | 9654.43   | 12072.72                          | 2083.15                       | -       | 14155.87  |
| d) Depreciation and amortization  | 8767.85                           | 336.73                        | -       | 9104.58   | 8971.57                           | 283.89                        | -       | 9255.46   |
| e) Non cash expenditure other than depreciation                               | 182.11                            | (10.67)                       | (8.15)  | 163.29    | 918.73                            | 61.82                         | (6.12)  | 974.43    |

#### Segment accounting policies:

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

##### a) Segment revenue and expenses:

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

##### b) Segment assets and liabilities:

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

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

#### 40. Employee Benefits

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

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

**Rupees in lacs**

|   | <b>For the year ended<br/>31.03.2014</b> | <b>For the year ended<br/>31.03.2013</b> |
|---|--|--|
| Employers' contribution to provident fund and employee's pension scheme | <b>1433.46</b>                           | 1234.09                                  |
| Employers' contribution to superannuation fund                          | <b>204.77</b>                            | 231.99                                   |
| Employers' contribution to employee's state insurance                   | <b>7.86</b>                              | 7.84                                     |

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

- Compensated absences – amount recognized in the statement of profit and loss – Rs.1214.99 lacs; previous year Rs.1387.48 lacs.

##### III. Defined benefit plans (based on actuarial valuation)

- Gratuity

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

|   | <b>Gratuity (Funded)</b>                 |  |
|---|--|--|
|   | <b>For the year ended<br/>31.03.2014</b> | <b>For the year ended<br/>31.03.2013</b>   |
| <b>A) Principal Assumptions</b>                         |  |  |
| • Discount rate (per annum)                             | <b>9.20%/9.05%</b>                       | 8.05%/7.95%  |
| • Rate of increase in compensation levels               | <b>7.50%</b>                             | Management:<br>9% p.a. for first year &<br>7% p.a. thereafter<br>Non Management:<br>7% |
| • Expected rate of return on plan assets                | <b>7.50%</b>                             | 7.50%  |
| • Expected average remaining working lives of employees | <b>11.08 /9.39 years</b>                 | 11.34 / 10.26 years  |
| • Retirement age  | <b>58 years</b>                          | 58 years   |



Rupees in lacs

|   | For the year<br>ended<br>31.03.2014 | For the year<br>ended<br>31.03.2013 |
|---|-------------------------------------|-------------------------------------|
| <b>B) Changes in the present value of obligation</b>                            |                                     |                                     |
| • Present value of obligation as at the beginning of the year                   | <b>6858.09</b>                      | 5706.66                             |
| • Interest cost   | <b>533.85</b>                       | 461.75                              |
| • Current service cost  | <b>437.86</b>                       | 350.89                              |
| • Benefits paid   | <b>(1816.13)</b>                    | (313.34)                            |
| • Actuarial (gain)/loss on obligations  | <b>370.97</b>                       | 652.13                              |
| • Present value of obligation as at the end of the year                         | <b>6384.64</b>                      | 6858.09                             |
| <b>C) Change in the fair value of plan assets</b>                               |                                     |                                     |
| • Fair value of plan assets as at the beginning of the year                     | <b>5945.80</b>                      | 5133.05                             |
| • Expected return on plan assets  | <b>426.09</b>                       | 373.04                              |
| • Actuarial gain/ (loss) on plan assets   | <b>73.12</b>                        | 147.99                              |
| • Contributions received  | <b>943.62</b>                       | 605.06                              |
| • Benefits paid   | <b>(1816.13)</b>                    | (313.34)                            |
| • Fair value of plan assets as at the end of the year                           | <b>5572.50</b>                      | 5945.80                             |
| <b>D) (Shortfall)/excess of fair value over book value of plan assets</b>       | <b>(32.61)</b>                      | (3.38)                              |
| <b>E) Net liability recognized in the balance sheet (B-C+D)</b>                 | <b>779.53</b>                       | 908.91                              |
| <b>F) Constitution of plan assets</b>   |                                     |                                     |
| • Government Securities   | <b>851.88</b>                       | 1144.35                             |
| • Public Sector Bonds   | <b>1551.48</b>                      | 1661.51                             |
| • Insurer Managed Funds   | <b>3215.35</b>                      | 3098.40                             |
| • Others (net)  | <b>(46.21)</b>                      | 41.54                               |
| • <b>Total</b>  | <b>5572.50</b>                      | 5945.80                             |
| <b>G) Expenses recognized in the profit and loss account</b>                    |                                     |                                     |
| • Current service cost  | <b>437.86</b>                       | 350.89                              |
| • Interest cost   | <b>533.85</b>                       | 461.75                              |
| • Expected return on plan assets  | <b>(426.09)</b>                     | (373.04)                            |
| • Net actuarial (gain)/ loss  | <b>297.85</b>                       | 504.14                              |
| • (Shortfall)/excess of fair value over book value of plan assets - incremental | <b>(29.24)</b>                      | 31.68                               |
| • <b>Total</b>  | <b>814.23</b>                       | 975.42                              |



