

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
Email : isc-gpi@modi.com Website : www.godfreyphillips.com



GODFREY PHILLIPS
—INDIA LIMITED—

NOTICE

NOTICE is hereby given that the **Seventy-Eighth Annual General Meeting** of Godfrey Phillips India Limited will be held at **Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana) Mumbai – 400 021** on **Tuesday, the 29th September, 2015 at 03:00 P.M.** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:
 - a. the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2015, the reports of the Board of Directors and Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2015.
2. To declare dividend on Equity Shares for the year ended 31st March, 2015.
3. To appoint a director in place of Mr. Samir Kumar Modi (DIN 00029554) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. R. Ramamurthy (DIN 00030463) who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No. 015125N), as the Statutory Auditors of the Company, be and is hereby ratified to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration plus applicable service tax and reimbursement of out-of-pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Business:

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

6. As an Ordinary Resolution

"RESOLVED THAT Mr. Atul Kumar Gupta (DIN 01734070), who was appointed as an Additional Director on the Board of Directors of the Company in terms of Section 161(1) of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) and whose term of office expires at the ensuing Annual General Meeting and who meets the criteria of Independence as provided under Section 149(6) of the Act read with clause 49 of the Listing Agreement and in respect of whom the Company has received a notice in writing from a member proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director in accordance with Sections 149, 150, 152 read with Schedule VI and other applicable provisions of the Act and corresponding Rules formed thereunder, to hold office for a term of 5 (five) consecutive years up to the conclusion of 83rd Annual General Meeting of the Company in the calendar year 2020 and shall not be liable to retire by rotation."

7. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 and the



Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Chandra Wadhwa & Co., Cost Accountants (Firm Registration Number - 00239), appointed as Cost Auditors for conducting audit of the cost accounting records of 'Tea' business of the Company for the Financial Year ending 31st March, 2016, be paid a remuneration, not exceeding Rs.2.50 lacs (Two lacs fifty thousand only) plus service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit."

8. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), or re-enactment thereof for the time being in force) and in modification of resolution passed in this regard in the Annual General Meeting held on 19th September, 2013, the Company hereby approves re-appointment of Mr. Samir Kumar Modi (DIN 00029554) as an Executive Director of the Company for a period of three years with effect from 1st October, 2015 upon the principal terms and conditions as set out in the Explanatory Statement annexed to this Notice and also in the draft letter of appointment proposed to be issued by the Company to Mr. Samir Kumar Modi, a copy whereof duly initialed by the Chairman for the purposes of identification, is placed before the meeting.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013, read with Schedule V thereto and subject to the approval of the Central Government, if required, such remuneration as aforesaid be paid and provided to Mr. Samir Kumar Modi, as minimum remuneration, in the event of absence or inadequacy of profits of the Company in any financial year during his term of office.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter, amend, vary or modify the terms and conditions of appointment and remuneration as it may deem fit and as may be acceptable to Mr. Samir Kumar Modi, subject to the remuneration not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorized to file the necessary returns with Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

9. As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013, read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), or re-enactment thereof for the time being in force), the Company hereby approves re-appointment of Mr. K.K. Modi (DIN 00029407), as Managing Director of the Company for a period of three years with effect from 14th August 2015, upon the principal terms and conditions, as set out in the Explanatory Statement annexed hereto and also in the draft letter of appointment proposed to be issued by the Company to Mr. K.K. Modi, a copy whereof duly initialed by the Chairman for the purpose of identification, is placed before the meeting.

Provided that the amount of remuneration by way of salary and commission payable to Mr. K.K. Modi in terms of his appointment hereinabove including the remuneration received by him from Indofil Industries Limited as Managing Director shall not exceed 5% of the net profits of the Company as computed in the manner laid down under Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto and subject to the approval of the Central Government, if required, such remuneration as aforesaid be paid and provided to Mr. K.K. Modi as minimum remuneration, in the event of absence or inadequacy of profits of the Company in any financial year during his term of office.



GODFREY PHILLIPS
— INDIA LIMITED —

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter, amend, vary or modify the terms and conditions of appointment and remuneration as it may deem fit and as may be acceptable to Mr. K.K. Modi, subject to the remuneration not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorized to file the necessary returns with Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

10. As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby approves re-appointment of Mr. R. Ramamurthy (DIN 00030463), as a Whole-time Director of the Company for a period of three years with effect from 14th August 2015, upon the principal terms and conditions set out in the Explanatory Statement annexed hereto and also in the draft letter of appointment proposed to be issued by the Company to Mr. R. Ramamurthy, a copy whereof duly initialed by the Chairman for the purpose of identification, is placed before the meeting.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto and subject to the approval of the Central Government, if required, such remuneration as aforesaid be paid and provided to Mr. R. Ramamurthy as minimum remuneration, in case of absence or inadequacy of profits of the Company in any financial year during his term of office.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter, amend, vary or modify the terms and conditions of appointment and remuneration as it may deem fit and as may be acceptable to Mr. R. Ramamurthy, subject to the remuneration not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorized to file the necessary returns with Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

11. As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 14 and 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), the new set of Articles of Association, a copy whereof is placed before this meeting duly initialed by the Chairman for the purpose of identification, be and is hereby adopted by the Company in substitution of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorized to file the necessary returns with Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

New Delhi : August 14, 2015

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
Membership No.7545



Notes:

1. The Register of Members and Share Transfer Register of the Company shall remain closed from September 23, 2015 to September 29, 2015 (both days inclusive) for the purpose of payment of dividend for the year ended 31st March, 2015.
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 October 3, 2015 to those members of the Company whose names appear on the Register of Members on September 29, 2015 after giving effect to all the valid transfers in physical form lodged on or before the close of business hours on 22nd September, 2015. 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 22nd September, 2015 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 for 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 2006-07 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 2007-08 and 2008-09 would become due for transfer sometime in October, 2015 and October, 2016, 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.

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

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

8. The Statement of Profit and Loss for the financial year ended 31st March, 2015, 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 and Corporate



Office of the Company between 11:00 a.m. and 1:00 p.m. on working days up to the date of this AGM. Members may also visit the Company's website 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 15th September, 2015, 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 this Notice and have also been given in the Corporate Governance Report for the year ended 31st March, 2015. 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

- 13. Voting through electronic means :** Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide to its Members, the facility to exercise their vote through electronic means i.e. 'remote e-voting' on resolutions proposed to be passed at this Annual General Meeting.

The facility for voting through ballot papers will also be provided at the Annual General Meeting. The Members attending the Meeting who have not cast their vote earlier by remote e-voting shall be entitled to vote at the Meeting. A Member can participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting. Complete instructions for remote e-voting including details of login ID, process and manner for generating or receiving the password and for casting vote in a secure manner is given in the remote e-voting Form annexed to this Notice.

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.

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

Item No. 6

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Atul Kumar Gupta as an Additional Director on 20th June, 2015, who will hold office up to the ensuing Annual General Meeting. The Company has received a Notice in writing along with a requisite deposit from a member proposing candidature of Mr. Atul Kumar Gupta for appointment as an Independent Director in the Company.

In the opinion of the Board, Mr. Atul Kumar Gupta fulfills the criteria specified under Companies Act, 2013 and Clause 49 of the Listing Agreement, for being appointed as an Independent Director of the Company and accordingly the Board recommends his appointment by members as per the Resolution set out in Item No. 6.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. Atul Kumar Gupta himself, is concerned or interested in this Resolution.

A brief Profile of Mr. Atul Kumar Gupta

Name of the Director	Atul Kumar Gupta
Director Identification Number	01734070
Date of joining the Board	20/06/2015
Qualification	M.Sc. (Physics) from Allahabad University Masters in Social Sciences (Development Administration) from University of Birmingham, U.K.
Profile of the Director	<ul style="list-style-type: none"> - Retired IAS Officer (worked as Chief Secretary to the Govt. of U.P. from May 2008 to March 2011) - Also chaired the 4th State Finance Commission of U.P. from Dec 2011 to Dec 2014. - Also worked as Infrastructure and Industrial Development Commissioner and Principal Secretary to the State Govt., prior to elevation as Chief Secretary.
Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 1. The Pradeshia Industrial and Investment Corporation Uttar Pradesh Limited. 2. Yash Papers Limited (also a member of Audit Committee)
Number of Shares held in Company	Nil
Age	64 years

* Excludes directorships in private limited companies, foreign companies, alternate directorships and also memberships of Managing Committees of various chambers/bodies. Represents memberships/chairmanships of Audit Committee and Shareholders/Investors Grievances Committee (excluding private companies).

Item No. 7

On the recommendation of the Audit Committee, the Board of Directors of the Company approved the appointment of M/s. Chandra Wadhwa & Co., Cost Accountants, as Cost Auditors to conduct the audit of the Cost Accounting Records of 'Tea' business of the Company for the financial year 2015-16.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2015-16 as set out in the Resolution for the aforesaid services.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the said Resolution.