## H) Experience Adjustments

Rupees in lacs

| Particulars                               | 31-Mar-10 | 31-Mar-11 | 31-Mar-12 | 31-Mar-13 | 31-Mar-14       |
|---|-----------|-----------|-----------|-----------|-----------------|
| Defined benefit obligation                | 4226.99   | 5066.53   | 5706.66   | 6858.09   | <b>6384.64</b>  |
| Plan assets                               | 3937.27   | 4204.58   | 5133.05   | 5945.80   | <b>5572.50</b>  |
| Surplus/(Deficit)                         | (289.72)  | (861.95)  | (573.61)  | (912.29)  | <b>(812.14)</b> |
| Experience adjustment on plan liabilities | 498.60    | 605.28    | 476.80    | 510.96    | <b>732.55</b>   |
| Experience adjustment on plan assets      | 66.45     | 56.33     | 167.08    | 147.99    | <b>73.12</b>    |

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

| Particulars                        | As at March 31, 2014              |                    | As at March 31, 2013              |                    |
|------------------------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
|                                    | Amount in foreign Currency (lacs) | Amount in Rs. lacs | Amount in foreign Currency (lacs) | Amount in Rs. lacs |
| Loan funds                         | <b>306.00 USD</b>                 | <b>18335.52</b>    | 450.00 USD                        | 24430.50           |
| Sundry debtors                     | <b>52.59 USD</b>                  | <b>3150.67</b>     | 47.49 USD                         | 2577.76            |
|                                    | <b>- EURO</b>                     | <b>-</b>           | 1.30 EURO                         | 90.47              |
|                                    | <b>6.20 GBP</b>                   | <b>617.08</b>      | 4.82 GBP                          | 397.46             |
|                                    | <b>- AED</b>                      | <b>-</b>           | 10.31 AED                         | 152.42             |
| Current liabilities and provisions | <b>13.01 USD</b>                  | <b>779.44</b>      | 15.91 USD                         | 863.97             |
|                                    | <b>2.12 EURO</b>                  | <b>174.19</b>      | 22.08 EURO                        | 1537.72            |
|                                    | <b>0.33 GBP</b>                   | <b>33.33</b>       | 0.25 GBP                          | 20.95              |
|                                    | <b>0.63 SGD</b>                   | <b>29.97</b>       | - -                               | -                  |
|                                    | <b>0.02 CHF</b>                   | <b>1.16</b>        | 0.12 CHF                          | 6.68               |
|                                    | <b>8.59 JPY</b>                   | <b>5.03</b>        | 2.38 JPY                          | 1.37               |
|                                    | <b>- AED</b>                      | <b>-</b>           | 0.63 AED                          | 9.32               |

(b) Derivative instrument outstanding as at year end:

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

**26642.00 JPY 18335.52**      39445 JPY      24430.50



**GODFREY PHILLIPS**  
—INDIA LIMITED—

**42. The details of subsidiary companies as at March, 31 2014, considered in the preparation of Consolidated Financial Statements are as under:**

Rupees in lacs

| Particulars                                 | International Tobacco Company Limited |            | Chase Investments Limited |            | Kashyap Metal and Allied Industries Limited |            | Unique Space Developers Limited |            | Gopal Krishna Infrastructure & Real Estate Limited |            | Rajputana Infrastructure Corporate Limited |            |
|---|---------------------------------------|------------|---------------------------|------------|---|------------|---------------------------------|------------|--|------------|--|------------|
|   | 31.3. 2014                            | 31.3. 2013 | 31.3. 2014                | 31.3. 2013 | 31.3. 2014                                  | 31.3. 2013 | 31.3. 2014                      | 31.3. 2013 | 31.3. 2014   | 31.3. 2013 | 31.3. 2014                                 | 31.3. 2013 |
| Share Capital                               | <b>300.00</b>                         | 300.00     | <b>280.45</b>             | 280.45     | <b>7.70</b>                                 | 7.70       | <b>81.96</b>                    | 81.96      | <b>5.00</b>  | 5.00       | <b>5.00</b>                                | 5.00       |
| Reserves                                    | <b>4,175.56</b>                       | 4,131.99   | <b>632.83</b>             | 607.55     | <b>410.42</b>                               | 544.24     | <b>(10.01)</b>                  | (4.83)     | <b>(2.20)</b>                                      | (2.22)     | <b>3.36</b>                                | 3.27       |
| Other Liabilities                           | <b>1,203.30</b>                       | 1,162.64   | <b>0.29</b>               | 0.28       | <b>1,990.46</b>                             | 1,989.58   | <b>2.01</b>                     | 1.08       | <b>0.23</b>  | 0.11       | <b>2,320.08</b>                            | 2,320.07   |
| Total Liabilities                           | <b>5,678.86</b>                       | 5,594.63   | <b>913.57</b>             | 888.28     | <b>2,408.58</b>                             | 2,541.52   | <b>73.96</b>                    | 78.21      | <b>3.03</b>  | 2.89       | <b>2,328.44</b>                            | 2,328.34   |
| Total Assets                                | <b>5,678.86</b>                       | 5,594.63   | <b>913.57</b>             | 888.28     | <b>2,408.58</b>                             | 2,541.52   | <b>73.96</b>                    | 78.21      | <b>3.03</b>  | 2.89       | <b>2,328.44</b>                            | 2,328.34   |
| Investments<br>(other than in subsidiaries) | -                                     | -          | <b>655.36</b>             | 634.64     | <b>63.77</b>                                | 197.00     | -                               | -          | -  | -          | -  | -          |
| Turnover/ Total Income                      | <b>4,917.46</b>                       | 4,053.88   | <b>18.64</b>              | 16.93      | <b>6.27</b>                                 | 86.98      | <b>4.09</b>                     | 5.05       | <b>0.21</b>  | 0.42       | <b>0.25</b>                                | 0.25       |
| Profit/(loss) before tax                    | <b>45.31</b>                          | 11.08      | <b>25.48</b>              | 21.02      | <b>(131.94)</b>                             | (48.73)    | <b>(5.18)</b>                   | 2.80       | <b>0.03</b>  | 0.26       | <b>0.12</b>                                | 0.12       |
| Less: Provision for tax                     | <b>1.74</b>                           | (3.50)     | <b>0.20</b>               | 0.09       | <b>1.88</b>                                 | -          | -                               | 0.86       | <b>0.01</b>  | 0.08       | <b>0.04</b>                                | 0.01       |
| Profit/(loss) after tax                     | <b>43.57</b>                          | 14.58      | <b>25.28</b>              | 20.93      | <b>(133.82)</b>                             | (48.73)    | <b>(5.18)</b>                   | 1.94       | <b>0.02</b>  | 0.18       | <b>0.08</b>                                | 0.11       |
| Proposed Dividend                           | -                                     | -          | -                         | -          | -   | -          | -                               | -          | -  | -          | -  | -          |