The Board of Directors recommends the Resolution set out at Item No. 7 of the Notice for approval by the Members.



Item No. 8

At the Annual General Meeting held on 19th September, 2013 the shareholders of the Company had re-appointed Mr. Samir Kumar Modi as an Executive Director in the Company for a period of three years with effect from 1st September, 2013. His present tenure shall expire on 31st August, 2016.

As per first proviso to Section 196(2) of the Companies Act, 2013, the re-appointment of Whole-time director can be made during one year before the expiry of his term. Accordingly, the Board of Directors of your company recommended the re-appointment of Mr. Samir Kumar Modi as Executive Director in the Company for a period of three years with effect from 1st October, 2015.

Considering the general increase in the cost of living and the current scale of operations of the Company in which his involvement in guiding and mentoring new business interests of the Company has become very vital, the Board of Directors has also recommended increase in his current compensation with effect from 1st October, 2015.

Copy of the draft letter of appointment to be issued to Mr. Samir Kumar Modi is open for inspection by any member of the Company at the Registered Office and Corporate Office of the Company during the business hours on any working day. The same may be treated as written memorandum setting out the terms and conditions of his appointment under Section 190 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives except Mr. K.K. Modi, Mrs. Bina Modi and Mr. Samir Kumar Modi himself, is deemed to be concerned or interested in the proposed resolution.

The Board recommends the resolution as set out at item 8 of the Notice for your approval.

Brief profile of Mr. Samir Kumar Modi is as follows:

Name of the Director	Mr. Samir Kumar Modi@
Director Identification Number	00029554
Date of joining the Board	11/01/1994
Qualification	B.A. from Delhi University
Profile of the Director	During initial years of his career, he worked with Phillip Morris Inc. for 2 years. He has been associated with the Company as Whole-time/ Executive Director since January 1994. Apart from guiding various initiatives of the Company, he has been instrumental in promoting various businesses in the field of multi-level marketing, cosmetics, retail chain, etc. and also actively associated with an NGO working towards prevention of spread of HIV and AIDS.
Directorships and Committee memberships in other companies*	1. Indian Cricket League Limited 2. Indofil Industries Limited 3. MEN Interactive Network Limited 4. Modi Entertainment Limited 5. Modern Home Care Products Limited 6. Modicare Limited (also a member of Audit Committee) 7. Success Principles India Limited
Number of Shares held in Company	2000
Age	45 years

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

* Excludes directorships in private limited companies, foreign companies, alternate directorships and also memberships of Managing Committees of various chambers/bodies. Represents memberships/chairmanships of Audit Committee and Shareholders/Investors Grievances Committee (excluding private companies).

The details of his last drawn remuneration and the number of Board Meetings attended by him during the previous year, forms part of the Corporate Governance Report for the year ended 31st March, 2015.

Principal terms and conditions of his appointment are as follows:

Duties and Powers	Mr. Samir Kumar Modi will carry out such duties and exercise such powers as may be entrusted to him by the Managing Director and/or Board of Directors of the Company from time to time.
Remuneration	Mr. Samir Kumar Modi will be entitled to the following emoluments, benefits and perquisites subject to the ceiling limits laid down in Sections 197 of the Companies Act, 2013 and Schedule V thereto :
a. Salary	Rs. 20 lacs per month.
b. Commission	Commission @ 1% of the net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 2013 subject to a ceiling of Rs.100 lacs per annum.
c. Perquisites	<p>He shall be entitled to the following perquisites/benefits:</p> <ol style="list-style-type: none"> 1. Rent free, furnished accommodation owned/leased by the Company or house rent allowance in lieu thereof as per rules of the Company. 2. Re-imbursement of expenses on actuals pertaining to gas, electricity, water and other expenses for upkeep, maintenance and security of residential accommodation. 3. Two personal attendants. 4. Contribution to Provident Fund and Superannuation Fund (with option for an allowance in lieu of Superannuation fund contribution as per Company's Rules) up to such limits as may be prescribed under the Income-tax Act and the Rules made thereunder for this purpose. 5. Medical Expenses: Re-imbursement of all expenses including mediclaim insurance premium incurred for self and members of his family, at actuals. 6. Club Fees: Fees of club subject to a maximum of two clubs. 7. Leave Travel Concession: For self and family in accordance with rules of the Company. 8. Gratuity at the time of retirement / cessation of service as per rules of the Company. 9. Leave and encashment of unavailed leave, as per rules of the Company. 10. Company maintained chauffeur driven car for use on Company's business and personal purposes. 11. Fees for credit cards. 12. Personal Accident Insurance Premium as per rules of the Company. 13. Telecommunication facility at residence including mobile phone, internet facility and any other means of communication facility. 14. Re-imbursement of entertainment, travelling and other expenses incurred for the business of the Company as per rules of the Company. 15. Re-imbursement of expenses incurred in connection with transfer as per rules of the Company.

Provided, however, that the salary, commission and monetary value of perquisites shall not exceed overall ceiling of Rs.500 lacs per annum. For the purposes of this ceiling, perquisites shall be valued as per provisions of Income-tax Act/Rules, wherever applicable, and in absence of any such provision, perquisites shall be valued at actual cost.

Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Samir Kumar Modi, the Company has no profits or its profits are inadequate, his remuneration will be governed by the ceiling provided in Schedule V to the Companies Act, 2013, for minimum remuneration unless permission from the Central Government, if required, is obtained for paying more.



During the tenure of his appointment, he will not be entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any committee thereof.

The appointment as aforesaid may be terminated by either party giving to the other three calendar months' notice in writing.

Item No. 9

Mr. K.K. Modi was re-appointed as Managing Director of the Company for a period of 3 years with effect from 14th August, 2012 and his present term shall expire on 14th August, 2015.

On recommendation of Nomination and Remuneration Committee and subject to approval of the shareholders, the Board of Directors of the Company, in its meeting held on 31st July, 2015, has re-appointed him for a further period of 3 years with effect from 14th August, 2015.

Mr. Modi is currently holding the position of Managing Director in Indofil Industries Limited and has been receiving remuneration as such. He is, therefore, being re-appointed as Managing Director of the Company after due compliance with the provisions of Section 203 of the Companies Act, 2013.

As Mr. Modi has attained the age of more than 74 years, your approval for his re-appointment is being sought for by a Special Resolution pursuant to the requirement of Section 196 read with Schedule V to the Companies Act, 2013.

Copy of the draft letter of appointment to be issued to Mr. K.K. Modi, Managing Director, is open for inspection by any member of the Company at its Registered Office and Corporate Office during business hours on any working day. The same may be treated as written memorandum setting out the terms and conditions of his appointment under Section 190 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives except Mr. K.K. Modi himself, Mrs. Bina Modi and Mr. Samir Kumar Modi, are deemed to be concerned or interested in the proposed resolution.

The Board recommends the resolution as set out at Item No. 9 of the notice for your approval.

Brief profile of Mr. K.K. Modi is as follows:

Name of the Director	Mr. K.K. Modi@
Director Identification Number	00029407
Date of joining the Board	05/11/1979
Qualification	B.Sc., Advanced Management Programme from Harvard Business School
Profile of the Director	Mr. K. K. Modi is a well known industrialist who has made a significant contribution to the Indian Industry. Mr. Modi held numerous positions in the industry, trade, education and charitable organizations including as the president of FICCI and PHDCCI. Mr. Modi has been a driving force in the Company and has been responsible for revamping the organization, bringing new talent, upgrading and enhancing the manufacturing facilities and making substantial investments in building brands.
Directorships and Committee memberships in other companies*	1. Good Investment (India) Ltd. 2. Indofil Industries Ltd. 3. Modi Industries Ltd. 4. Modicare Ltd. (also chairman of its Audit Committee) 5. Modi Spinning and Weaving Mills Company Ltd. 6. Premium Merchants Ltd.
Number of Shares held in Company	2000
Age	74 years

@ Husband of Mrs. Bina Modi and Father of Mr. Samir Kumar Modi

* Excludes directorships in private limited companies, foreign companies, alternate directorships and also memberships of Managing Committees of various chambers/bodies. Represents memberships/chairmanships of Audit Committee and Shareholders/Investors Grievances Committee (excluding private companies).

The details of his last drawn remuneration and the number of Board Meetings attended by him during the previous year, forms part of the Corporate Governance Report for the year ended 31st March, 2015.

The draft of the fresh letter of appointment to be issued by the Company to Mr. K.K. Modi, contains the following principal terms and conditions:

Duties and Powers	Subject to the supervision and control of the Board of Directors, Mr. K. K. Modi will be carrying out such duties and exercise such powers as may be entrusted to him by the Board of Directors of the Company from time to time.
Remuneration	Mr. K.K. Modi will be entitled to the following emoluments subject to the ceiling limits laid down in Sections 197 of the Companies Act, 2013 and Schedule V hereto:
a. Consolidated Salary	Rs.40 lacs per month.
b. Commission	Commission @ 2% of the net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 2013 subject to a ceiling of Rs.400 lacs per annum.
c. Other Benefits	(i) Company maintained car with driver for use for the Company's business and personal purposes. (ii) Telecommunication facility at residence including mobile phone, internet facility and any other means of communication facility. (iii) Reimbursement of all the actual expenses including on entertainment and travelling, incurred during the course of the Company's business.

The appointment as aforesaid may be terminated by either party giving to the other six calendar months' notice in writing.

Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. K.K. Modi, the Company has no profits or its profits are inadequate, his remuneration will be governed by the ceilings provided in Schedule V to the Companies Act, 2013, for minimum remuneration unless permission from the Central Government, if required, is obtained for paying more.

During the tenure of his appointment, he will not be entitled to sitting fees for attending the meetings of the Board of Directors or any committee thereof.

The amount of remuneration by way of salary and commission including the remuneration received by him from Indofil Industries Limited as Managing Director shall not exceed 5% of the net profits of the Company as computed in the manner laid down under Section 198 of the Companies Act, 2013.

Item No. 10

Mr. R. Ramamurthy was appointed as a Whole-time Director of the Company for a period of three years with effect from 14th August, 2012 and his present term will expire on 14th August, 2015.

Based on recommendation of Nomination and Remuneration Committee and subject to approval of the shareholders, the Board of Directors of the Company in its meeting held on 31st July, 2015, re-appointed him for a further period of three years w.e.f. 14th August, 2015.

The draft letter of appointment to be issued to Mr. R. Ramamurthy, Whole-time Director, is open for inspection by any member of the Company at the Registered Office and Corporate Office of the Company during the business hours on any working day. The same may be treated as written memorandum setting out the terms and conditions of his appointment under Section 190 of the Companies Act, 2013.

As Mr. R. Ramamurthy has attained the age of more than 71 years, your approval for his re-appointment is being sought for by a Special Resolution as per requirements of Section 196(3) read with Schedule V to the Companies Act, 2013.



Except Mr. R. Ramamurthy himself, none of the other Directors, Key Managerial Personnel or their respective relatives, are concerned or interested in this Resolution.

The Board recommends the resolution as set out at Item No. 10 of the notice for your approval.

Brief Resume of Mr. R. Ramamurthy:

Name of the Director	Mr. R. Ramamurthy
Director Identification Number	00030463
Date of joining the Board	14/08/2009
Qualification	B.A (Eco.), B.L. from Madras University, CS (Inter)
Profile of the Director	He has over 35 years of rich experience in the legal field with expertise in indirect tax matters.
Directorships and Committee memberships in other companies*	1. Good Investment (India) Ltd. 2. Rajputana Infrastructure Corporate Ltd. 3. Quick Investment (India) Ltd. 4. Premium Bidi Company Ltd. 5. Modicare Ltd. 6. Mysore Polymers And Rubber Products Ltd.
Number of Shares held in Company	500
Age	71 years

* Excludes directorships in private limited companies, foreign companies, alternate directorships and also memberships of Managing Committees of various chambers/bodies. Represents memberships/chairmanships of Audit Committee and Shareholders/Investors Grievances Committee (excluding private companies).

The details of his last drawn remuneration and the number of Board Meetings attended by him during the previous year, forms part of the Corporate Governance Report for the year ended 31st March, 2015.

The principal terms and conditions of his re-appointment are set out below:

a. Duties and Powers	Subject to the supervision and control of the Board of Directors, Mr. R. Ramamurthy, Whole-time Director, will be carrying out such duties and exercise such powers as may be entrusted to him by the Board of Directors of the Company from time to time.
b. Consolidated Salary	Rs. 14 lacs per month
c. Other benefits	(i) Company maintained car with driver for use for the Company's business and personal purposes. (ii) Telecommunication facility at residence including mobile phone, internet facility and any other means of communication facility. (iii) Reimbursement of all the actual expenses including on entertainment and travelling, incurred during the course of the Company's business.

Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. R. Ramamurthy, the Company has no profits or its profits are inadequate, his remuneration will be governed by the ceilings provided in Schedule V to the Companies Act, 2013 for minimum remuneration unless permission from the Central Government, if required, is obtained for paying more.

The appointment as aforesaid may be terminated by either party giving to the other three calendar months' notice in writing.

During the tenure of his appointment, he will not be entitled to sitting fees for attending the meetings of the Board of Directors of the Company.



GODFREY PHILLIPS
—INDIA LIMITED—

Item No. 11

The existing Articles of Association of the Company were originally adopted when the Company was incorporated under the Companies Act, 1913. These were amended from time to time in accordance with the provisions of the Companies Act, 1956. With the introduction of the Companies Act, 2013, it is proposed to amend the existing Articles of Association to make them compatible with the provisions of Companies Act, 2013 including the Rules framed thereunder.

A copy of the proposed Articles of Association of the Company shall be available for inspection at the Registered Office as well as at the Corporate Office of the Company during the business hours on any working day, up to the date of the Annual General Meeting and during the Annual General Meeting.

None of the Directors or Key Managerial Personnel or their relatives, are concerned or interested in this Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 11 of the Notice for approval by the Members.

New Delhi : August 14, 2015

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
Membership No.7545



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. Babasaheb Ambedkar Road, Lalbaug, Mumbai – 400 033
Phone: 022-61952300 Fax: 022-61952319 Email :jsc-gpi@modi.com Website : 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 78th Annual General Meeting of the Company, to be held on Tuesday, 29th September, 2015 at 03:00 p.m. at Y. B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For*	Against*
	Ordinary Business		
1.	a. Adoption of Audited Standalone Financial Statements of the Company for the financial year ended 31 st March, 2015, the reports of the Board of Directors and Auditors thereon; and b. Adoption of Audited Consolidated Financial Statements of the Company for the financial year ended 31 st March, 2015.		
2.	Declaration of dividend on equity shares.		
3.	Appointment of Mr. Samir Kumar Modi, who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	Re-appointment of Mr. R. Ramamurthy, who retires by rotation, and being eligible, offers himself for re-appointment.		
5.	Ratification of appointment of Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-16.		
	Special Business		
6.	Appointment of Mr. Atul Kumar Gupta as an Independent Director.		
7.	Ratification of remuneration payable to M/s Chandra Wadhwa & Co., Cost Auditors for the financial year 2015-16.		
8.	Re-appointment of Mr. Samir Kumar Modi as Executive Director.		
9.	Re-appointment of Mr. K.K. Modi as Managing Director.		
10.	Re-appointment of Mr. R. Ramamurthy as Whole-time Director.		
11.	Adoption of new set of Articles of Association.		

Signed this..... day of 2015

Signature of Member

Affix
Revenue
Stamp

Signature of Proxy

Notes:

- 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 '✓' 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.



GODFREY PHILLIPS
—INDIA LIMITED—

Godfrey Phillips India Limited

CIN: L16004MH1936PLC008587

Registered Office: 'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office,

Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai – 400 033

Phone: 022-61952300 Fax: 022-61952319

Email : isc-gpi@modi.com Website : www.godfreyphillips.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

(Joint Shareholders may obtain additional slip at the Venue of the meeting)

No. of shares held :

Registered Folio No./ DP ID/ Client ID:

I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the 78th Annual General Meeting of the Company to be held on Tuesday, 29th September, 2015 at 03:00 p.m. at Y. B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021