**43. Previous year's figures have been regrouped/reclassified, wherever considered necessary to conform to the current year's classification/disclosure.**

For and on behalf of the Board of Directors

NITA KAPOOR  
COO - Domestic

SUNIL AGRAWAL  
Chief Financial Officer

Place : New Delhi  
Date : May 28, 2014

R. RAMAMURTHY  
Whole-time Director

SANJAY GUPTA  
Company Secretary

R.A. SHAH  
Chairman

K.K. MODI  
President & Managing Director

BINA MODI  
ANUP N. KOTHARI

Directors

# GODFREY PHILLIPS INDIA LIMITED

Registered Office:

'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office,  
Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai - 400 033  
CIN: L16004MH1936PLC008587



GODFREY PHILLIPS  
—INDIA LIMITED—

## NOTICE

NOTICE is hereby given that the **Seventy-Seventh Annual General Meeting** of Godfrey Phillips India Limited will be held at **Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020** on **Tuesday, the 23<sup>rd</sup> September, 2014** at **03:00 P.M.** to transact the following business :

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2014.
3. To appoint a director in place of Mr. Lalit Kumar Modi (DIN 00029520) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 015125N) as the Statutory Auditors of the Company for three years i.e. from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017 (Subject to ratification of their appointment at each Annual General Meeting) and to fix their remuneration.

### Special Business:

To consider and if thought fit, to pass the following Resolutions with or without modification:

#### 5. As an Ordinary Resolution

"RESOLVED THAT Mr. R.A. Shah (DIN 00009851), already an Independent Director pursuant to clause 49 of the Listing Agreement and who is eligible to continue as an Independent Director pursuant to Section 149 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and in whose respect the Company has received a written notice from a member proposing his candidature for appointment as an Independent Director, shall continue and be and is hereby appointed as an Independent Director to hold office for a term of 5 (five) consecutive years upto the conclusion of the 82<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019 and shall not be liable to retire by rotation."

#### 6. As an Ordinary Resolution

"RESOLVED THAT Mr. Anup N. Kothari (DIN 00294737), already an Independent Director pursuant to clause 49 of the Listing Agreement and who is eligible to continue as an Independent Director pursuant to Section 149 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and in whose respect the Company has received a written notice from a member proposing his candidature for appointment as an Independent Director, shall continue and be and is hereby appointed as an Independent Director to hold office for a term of 5 (five) consecutive years upto the conclusion of the 82<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019 and shall not be liable to retire by rotation."

#### 7. As an Ordinary Resolution

"RESOLVED THAT Dr. Lalit Bhasin (DIN 00001607), already an Independent Director pursuant to clause 49 of the Listing Agreement and who is eligible to continue as an Independent Director pursuant to Section 149 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and in whose respect the Company has received a written notice from a member proposing his candidature for appointment as an Independent Director, shall continue and be and is hereby appointed as an Independent Director to hold office for a term of 5 (five) consecutive years upto the conclusion of the 82<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019 and shall not be liable to retire by rotation."



## 8. As an Ordinary Resolution

"RESOLVED THAT Ms. Bina Modi (DIN 00048606), who was appointed as an Additional Director of the Company with effect from April 7, 2014, and who in terms of Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a member under section 160 of the Companies Act, 2013, proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

## 9. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 61(1)(d) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Article 9 of the Articles of Association of the Company or any other law for the time being in force and subject to such other approval(s) and consent(s) of such authority(ies) as may be required, each and every one of the Equity Shares of the Company of the nominal value of Rs.10/- fully paid up be and is hereby divided into 5 Equity Shares of Rs.2/- each fully paid-up.