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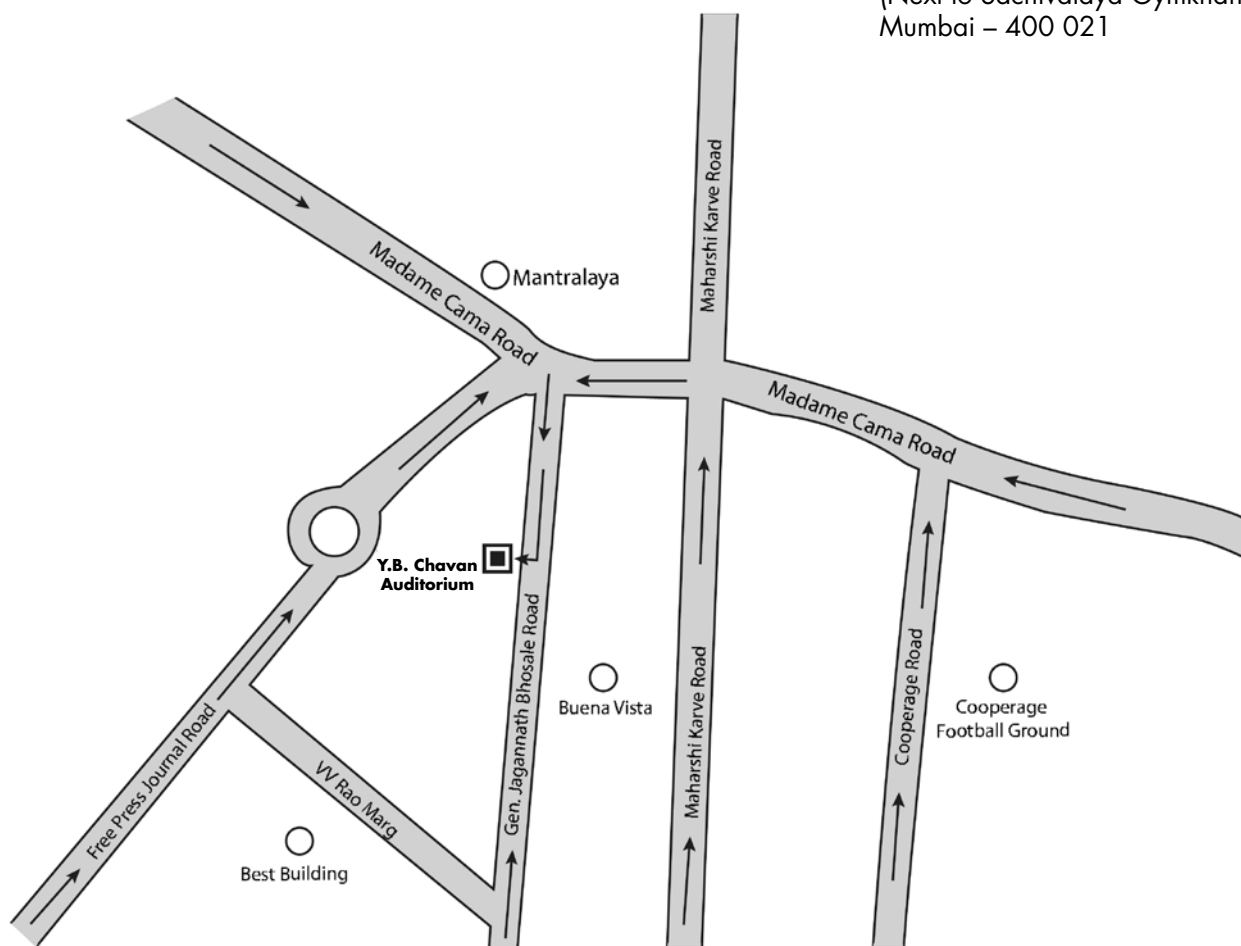
Name of the Member/Proxy
(in BLOCK letters)

.....

Signature of the Member/Proxy

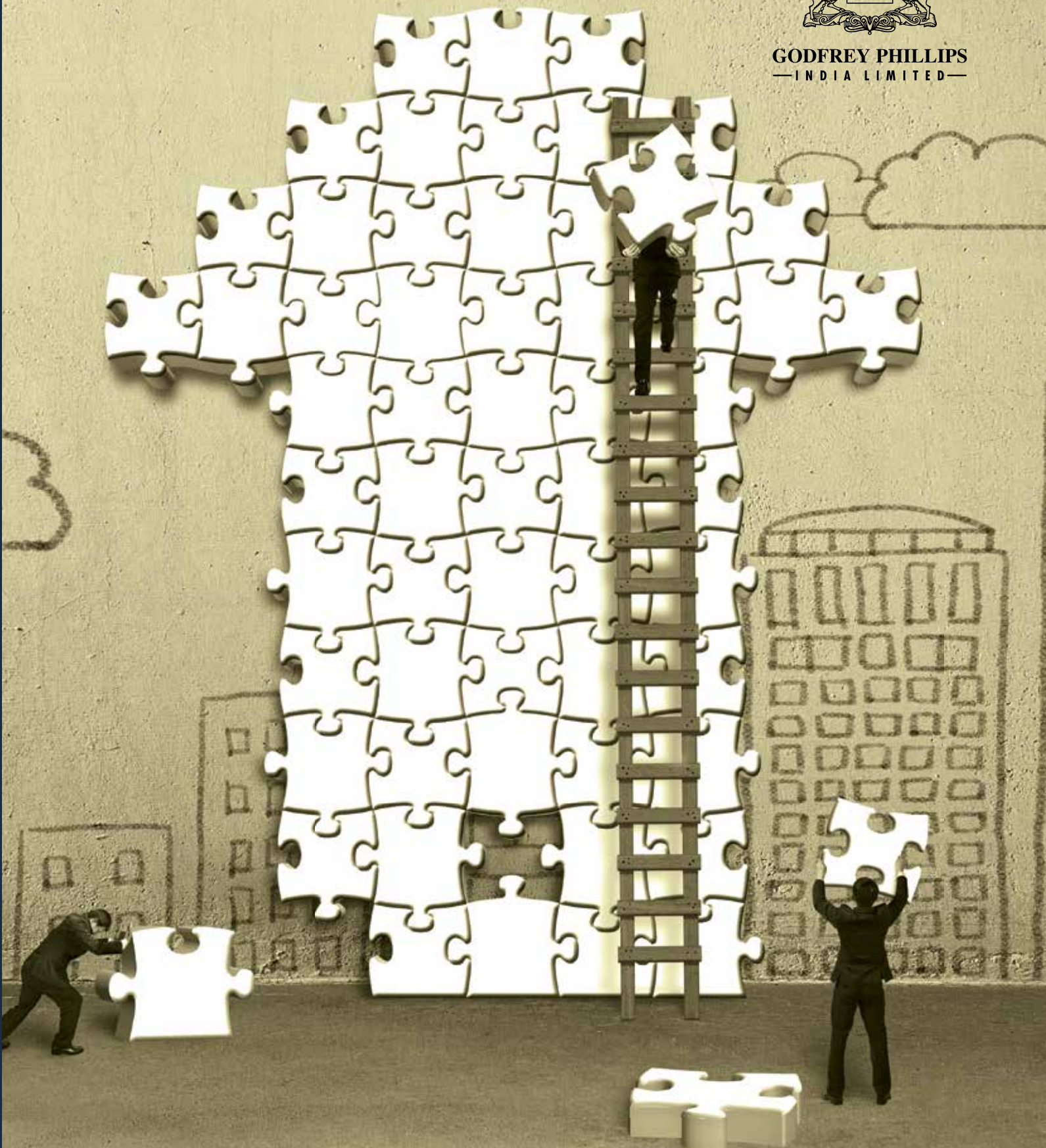
Route map to the venue of the AGM

■ Y.B. Chavan Auditorium,
General Jagannath Bhosle Marg
(Next to Sachivalaya Gymkhana)
Mumbai – 400 021





GODFREY PHILLIPS
— INDIA LIMITED —



ANNUAL REPORT 2014-15



GODFREY PHILLIPS
—INDIA LIMITED—

THE POWER OF COLLABORATION

The past year has been a challenging one for us at Godfrey Phillips India.

The ever-changing business environment presented hurdles that we strove to overcome with a combination of teamwork and grit.

Harnessing this spirit of collaboration has played a major role in enhancing productivity. Our story, as laid out in this Annual Report, is a testament to that.

With a continued focus on workplace synergy and partnership, as well as, the support of our stakeholders, we look forward to reaching greater heights of success in the years to come by.

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Corporate Information

Board of Directors

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

CHIEF FINANCIAL OFFICER

Mr. Sunil Agrawal

COMPANY SECRETARY

Mr. Sanjay Gupta

REGISTERED OFFICE

'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai - 400 053

CORPORATE OFFICE

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

OTHER OFFICES

Ahmedabad, Baramati, Chandigarh, Chennai, 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

REGISTRAR 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.

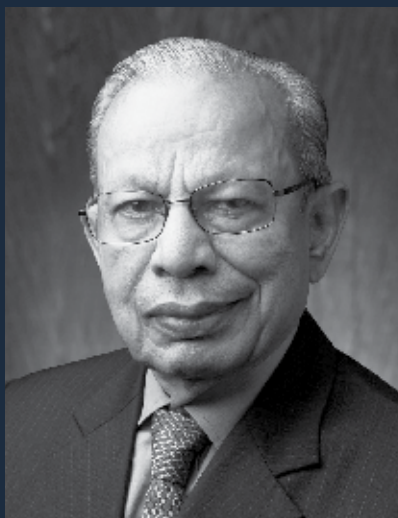
BANKERS

• 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

LI6004MHI936PLC008587

www.godfreyphillips.com



R. A. Shah

Chairman's Message

Dear Shareholder,

2014 proved to be yet another year marked with modest global economic growth. While the economic recovery was visible in the advanced and developed economies, the emerging market and developing economies slowed down further. And there is no silver lining for the year 2015 either. As per IMF estimates released in July, global growth is projected at 3.3% in 2015 against 3.4% in 2014. That leaves a world awash in excess supply, with weak commodity prices and deflation, and a growing risk of export dumping. Nevertheless, the underlying drivers for a gradual acceleration in economic activity in advanced economies – easy financial conditions, more neutral fiscal policy in the euro area, lower fuel prices, and improving confidence and labor market conditions – remain intact. At the same time, there is an expectation of a rebound in activity in a number of distressed economies in emerging markets in 2016.