RESOLVED FURTHER THAT the existing Clause 5 of the Memorandum of Association of the Company relating to the Share Capital, be and is hereby deleted and in its place the following Clause 5 be substituted:

- '5 The Authorised Share Capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five Crores only) divided into 12,20,00,000 (Twelve Crore Twenty Lacs) Equity Shares of Rs.2/-(Rupee Two) each and 60,000 (Sixty Thousand) Preference Shares of Rs.100/- (Rupees One Hundred ) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

RESOLVED FURTHER THAT the existing issued, subscribed and fully paid up Equity Share Capital of the Company comprising of 1,03,98,784 (One Crore Three Lacs Ninety Eight Thousand Seven Hundred Eighty Four) Equity Shares of the face value of Rs.10/- (Rupees Ten) each aggregating to Rs.10,39,87,840 (Rupees Ten Crores Thirty Nine Lacs Eighty Seven Thousand Eight Hundred Forty only) be sub-divided into 5,19,93,920 (Five Crores Nineteen Lacs Ninety Three Thousand Nine Hundred Twenty) fully paid-up Equity Shares of the face value of Rs. 2/- (Rupees Two) each aggregating to Rs. 10,39,87,840/- (Rupees Ten Crores Thirty Nine Lacs Eighty Seven Thousand Eight Hundred Forty only).

RESOLVED FURTHER THAT the Board of directors of the Company ("the Board", which expression shall also include a duly constituted Committee thereof) be and is hereby authorised to do, perform and execute all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give effect to this resolution including but not limited to delegate all or any of the power vested in the Board to any Director(s) or official(s) of the Company, to fixing of the record date as per the requirement of the Listing Agreement, execution of all necessary documents with the Stock Exchanges and the Depositories and/or any other relevant statutory authority(ies), if any, cancellation or rectification of the existing physical share certificates in lieu of the old certificates and to settle any question or difficulty that may arise with regard to the subdivision of the equity shares as aforesaid or for any matter connected herewith or incidental hereto."

## 10. As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company, be and are hereby altered by substituting the existing Article 3 by the following new Article 3:

3. The Share Capital of the Company is Rs.25,00,00,000 divided into 60,000 Preference Shares of Rs. 100/- each and 12,20,00,000 Equity Shares of Rs. 2 each. The said Preference Shares shall confer the right in respect of the financial year ended 31st March, 1992 and for each subsequent year or



**GODFREY PHILLIPS**  
—INDIA LIMITED—

other period to a fixed cumulative preferential dividend at the rate of 14 percent per annum on the capital for the time being paid-up thereon, subject to deduction therefrom of income-tax at the rate of income tax payable by the Company on its profits and further subject to such deduction of tax at source in respect of tax payable by the shareholders as required by Section 194 of the Income tax Act, 1961, or any statutory modification or replacement thereof or by any Finance Act or any other Act or Rule or Regulation for the time being in force and the right in a winding-up to payment of capital and arrears of dividend, whether declared or not, upto the commencement of the winding-up in priority to the Equity Shares, but shall not confer any further right to participate in profits or assets.

RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board", which expression shall also include a duly constituted Committee thereof) be and is hereby authorised to do, perform and execute all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give effect to this resolution."

### **11) As a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 and Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the existing Article 106 of the Articles of Association of the Company, be and is hereby substituted by a new Article 106 as per text below:

'106. Subject to the provisions of Section 197 of the Companies Act, 2013, the remuneration payable to the Directors of the Company may be as hereinafter provided. The remuneration of each Director for his services shall be Rupees One Lakh for attending each Meeting of the Board or a duly constituted Committee thereof. The Directors or any one or more of them shall be paid such further remuneration (if any) as the Company in General Meeting has determined or shall from time to time determine'."

### **New Delhi : August 2, 2014 REGISTERED OFFICE:**

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

### **By order of the Board for Godfrey Phillips India Limited**

**Sanjay Gupta  
Company Secretary**

### **Notes:**

1. The Register of Members and Share Transfer Register of the Company shall remain closed from 17<sup>th</sup> September, 2014 to 23<sup>rd</sup> September, 2014 (both days inclusive) for the purpose of payment of dividend for the year ended 31<sup>st</sup> March, 2014.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxy Form, in order to be effective, shall be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy form is annexed to this Notice. Proxy forms submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. Dividend when declared, will be paid from 29<sup>th</sup> September, 2014 to those members of the Company whose names appear on the Register of Members on 23<sup>rd</sup> September, 2014 after giving effect to all the valid transfers in physical form lodged on or before the close of business hours on 16<sup>th</sup> September, 2014. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as at the close of business hours on 16<sup>th</sup> September, 2014 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.



4. Members are requested to note that the Company's shares are under compulsory demat trading for all the investors. Members are, therefore, requested to dematerialize their shareholding to avoid any inconvenience.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their name, address, bank details, ECS mandate, nominations, power of attorney, email ID etc. to their depository participants only and not to the Company or its Registrars and Transfer Agents. The said intimation will be automatically reflected in the Company's records.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all unpaid or unclaimed dividends upto the financial years 1993-94 have been transferred to the General Revenue Account of the Central Government. Further, pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 as amended, all unpaid or unclaimed dividends for the financial years 1994-95 to 2005-06 have already been transferred by the Company to the credit of the Investor Education & Protection Fund established by the Central Government. Unclaimed dividend for the financial years 2006-07 and 2007-08 would become due for transfer sometime in October, 2014 and October, 2015, respectively.