Indian economy, however, has grown at 7.3% in 2014-15 compared to 6.9% in 2013-14, riding on improved macro-economic indicators, and aided by collapse of global oil prices. However, the rate of growth is unlikely to move northwards steeply in the short term given that the actions of the Modi Government will take time to shore up business confidence which can then translate into higher levels of capital investment and in turn stimulate private consumption expenditure. The decisiveness and determination displayed by the Modi government augurs well for all of us.

Over the years, policy makers in India seem to have chosen taxation as the tool to control consumption of tobacco products but with little success. Your Company shall continue to engage with the concerned government authorities to drive home the point that moderate tax rates alone can maximise the revenue potential from the tobacco sector.

Despite an uncertain path for the GST bill in Parliament's upper house, the government is preparing for GST implementation next April. This new tax system could prove to be an economic game changer and therefore, the political class must not derail its legislative journey.

I would also like to take this opportunity to extend my heartfelt gratitude to all our consumers, business partners, shareholders and employees for their relentless support, faith, and commitment. I reassure that your Company is strongly positioned to take up many new challenges going forward to drive a balanced and sustainable growth. As always, your unwavering support will help to achieve the goals in a faster and better manner.

With best wishes and warm regards,

R.A. Shah



K. K. Modi

President's Message

Dear Shareholder,

I am delighted to write to you once again to update you on the performance of your Company. Despite challenging macro-economic and regulatory environment, your Company delivered a healthy topline of Rs.4453 crore with a growth of 6% over last year. I am pleased to announce that your Directors have yet again recommended a Dividend of 400% for the year ended 31st March, 2015.

Over the last 3 years, the incidence of both Excise Duty and VAT on cigarettes, at a per unit level, has almost doubled up cumulatively. This sharp increase is not only exerting pressure on the cigarette sales volumes but also leading to suboptimisation of the revenue potential from the tobacco sector.

In a country where only 5 per cent of adult male tobacco users consume cigarettes, the share of cigarettes in the total tobacco excise revenue is as high as 85 per cent. This anomaly neither helps in tobacco control nor provides higher revenue to the Government. High incidence of taxation on cigarettes, over the years, has led to a significant shift in tobacco consumption to relatively less taxed or tax escaped tobacco products.

Your Company's strategy revolves around creating a "focused approach" on three fronts – markets, brands and people. This structural change will help grow the business, drive profits and innovation. Your Company will maximize focus in selected markets to generate higher sales volume by increasing market share. Extending this focused approach to brands, your Company has done significant work towards strengthening brand equity, developing contemporary product offerings for the young and diverse Indian population. On the people front, your Company has identified high potential employees who have been allocated stretched goals aimed at achieving our business objectives.

The International Business Division of your Company is on a faster growth trajectory. In the fiscal year 2014-15, this Division reported a growth of 24% to exceed Rs.600 crore in terms of sales turnover for the year. The Company continues its focus in key markets of Latin America, the Middle East, Africa and SAARC nations. Your Company is also leveraging its partnerships for developing and promoting Indian leaf tobacco within global brands. Besides cigarettes and unmanufactured tobacco, the Division will also be focusing to build the chewing products and tea businesses in key geographies. I am fairly confident of reasonably good growth coming from our International Business Division in the next 3 years.

As the domestic cigarette business continues to face the uphill task of maintaining volumes in a declining industry, we shall have to focus on gaining market share. This requires us to upgrade our selling and distribution processes and work in this regard is already underway. Your Company's plan to diversify in the chewing products business aims to attract consumers from other tobacco products and thereby generate higher sales revenues with better margins. Our tea business is focusing on developing contemporary products such as green tea that will provide the next stage of growth for the business. In addition, sales and distribution infrastructure of the tea business is being pivoted across new geographies and trade channels.

I offer my sincere gratitude to all the shareholders and stakeholders for continuing to place their confidence in the Company. It is this support that helps us create long term value for all stakeholders.

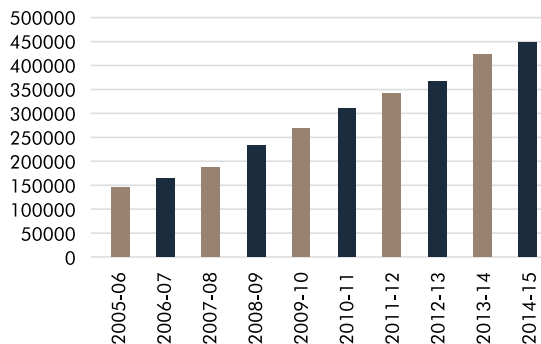
Warm regards,

K. K. Modi

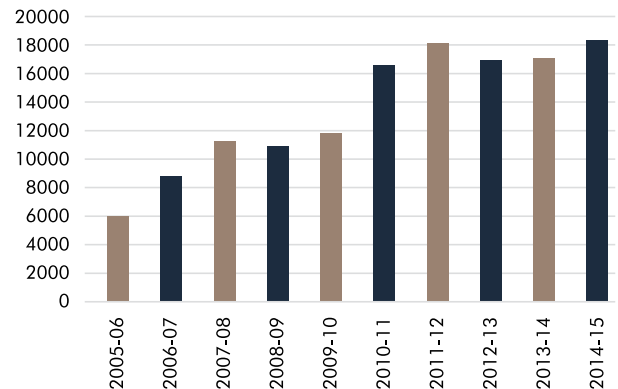
Financial Highlights

Trends

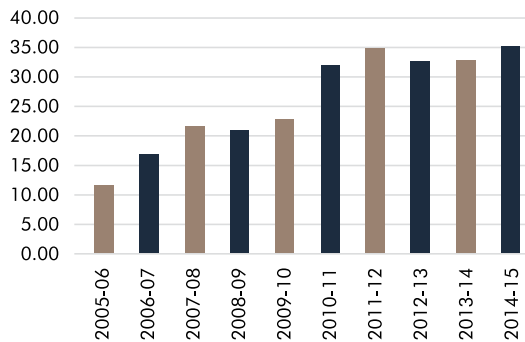
Gross Revenue (Rs. Lacs)



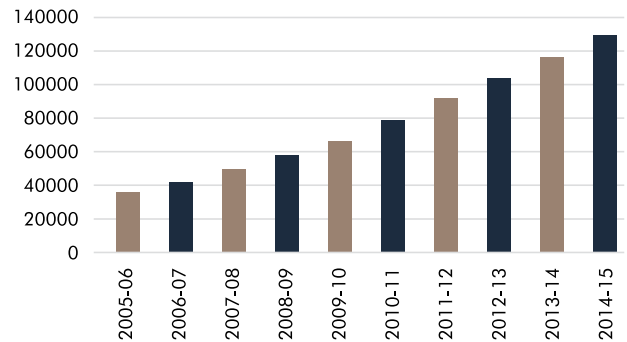
Profit After Tax (Rs. Lacs)



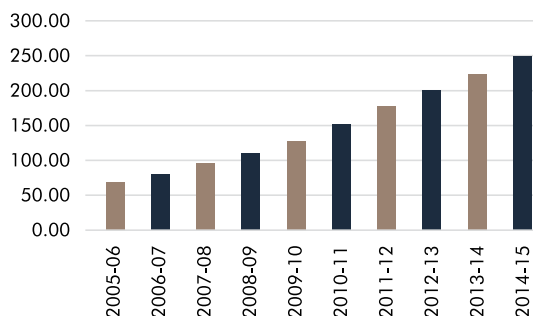
Earning per Share (Rs.)



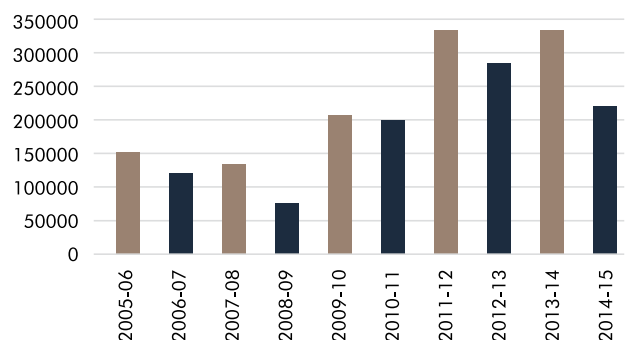
Shareholders Funds (Rs. Lacs)



Book Value per Equity Share (Rs.)