Members are requested to write to the Registrars and Transfer Agents of the Company to obtain payment of any dividend which might be lying unclaimed in their account with the Company before those are transferred to the Investor Education & Protection Fund referred to as above. It may be noted that as per the law the members shall not be able to claim any amount of unclaimed dividends once it is transferred to the credit of the Investor Education & Protection Fund of the Central Government.

7. Members may please note that the Registrars & Transfer Agents (RTA) of the Company, M/s. SHAREPRO SERVICES (INDIA) PVT. LTD. operate from their office at 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072 and members are requested to contact them for any investor related services in respect of the Company at this address or at their Investors' Relation Centre located at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021. Their telephone and fax nos. and e-mail address are as under :

Main Office at Andheri (E), Mumbai  
Tel. No.: 022-67720300, 67720400  
Fax No. : 022-28591568  
e-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

Investors' Relation Centre at Nariman Point,  
Mumbai  
Tel. No. : 022-66134700  
e-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

8. The Statement of Profit and Loss for the financial year ended 31<sup>st</sup> March, 2014, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet, are available for inspection by Members at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on working days upto the date of this AGM. Members may also visit the Company's website [www.godfreyphillips.com](http://www.godfreyphillips.com) for viewing various financial information including the quarterly results and annual report of the Company.

As a part of its 'Green initiative' in the Corporate Governance and pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with the relevant Rules issued thereunder, companies can serve annual report and other communications through electronic mode to those shareholders who have registered their e-mail address either with the company or with its depository participant. Therefore, electronic copy of the annual report along with the Notice is being sent to all those members whose e-mail addresses are registered with the Company/Depository Participant unless a member has requested for a physical copy of the same.

9. Vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013, the SEBI has instructed all the companies to use electronic mode of payment to the investors. Companies whose securities are listed on Stock Exchanges are directed to use, either directly or through their RTI & STA, any Reserve Bank of India approved electronic mode of payment such as ECS [LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT etc.

Members, who have not yet submitted their requisite bank account details, are once again requested to kindly provide these details latest by 10<sup>th</sup> September, 2014, by quoting their reference folio number(s) if shares are held in physical form.





If shares are held in dematerialised form, Members may kindly provide the requisite bank account details to their Depository Participant to ensure that dividend payment is correctly credited to their account.

10. Brief resume of the Directors proposed to be appointed/re-appointed containing details such as nature of their expertise in specific functional areas, names of the Companies in which they hold directorships of the Board and memberships/chairmanships of the Committee(s), shareholding and relationship between directors inter-se, as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges, forms a part of the Notice. The Directors concerned have furnished requisite consents/declarations for their appointment/re-appointment.
11. The Securities and Exchange Board of India (SEBI) has directed that it shall be mandatory to furnish a copy of the PAN card to the Companies/ or its RTA for registration of transfer/transmission/transposition of shares in relation to the securities market transaction and off market/private market transaction in physical form. Hence, all prospective shareholders acquiring shares in physical form are requested to provide a copy of the PAN card along with their request for registration of transfer /transmission/transposition of shares sent by them.
12. The address of the registered office of Company is as detailed hereunder:

Godfrey Phillips India Limited  
'Macropolo Building', Ground Floor,  
Next to Kala Chowky Post Office,  
Dr. Babasaheb Ambedkar Road,  
Lalbaug, Mumbai - 400 033  
Telephone No. : 022- 61952300  
Fax No. : 022 – 61952319

**Members are requested to bring their copy of Annual Report along with them at the Annual General Meeting. No copies of the report will be distributed at the meeting.**

### **Instructions for E-Voting**

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to physical voting to all Members of the Company. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable Members to cast their votes electronically. E-voting is optional for Members.

#### **(a) In case of Members (whose email IDs are registered with their Depository Participant(s)) receiving an e-mail from NSDL:**

- (i) Open the PDF file attached to the e-mail that contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Insert User ID and Initial Password as noted in step (i) above and click 'Login'
- (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will open. Click on e-voting – Active Voting cycles.
- (vii) Select 'EVEN' (E-voting Event Number) of Godfrey Phillips India Limited.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.

- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote

**(b) In case of Members receiving physical copy of the Notice of Annual General Meeting (AGM) and Attendance Slip**

- (i) Initial Password is provided, as follows, at the bottom of the Attendance Slip.

| EVEN (Electronic Voting Event Number)  | User ID | Password/PIN |
|--|---------|--------------|
| Provided in the Electronic Voting Particulars Portion of the Attendance Slip |         |              |

- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xi) above described for members with e-mail addresses, to cast vote.
- (iii) In case of any queries, please refer to the Frequently Asked Questions (FAQs) and the e-voting user manual for members available in the 'Downloads' section of <http://www.evoting.nsdl.com>. You can also contact NSDL via email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**General Instructions:**