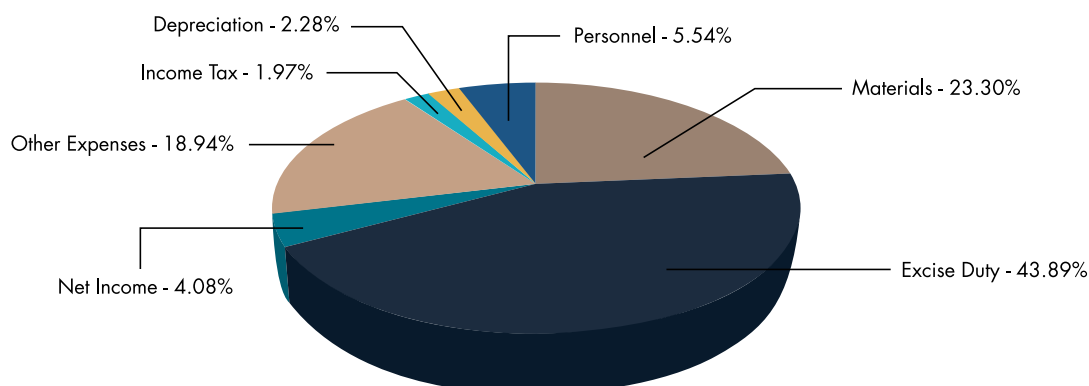


Market Capitalization (Rs. Lacs)



Financial Highlights

Revenue Distribution



10 YEAR HIGHLIGHTS

(Rs. Lacs)

PARTICULARS	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
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CAPITAL EMPLOYED

Net Fixed Assets	71393	71694	71887	67443	47387	31896	25980	15337	12655	12984
Investments	32238	35529	31853	35833	32314	19485	20986	32957	24627	21100
Working Capital	51634	32052	31172	21016	21797	26823	20172	12205	10962	9809
Deferred Tax Assets (Net)	1653	973	-	752	79	-	236	-	-	-
Total	156918	140248	134912	125044	101577	78204	67374	60499	48244	43893

FINANCED BY

Shareholders' Funds	129262	116370	104172	92091	79025	66652	57845	49996	41815	36046
Borrowings	27656	23878	30356	32953	22552	11455	9529	10338	6073	7439
Deferred Tax Liabilities (Net)	0	0	384	-	-	97	-	165	356	408
Total	156918	140248	134912	125044	101577	78204	67374	60499	48244	43893

OPERATING PERFORMANCE

Gross Revenue	448589	422067	367282	341858	310838	267292	232445	187634	163277	145712
Excise Duty	196897	171653	157777	146058	146768	121386	115636	94040	82423	76176
Depreciation	10226	8655	8800	6263	4000	3391	2803	1977	1907	1837
Profit Before Taxation	27140	25468	23690	25723	24147	16740	16591	16974	13523	9969
Profit After Taxation	18308	17064	16948	18136	16603	11839	10890	11222	8810	6013
Dividend	4159	4159	4159	4159	3640	2600	2600	2600	2600	2340
Corporate Dividend Tax	847	707	707	675	590	432	442	442	442	328
Retained Earnings	13302	12198	12082	13302	12373	8807	7848	8180	5768	3345

INVESTORS' DATA

*Earning per Equity Share (Rs)	35.21	32.82	32.60	34.88	31.93	22.77	20.95	21.58	16.95	11.56
Dividend per Equity Share (%)	400	400	400	400	350	250	250	250	250	225
*Book Value per Equity Share (Rs)	248.61	223.81	200.35	177.12	151.53	127.74	110.80	95.70	79.97	68.87
Number of Shareholders	16169	11137	10839	11125	11242	11364	12350	12824	12740	11261

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

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors feel privileged to present the 78th Annual Report on the business and operations of the Company along with the Audited Accounts for the financial year, ended March 31, 2015.

ECONOMIC ENVIRONMENT

The global economic recovery continued to be uneven during 2014-15, with low inflation turning to deflation in many countries, while advanced economies reported a pick-up in growth and emerging and developing economies continued to slow down resulting in modest global economic growth of 3.4% in 2014. Geopolitical tensions, stagnation and deflationary conditions and continued slowdown in China with its consequent adverse impact on commodity prices, represents some of the key challenges to global economic recovery. IMF, in their latest outlook, has marked the global economic growth for 2015 at 3.3%. Later in the year, it is expected that the US Fed and Bank of England will reverse the interest rate cycle leading to flight of capital to these regions. This is likely to further impact the emerging economies negatively.

Compared to the trends of other emerging and developing economies, the Indian economy showed some resilience with a growth of 7.4% in 2014-15 based on the new GDP series as compared with 6.9% in 2013-14. There was room for cheers on some counts, as there was a 2.8% growth in IIP, robust 10.6% growth in the services sector, declining rate of inflation (both CPI and WPI), containing fiscal deficit within the target at 4% of GDP, narrowing current account deficit at 1.3% of GDP, improved investor sentiment, healthy foreign exchange reserves at over \$ 350 billion, stable Rupee and rising stock markets. IMF has estimated that India will grow at 7.5% in 2015-16 and therefore, India shall continue to remain, one of the fastest growing economies in the world. However, if India has to live up to its true potential, there is an urgent need to focus on job creation and skill up-gradation to address the issue of unemployment, especially among the youth. And, for this the manufacturing sector needs to get the required boost and the Modi government's call for 'Make in India' should travel beyond the realms of mere sloganeering.

TOBACCO INDUSTRY

The global tobacco industry accounted for a 4 % growth with a value of USD 816 billion in 2014; likewise the global cigarette industry saw a growth of 3 % i.e. USD 744 billion, keeping the value growth intact. Global cigarette volumes declined by about 0.4 % in 2014 which were driven by volume decline in North America and Europe by 4 % and 5 %, respectively. The industry's growth engine – Asia Pacific grew by 1 % in 2014.

New generation products such as electronic vaping devices (EVD) and nicotine gums are gaining global acceptance. Sales of e-cigarettes grew by 60 % globally in 2014 as consumers perceive this segment to be less harmful. Taking a cue from this, your Company has also forayed into the same category with the test marketing of "ZESTT" brand in Delhi – NCR.

The Indian cigarettes industry is passing through tough times. A significant part of the cigarettes value is comprised of excise and VAT, unlike other tobacco products. In the last 4 fiscal years, the weighted excise increased at about 18% year-over-year. Consequently, all companies are facing pricing and margin pressures. Yet, the industry has been successful in maintaining a value growth albeit at the cost of volume decline.

India's taxation policy and regulatory regime is somewhat skewed against cigarettes over the years. This has led to the share of legal cigarettes in overall tobacco consumption progressively declining from 21% in 1981-82 to about 12% in 2014-15 even as overall tobacco consumption has increased in India. According to a study by Euromonitor International, India is now the 5th largest market for illegal cigarettes in the world and that the illegal cigarette trade accounts for nearly one-fifth of the overall cigarette industry in India.

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

Initially it was felt that the cigarette segment of 'length not exceeding 65mm' will rope in tobacco consumers from categories like bidi, khaini, chewing tobacco, gutkha, etc., but cumulative increase of 115% in excise duty in July 2014 and February 2015 has belied those hopes completely.

A dominant industry trend in India is that of polarization, wherein cigarette consumers are drifting from regular size towards either kings size segment or 64mm. This is also reflected in price bands where the premium and popular segments are being diluted with movement toward economy segment.

Indian leaf tobacco exports in 2014-15 fell way short of the target and were pegged at Rs. 5600 crore, even lower than last year's actual of Rs. 6100 crore.

Regulation and Taxation

The regulatory environment is getting stricter by the day. For the fourth consecutive year, the Union budget in February 2015 hiked excise rates for cigarettes in the range of 12-22 per cent; the hike was even steeper in the range of 11-72 per cent as presented in the July 2014 budget.

The state government controlled VAT rates are also moving upwards. Share of VAT within total taxes to the cigarettes industry, has increased from 28 per cent in 2010-11 to 43 per cent in 2014-15. It is imperative that GST comes in to play from April 1, 2016 and streamlines the varied tax structure. It is imperative that revenue sensitive goods like cigarettes are subjected to uniform standard rates of tax applicable to general category of goods to ensure revenue buoyancy and rein in the growth of illicit trade. A multi-VAT regime promotes arbitrage and cross border trade which hurts the state governments and legal business infrastructure in receiving states.