- (i) If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- (ii) The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date of 12<sup>th</sup> August, 2014.
- (iii) Member(s) can opt for only one mode of voting i.e. either physical voting through ballot or e-voting. In case a member has used both means then vote cast by e-voting will alone be treated as valid.
- (iv) The facility of e-voting shall commence at 9.00 a.m. on Tuesday, 16<sup>th</sup> September, 2014 and shall remain open upto 5.00 p.m. on Thursday, 18<sup>th</sup> September, 2014. Members will not be able to cast their votes after 5.00 p.m. on 18<sup>th</sup> September, 2014.
- (v) Mr. V. Ramachandran (Membership no. ACS 7731, CP No. 4731), proprietor, V. R. Associates, Company Secretaries, G5/3, Jai Padma, Bangur Nagar, Goregaon (west), Mumbai - 400 104, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (vi) Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, etc. together with attested specimen signature of the person(s) who are authorized to vote, to the Scrutinizer through e-mail to [scrutinizergpi@gmail.com](mailto:scrutinizergpi@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (vii) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of atleast two witnesses, not being the persons in the employment of the Company and make a Scrutinizer's report of the votes cast in favour of or against and submit the same forthwith to the Chairman of the Company.
- (viii) The results declared along with the Scrutinizer's report shall be placed on the Company's website [www.godfreyphillips.com](http://www.godfreyphillips.com) within two days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.



## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 5 to 7**

As per the provisions of Section 149 of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two consecutive terms of five years each and shall not be liable to retire by rotation. Further, as per revised clause 49 of the Listing Agreement, a person who has already served as an independent director for five years or more in a company as on October 1, 2014, shall be eligible for appointment, on completion of his present term, for one more term of up to five years only. Also, MCA vide its circular dated June 9, 2014, has clarified that if the existing Independent Directors are to be appointed under the Companies Act, 2013, the Company would be required to appoint them within a period of one year from April 1, 2014.

Present Independent Directors of the Company namely Mr. R.A. Shah, Mr. Anup N. Kothari and Dr. Lalit Bhasin, being eligible, have offered themselves for appointment as Independent Directors. On 4<sup>th</sup> July, 2014, the Nomination and Remuneration Committee recommended to appoint them as Independent Director under section 149 of the Companies Act, 2013 to hold office for one more consecutive term of 5 (five) years upto the conclusion of the 82<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2019.

A brief profile along with other details of all the above Directors is given below:

| <b>Name of the Director</b>                                 | <b>Mr. R.A. Shah</b>  |
|---|---|
| Director Identification Number                              | 00009851  |
| Date of joining the Board                                   | 07/06/1969  |
| Qualification   | Solicitor   |
| Profile of the Director                                     | <ul style="list-style-type: none"> <li>- Leading Solicitor and Senior Partner of M/s. Crawford Bayley &amp; Co., Solicitors &amp; Advocates, Mumbai</li> <li>- Specialises in a broad spectrum of Corporate Laws in general with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti Trust and Competition Law.</li> <li>- Member of the Managing Committee of Bombay Chamber of Commerce</li> <li>- Member of Indo German Chamber of Commerce.</li> <li>- President of Society of Indian Law Firms (Western Region)</li> </ul>  |
| Directorships and Committee memberships in other companies* | <ol style="list-style-type: none"> <li>1) Clariant Chemicals (India) Ltd. (Chairman of the Board and Audit Committee)</li> <li>2) Pfizer Limited (Chairman of the Board and Audit Committee)</li> <li>3) Procter &amp; Gamble Hygiene and Healthcare Limited (Chairman of the Board and Audit Committee)</li> <li>4) Colgate-Palmolive India Ltd. (Vice- Chairman of the Board and Chairman of Audit Committee)</li> <li>5) Abbott India Ltd. (also a member of Audit Committee)</li> <li>6) The Bombay Dyeing &amp; Mfg. Co. Ltd. (also a member of Audit and Remuneration Committee)</li> <li>7) BASF India Ltd.</li> <li>8) Century Enka Ltd. (also a member of Audit Committee and Chairman of Remuneration Committee)</li> <li>9) Deepak Fertilizers &amp; Petrochemicals Corpn. Ltd.</li> <li>10) Lupin Ltd. (also a member of Remuneration &amp; Compensation Committee)</li> <li>11) Wockhardt Ltd. (also a member of Audit Committee)</li> <li>12) Atul Ltd.</li> </ol> <p>He is holding 4000 shares in the Company.</p> |