There are several proposals under consideration by the government concerning regulations of tobacco sector. One such proposal relates to increase in size of graphic health warnings to cover 85% of the surface area of both sides of the pack as compared to the current requirement of covering 40% of the area of one side of the pack. This was originally mandated to be effective from 1st April, 2015, but is currently being examined by the Parliament Committee on Subordinate Legislation and therefore its implementation stands deferred. Others relate to amendments to COTPA to regulate in-shop and on-shop displays. It is also rumoured that the government is contemplating ban on sale of loose cigarettes.

Your Company, however, remains committed to regulatory adherence as a responsible corporate entity. Our endeavour is to seek harmony between legal compliance and efficient realizations from the business.

SEGMENTWISE PERFORMANCE IN 2014-2015

Cigarettes

The domestic cigarette industry continues to reel under pressure of increased indirect taxes with volumes declining by over 9% in 2014-15. Though your Company has witnessed decline in volume, it still was able to register a growth of 4.2% in terms of operating revenue from Rs. 3263 crore in previous year to Rs. 3400 crore. We have been able to increase volume in the 64 mm segment despite aggressive competitive moves, but kept a balanced mix of the lower margin 64 mm and the higher margin 69 mm segments.

Despite the challenging scenario faced by it, your Company is aiming for steady growth through balanced brand portfolio, consumer engagement programs, quicker response to environmental changes and data-driven decision making process. Multiple cross-functional integrated projects are currently underway towards making our brands consumer centric in the market place to gain market share.

In view of the pricing pressure on consumers, your Company has already enhanced its focus on more economical price points to regain volume growth. We are offering increasingly superior products at multiple price points which are affordable to various sections of society. Our effort will be to improve consumer satisfaction with our brands through quality and innovation, using the latest techniques in consumer research, R&D and manufacturing excellence.

Tea

Domestic tea business remained subdued during the year with income lower at Rs. 102 crore against Rs. 116 crore last year. Efforts were made towards premiumization of brand portfolio, leading to value

contribution of premium brands to total turnover growing from thirteen per cent last year to twenty one per cent this year. The Company is proud of its foray into the prestigious Canteen Stores Department (CSD), an organization under the aegis of the Ministry of Defense, catering to India's Armed Forces. To provide quality products to the discerning consumers, the Company has installed a new state-of-the-art blending drum at its Kolkata factory. In order to grow the business and stay ahead of the curve in the coming years, your Company is focusing on contemporary formats and value added teas and is hopeful of better performance during the current year.

Chewing Products

Your Company suffered a setback in its foray into chewing business during the year despite investing significant time and money to develop the business. The Company is following a consumer centric approach to gain deeper understanding of consumer behaviour and his unfulfilled needs. Introduction of larger SKUs and expansion of geographical footprint are some other measures planned by the Company to drive growth.

Exports

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

	2014 - 15	2013 - 14
Commodity/Product	Value (Rs. in crore)	Value (Rs. in crore)
Cigarettes	159.12	144.54
Unmanufactured tobacco	374.29	262.08
Cut tobacco/CLB	30.51	29.77
Tea	45.65	54.53

Exports of your Company have grown by 24% during the year 2014-15 achieving a value of Rs. 610 crore.

The company has opened new markets across categories and added value to the business by putting greater thrust in building brand saliency and thereby equity across the globe. The cigarettes and cut tobacco business now cover a wide footprint across continents. The Company has successfully collaborated with partners in Latin America, UAE and Nepal by placing dedicated resources in these markets.

As part of the growth strategy, the branch office in Dubai is now being converted into a wholly-owned subsidiary named 'Godfrey Phillips Middle East'. The same will be fully operational very soon and is expected to help the company expand its operations further across the globe. Work is on for launching our cigarette brands in UAE and Qatar markets soon. Your company has also made inroads with the cigarette brand "Jaisalmer" into the India duty free cigarettes sales with presence in the Delhi duty free at the Delhi International Airport.

The regional hubs in Dubai and Singapore is a step in the direction to be closer to our customers, build greater consumer confidence and long term relationships translating into sustainable business.

Leaf tobacco exports have done exceptionally well registering a growth of 42% over last year. Our Competitive pricing resulted into higher business from all regions including Greece, South Africa, Bulgaria, Brazil, Taiwan and Egypt. Our Customer base is expanding to include new destinations like Zimbabwe, Jordan, Korea, France, Portugal, Serbia, Switzerland, Lithuania. We are participating in all tobacco fairs and exhibitions for new contracts in pursuit of new opportunities in times to come. Also, we are participating in the tenders floated by the Tobacco monopolies overseas.

Tea exports suffered a de-growth of sixteen per cent, owing to the sharp fall in prices of competing Kenyan teas. However, this decline was in line with the overall industry decline of seventeen per cent.

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

Your company has opened a new market with the launch of own packaged premium tea brand 'Symphony' in Oman. We are confident of gaining a market share of 4% there by end of this fiscal year with a presence in over 1500 outlets. Further, we have plans to launch our own brand in UAE and Central Asia during this fiscal year.

Your company launched 'Raag Gold' Pan Masala and 'Raagaa Gold' Zarda in Nepal, with Mahanayak Rajesh Hamal as the brand ambassador. The product has been well appreciated in Nepal and expected to gain 5% market share by end of this fiscal year.

Also, the Company has a number of pursuits lined up for doing business in Australia and Dubai and also exploring partnerships in Bangladesh to take its brands to a global platform.

Retail

Company's foray into retail business through 24x7 convenience stores is making slow but steady progress. New business models are currently under evaluation with the help of Japanese consultants and we hope to scale greater heights in times to come.

HUMAN RESOURCE DEVELOPMENT

Your Company strongly believes in consistently taking steps towards talent management, leadership development and employee engagement. Your Company has taken firm steps towards fostering a performance driven culture through integration of organizational goals, aligning of business and functional expectations and pivoting performance conversations based on past and projected outputs.

A robust Talent Management initiative called 'Spotlight' has been initiated to identify and develop future leaders through their involvement in multi-faceted business projects significant to your Company's growth. In order to provide state of the art experience to new employees and ensuring their smooth integration into business environment and organizational culture, a new joiner experience program named 'Inspirit' has been initiated. Annual health check-up for all employees continued this year also, in quest to make your Company a healthy organization.

CORPORATE DEVELOPMENT

Corporate Development team remains pivotal in executing the growth strategy of your Company. The Corporate Development team is involved in the business monitoring process to ensure all initiatives and projects are aligned to their objectives, plays a key role in the annual budgeting and long term planning exercise, undertakes strategic projects with a long term growth impact and regularly scans the external environment including regulatory volatility, competitive landscape and the global tobacco industry in order to assess their implications on your Company.

INFORMATION TECHNOLOGY (IT)

Your Company is continuously making investment in Information Technology to improve operational efficiency and enhance productivity. It is aiming to leverage IT in its selling and distribution processes in order to drive improvement in sales system efficiencies and converting sales information into actionable data points. IT team has implemented enterprise mobile solution to capture real time data for leaf tobacco procurement and also helping in crop development activity.

Your Company is keenly monitoring developments in the digital space and looking for suitable opportunity to participate in its evolution to enhance its business landscape 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 fund based Credit Limit and 'CRISIL A1+' for non-fund based. 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. Also, the Company continued to park its temporary surpluses in liquid schemes of various mutual funds.

FINANCIAL RESULTS

	<u>2014-15</u> <u>Rs. in lacs</u>	<u>2013-14</u> <u>Rs. in lacs</u>
Gross Profit (after exceptional item)	37365.53	34122.98
Less : Depreciation	10225.65	8655.43
Profit before tax	27139.88	25467.55
Less : Provision for tax		
- current tax	9218.00	9602.40
- deferred tax charge/(credit)	(462.76)	(1356.42)
- current tax expense relating to prior years	76.20	157.51
Profit after tax for the year	18308.44	17064.06
Profit brought forward	89369.31	79171.67
Less: Adjustment for depreciation in transition	410.27	-
Available for appropriation	107267.48	96235.73
Appropriations		
Proposed Dividend	4159.51	4159.51
Corporate Dividend Tax	846.78	706.91
Transfer to General Reserve	2000.00	2000.00
Surplus carried to Balance Sheet	100261.19	89369.31
	107267.48	96235.73

During the year ended March 31, 2015, the Company registered operating revenue of Rs. 4453 crore as against Rs. 4193 crore during corresponding previous financial year, a growth of almost 6.2%. The profit after tax was higher at Rs. 183.08 crore against Rs. 170.64 crore last year.

The Union Budget 2015 has yet again increased the excise duty on cigarette which works out to around 15% 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 as prevalent over the last several years is likely to continue.

SUB-DIVISION OF SHARES

Pursuant to the approval of the Shareholders obtained at last Annual General Meeting held on 23rd September, 2014, each equity share of nominal face value of Rs.10/- (Rupees Ten) each was sub-divided into 5 (Five) equity shares of face value of Rs.2/- (Rupees Two) each with effect from 1st December, 2014.