|   |  |
|---|--|
| <b>Name of the Director</b>                                 | <b>Dr. Lalit Bhasin</b>  |
| Director Identification Number                              | 00001607   |
| Date of joining the Board                                   | 31/03/1986   |
| Qualification   | B.A.(Hons.), LL.B., FCI Arb  |
| Profile of the Director                                     | <ul style="list-style-type: none"> <li>- Is a distinguished lawyer with over five decades of law practice</li> <li>- Heads the law firm of Bhasin &amp; Co. having its offices at Delhi &amp; Mumbai</li> <li>- Chairman, Film Certification Appellate Tribunal</li> <li>- President, Society of Indian Law Firms</li> <li>- Past President, Inter Pacific Bar Association</li> <li>- Chairman, Chartered Institute of Arbitrators, India Chapter</li> <li>- Chairman, Services Export Promotion Council</li> <li>- Vice President, The Bar Association of India</li> <li>- Executive President, India Law Foundation</li> <li>- President, Indian Society for Afro Asian Studies</li> <li>- Honorary Life Member, International Bar Association</li> <li>- Chairman, PHD Chamber of Commerce &amp; Industry Committee on Corporate Affairs</li> <li>- Chairman, CII National Task Force on Dispute Resolution</li> <li>- Member, Management Committee, The Sagar School, Rajasthan</li> <li>- was awarded Doctor of Laws (LL.D.) Honoris Causa by Jaipur University in 2013</li> <li>- Has received several awards including the Indira Gandhi National Unity Award, Award for Excellence in Professionalism by Institute of Marketing and Management, Indira Gandhi Priyadarshini Award, Award of distinction by International Bar Association, National Award for excellence by All India Lawyers Forum for Civil Liberties, Award of Honour from the Prime Minister of India for services to the Legal Profession and Commitment to the Rule of Law in December 2001 and National Law Day Award 2007 given by the President of India for Outstanding contribution in the development of the Bar in India and for deep involvement and conscientious engagement in the maintenance of the highest standards at the Bar.</li> <li>- Has authored several books on diverse subjects.</li> <li>- Is a Trustee of Jawaharlal Nehru Memorial Fund and India Foundation for the Arts</li> </ul> |
| Directorships and Committee memberships in other companies* | <ol style="list-style-type: none"> <li>1) Bharat Hotels Ltd. (also a member of Audit Committee)</li> <li>2) Modicare Ltd.</li> <li>3) Apollo Zipper India Ltd.</li> <li>4) Urban Infrastructure Trustees Ltd.</li> <li>5) Ansal Properties and Infrastructure Ltd. (also a member of Remuneration and Shareholders' Grievance Committee)</li> <li>6) Omax Autos Ltd.</li> <li>7) Asian Hotels (North) Ltd. (also Chairman of Audit and Remuneration Committee and member of Shareholders' Grievance Committee)</li> <li>8) Asian Hotels (West) Ltd. (also Chairman of Remuneration Committee and member of Audit and Shareholders' Grievance Committee)</li> <li>9) Leading Hotels Ltd. (also a member of Audit Committee)</li> <li>10) United Breweries Holdings Ltd. (also a member of Audit Committee)</li> </ol> <p>He is holding 400 shares in the Company.</p>   |



|   |   |
|---|---|
| <b>Name of the Director</b>                                 | <b>Mr. Anup N. Kothari</b>  |
| Director Identification Number                              | 00294737  |
| Date of joining the Board                                   | 15/03/1989  |
| Qualification   | B.Arch., F.I.I.A  |
| Profile of the Director                                     | <ul style="list-style-type: none"> <li>- Graduated in Architecture from Baroda University in 1965.</li> <li>- Worked in Sweden on Hospital and various projects.</li> <li>- On return to India, joined a leading firm of Architects and has since been closely associated with various projects relating to multiplex, cinema halls, universities, embassies, etc.</li> <li>- Is a member of Council of Architecture and Indian Institute of Architects.</li> </ul> |
| Directorships and Committee memberships in other companies* | 1) International Research Park Laboratories Ltd.<br>2) Samkap Chemicals Ltd.<br>He is holding 1200 shares in the Company.   |

*\*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.*

Notices have been received from a member proposing their candidature for the office of Independent Directors of the Company. In the opinion of the Board, all these Directors fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company and accordingly the Board recommends their appointment by members as per Resolutions set out at item no. 5 to 7.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Directors for their respective appointment, are concerned or interested in these Resolutions.

#### **Item No. 8**

Pursuant to the second proviso to Section 149(1) of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors at their meeting held on 7th April, 2014, appointed Ms. Bina Modi (wife of Mr. K.K. Modi and mother of Mr. Lalit Kumar Modi & Mr. Samir Kumar Modi, Directors of the Company) as an Additional Director in terms of Section 161 of the Companies Act, 2013, to hold office upto the date of this Annual General Meeting. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from a member proposing her candidature for appointment as a Director.

Brief profile of Ms. Bina Modi is given hereunder:

|   |  |
|---|--|
| <b>Name of the Director</b>                                 | <b>Ms. Bina Modi</b>   |
| Director Identification Number                              | 00048606   |
| Date of joining the Board                                   | 07/04/2014   |
| Profile of the Director                                     | Bina Modi is a Businesswoman with interests in the multiple areas. She has founded and built several successful brands including the 'Ego' chain of Specialty Restaurants, Bina Fashions, Dessange Salon and Beacon Travels. With her deep understanding of the K.K. Modi Group's intrinsic strengths and potential, she plays a key role in aligning the core leadership team towards achieving the Group's goals. She is currently leading the initiative to develop the next generation of leaders to enable succession planning for the Group. |
| Directorships and Committee memberships in other companies* | Quick Investment (India) Ltd.  |

*\*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. She is not holding any share in the Company.*

No Director other than Ms. Bina Modi, Mr. K.K. Modi, Mr. Lalit Kumar Modi and Mr. Samir Kumar Modi and Key Managerial Personnel or their relatives are concerned or interested in the proposed resolution.

The Board recommends the Resolution set out at item no. 8 for approval of Members.

## **Item No. 9 and 10**

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). With a view to improve liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board at its meeting held on 28<sup>th</sup> May, 2014, considered it desirable to sub-divide the nominal value of the equity share capital of the Company from Rs.10/- per share to Rs.2/- per share.

Consequent upon the sub-division, the existing Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association of the Company need to be amended.

Accordingly, the Board recommends the Resolutions as set out at item no. 9 & 10 for approval of Members.

Upon passing of these Resolutions, old certificates for shares held in physical form will be cancelled on the record date and the new share certificates will be sent to the shareholders. In case the shares are held in dematerialized form, the sub-divided shares will be directly credited to the shareholders' demat account on the record date in lieu of the existing shares.

A copy of the Memorandum and Articles of Association of the Company along with proposed amendments is available for inspection by Members at the registered office of the Company during working hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public holidays.

None of the Directors or Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in the resolutions at Item Nos. 9 & 10, except to the extent of the Company's shares held by them.

## **Item No. 11**

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the ceiling on remuneration payable to a Director by way of sitting fees for attending meeting of the Board or a duly constituted Committee thereof, stands increased to a sum not exceeding Rs. 100,000/- per meeting.

Considering that the Directors are required to contribute their valuable time and efforts in significant measure in attending the meetings of the Board and /or committees thereof, your Directors have felt it desirable to amend Article 106 in the Articles of Association of the Company by increasing the sitting fee to Rs. 100,000/- for attending each meeting of the Board or a duly constituted Committee thereof.

All Independent Directors and Ms. Bina Modi, alone are directly and Ms. Bina Modi's relatives on the Board are indirectly concerned or interested in the proposed resolution.

The Board recommends the resolution set out at item no. 11 for approval of Members.

**New Delhi : August 2, 2014**

### **REGISTERED OFFICE:**

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

**By order of the Board  
for Godfrey Phillips India Limited**

**Sanjay Gupta  
Company Secretary**



GODFREY PHILLIPS  
— INDIA LIMITED —

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### Godfrey Phillips India Limited

CIN: L16004MH1936PLC008587

**Registered Office:** 'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, Dr. Babadaheb Ambedkar Road, Lalbaug, Mumbai – 400 033  
Phone: 022-61952300 Fax: 022-61952319 Email :isc-gpi@modi.com Website : [www.godfreyphillips.com](http://www.godfreyphillips.com)

|                       |  |               |  |
|-----------------------|--|---------------|--|
| Name of the Member(s) |  |               |  |
| Registered address    |  |               |  |
| Email ID              |  |               |  |
| Folio No./ Client ID  |  |               |  |
| DP ID                 |  | No. of Shares |  |

I/We, being the member(s) of..... shares of the above named Company, hereby appoint:

|                    |  |           |  |
|--------------------|--|-----------|--|
| 1. Name            |  |           |  |
| Address            |  | Signature |  |
| Email ID           |  |           |  |
| Or failing him/her |  |           |  |
| 2. Name            |  |           |  |
| Address            |  | Signature |  |
| Email ID           |  |           |  |
| Or failing him/her |  |           |  |
| 3. Name            |  |           |  |
| Address            |  | Signature |  |
| Email ID           |  |           |  |

As my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 77<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, 23<sup>rd</sup> September, 2014 at 03:00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions   | For* | Against* |
|----------------|---|------|----------|
|                | <b>Ordinary Business</b>  |      |          |
| 1.             | Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors thereon  |      |          |
| 2.             | Declaration of dividend on equity shares  |      |          |
| 3.             | Re-appointment of Mr. Lalit Kumar Modi who retires by rotation and being eligible, offers himself for re-appointment.   |      |          |
| 4.             | Appointment of Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company for three years i.e. from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017 and fixing their remuneration |      |          |
|                | <b>Special Business</b>   |      |          |
| 5.             | Appointment of Mr. R.A.Shah as an Independent Director  |      |          |
| 6.             | Appointment of Mr.Anup N. Kothari as an Independent Director  |      |          |
| 7.             | Appointment of Dr. Lalit Bhasin as an Independent Director  |      |          |
| 8.             | Appointment of Ms. Bina Modi as a Non-Executive Director  |      |          |
| 9.             | To approve the Subdivision of equity shares of Rs.10 each into 5 equity shares of par value of Rs. 2/- each fully paid up and consequently amending Capital Clause of Memorandum of Association of the Company.   |      |          |
| 10.            | Special Resolution for Substitution of Article 3 of the Articles of Association of the Company with new article on account of subdivision of equity shares of Rs.10 each into 5 equity shares of par value of Rs. 2/- each fully paid up.   |      |          |
| 11.            | Special Resolution for Substitution of Article 106 of the Articles of Association of the Company with a new article to Increase the Limits of sitting fees payable to Directors.  |      |          |

Signed this..... day of ..... 2014

Signature of Member .....

Affix  
Revenue  
Stamp

Signature of Proxy .....

**Note:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the Meeting.
  - A person can act as a proxy on behalf of Members, not exceeding fifty, and holding in the aggregate not more than 10% of the total share Capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting Rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- \* It is optional to put an 'X' in the appropriate column against the resolution indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/ she deems appropriate.