DIVIDEND

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

DEPOSITS

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as on 31st March, 2015 is attached as 'Annexure - 1' to this Report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on 31st March, 2015, your Company had six subsidiaries and three associate companies. The basic details of these companies form part of the extract of Annual Return given in 'Annexure-1'.

DIRECTORS' REPORT



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Form AOC-1 containing the salient features of financial statements of the Company's subsidiaries and associates is attached as 'Annexure - 2'. The audited financial statements of these entities will be available for inspection during business hours at the Registered Office of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with 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 and associate companies, as approved by their respective Boards.

INTERNAL CONTROL SYSTEMS

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

The internal control systems are supplemented by well documented policies, guidelines and procedures, an extensive programme of internal audit by a firm of chartered accountants and management reviews.

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

CORPORATE SOCIAL RESPONSIBILITY

As a long-standing business, led by a promoter family with philanthropy ingrained in them, your Company has always strived to be a responsible corporate citizen. As a successful cigarette manufacturing company, we feel an even greater obligation to take our social responsibility efforts further to cover a wide spectrum of social issues.

In its endeavour to benefit co-communities of the Company, the project Amodini is focussing on improvement of quality of lives of contractual women labourers engaged in leaf tobacco grading in Ongole, Andhra Pradesh. 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 and has been able to promote gender equality.

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 technical inputs on the aspects of marketing, design and financial management to ensure a sufficient and consistent income for sustainable livelihood.

Our commitment to be responsible to the environment from which we extract resources is reflected in our Good Agricultural Practices (GAP) initiative with farmers. And to minimise the impact of our business on the environment, we have ISO 14001:2004 (Environment Management System) certification for our manufacturing plants and use methods that have been proven to be environmentally safe.

Rabale factory was bestowed with 'Greentech Environment Gold' award for outstanding achievement in Environment Management, 'Super Achiever' award for outstanding achievement in Safety Management and also 'Silver' award in IRIM Global Manufacturing Competitiveness.

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

DIRECTORS

Mr. Samir Kumar Modi (DIN 00029554) and Mr. R. Ramamurthy (DIN 00030463) are liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Lalit Kumar Modi vacated his office as the Director of the Company with effect from 28th May, 2015 by virtue of the provisions of Section 167 (1) (b) of the Companies Act, 2013.

Mr. Atul Kumar Gupta (DIN 01734070) was appointed as Additional Director w.e.f. 20th June, 2015 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 his candidature for appointment as a Director.

PERFORMANCE EVALUATION OF THE BOARD, ETC.

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

KEY MANAGERIAL PERSONNEL

Mr. K.K. Modi, President & Managing Director, Mr. Samir Kumar Modi, Executive Director, Mr. R. Ramamurthy, Whole-time Director, Mr. Sunil Agrawal, Chief Financial Officer and Mr. Sanjay Gupta, Company Secretary of the Company are deemed to be Key Managerial Personnel of the Company as per the provisions of Companies Act, 2013 and rules made thereunder. All of these officials were already in the office prior to commencement of the Companies Act, 2013.

BOARD MEETINGS

The details of the meetings of the Board held during the year, forms part of the Corporate Governance Report.

AUDIT COMMITTEE

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

RISK MANAGEMENT

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis;
- (v) the internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and are operating effectively; and
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

The above statements were noted by the Audit Committee at its meeting held on July 31, 2015.

DIRECTORS' REPORT



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RELATED PARTY TRANSACTIONS

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

The details of related party disclosures form part of the notes to the financial statements.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

The details of Whistle Blower Policy/Vigil Mechanism forms part of the Corporate Governance Report.

REMUNERATION AND NOMINATION POLICY

The details of remuneration and nomination policy for the Directors forms part of the Corporate Governance Report.

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

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

STATUTORY AUDITOR

M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 015125N), were appointed as the Statutory Auditor of your Company at the last Annual General Meeting held on 23rd September, 2014 for a term of three years. However, as per the provisions of Section 139 of the Companies Act, 2013, their appointment is required to be ratified by the Shareholders at every Annual General Meeting.

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

COST AUDIT

M/s. Chandra Wadhwa & Co., Cost Accountants (Firm Registration No.00239), have been appointed as the Cost Auditor of the Company for the financial year 2015-16 to audit the cost accounting records for 'Tea' business, at a fee of Rs. 2.50 lacs plus applicable taxes and out of pocket expenses, subject to ratification by the Shareholders at the ensuing Annual General Meeting.

SECRETARIAL AUDIT

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

DIRECTORS' REPORT

The Secretarial Audit Report for the year under review is attached as 'Annexure - 5' and the observation of the Secretarial Auditor with regard to absence of one out of two Independent Directors at the Audit Committee Meetings held on 28th May, 2014 and 9th November, 2014, has been addressed in the para 3(ii) of the Corporate Governance Report for the year ended 31st March, 2015.

Except for one observation as mentioned above, the Secretarial Audit Report doesn't contain any qualification, reservation, adverse remark or disclaimer.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

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

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

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

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

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

During the year under review, one complaint was filed with the Company and the same was investigated by the ICC and resolved as per the provisions of the Act.

THE FUTURE

Your Company has the requisite infrastructure, best in class technology, vast distribution network and talented pool of human resources to drive growth in various business and product categories both in domestic and international markets. Your Directors are confident that the Company will continue to create value for its shareholders in times to come.

ACKNOWLEDGEMENT

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

Respectfully submitted on behalf of the Board

New Delhi
Dated : July 31, 2015

R.A. SHAH
CHAIRMAN

DIRECTORS' REPORT



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Annexure 1

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	L16004MH1936PLC008587
ii)	Registration Date	03.12.1936
iii)	Name of the Company	Godfrey Phillips India Limited
iv)	Category/Sub-category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	'Macropolo Building', Ground Floor, Next to Kala Chowky P.O., Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra 400033 Contact No:-022-61952300 Fax No:- 022-61952319
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer agent, if any	Sharepro Services (India) Pvt. Ltd, 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri (East), Mumbai- 400072 Contact No:- 022-67720316 Fax No:- 022-28591568 E-mail:- sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC code of the product/services	% to total turnover of the Company
1.	Cigarettes	12003	81.11

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/ GLN	Holding/ subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
1.	International Tobacco Company Limited 'Macropolo Building', Ground Floor, Next to Kala Chowky P.O., Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra 400033	U16000MH1964PLC0013915	Subsidiary	100	2(87)(ii)



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2.	Chase Investments Limited 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1984PLC017448	Subsidiary	100	2(87)(ii)
3.	Unique Space Developers Limited 43 Kalpataru Square, 4th Floor, Andheri Kurla Road, Kondivita Lane, JB Nagar, Andheri-E, Mumbai -400059	U70100MH1988PLC046854	Subsidiary	Chase Investments Ltd holds 51.39%	2(87)(ii)
4.	Gopal Krishna Infrastructure & Real Estate Limited 49, Community Centre, Friends Colony, New Delhi-110025	U45200DL2006PLC156875	Subsidiary	Unique Space Developers Ltd holds 100%	2(87)(ii)
5.	Kashyap Metal & Allied Industries Limited* 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1973PLC006528	Subsidiary	GPI holds 46.34% and Chase holds 35.33%	2(87)(ii)
6.	Rajputana Infrastructure Corporate Limited 49, Community Centre, Friends Colony, New Delhi-110025	U45200DL2006PLC156832	Subsidiary	Kashyap Metal holds 100%	2(87)(ii)
7.	Success Principles India Limited C/O Gupta Jaiswani & Co., Dal Bazar Tiraha, Lashkar, Gwalior, Madhya Pradesh- 474009	U17118MP1989PLC005568	Associate	48.89	2(6)
8.	IPM India Wholesale Trading Private Limited DLF Center, 8th Floor, Block No. 124, Narindra Place, Parliament Street, New Delhi-110001	U51909DL2009PTC189517	Associate	24.80	2(6)
9.	KKM Management Centre Private Limited 49, Community Centre, Friends Colony, New Delhi-110025	U74999DL1996PTC080090	Associate	36.75	2(6)

* The name of the Company has been changed to Friendly Reality Projects Limited.

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

i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year (01.04.2014)				No. of shares held at the end of the year* (31.03.2015)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	3500	1088	4588	0.04	17500	5440	22940	0.04	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	4412978	0	4412978	42.44	22294890	0	22294890	42.88	0.44
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other (Trusts)	351276	9000	360276	3.46	1756380	45000	1801380	3.46	0
Sub-total (A)(1)	4767754	10088	4777842	45.95	24068770	50440	24119210	46.39	0.44

DIRECTORS' REPORT



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(2) Foreign									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	2610095	0	2610095	25.10	13050475	0	13050475	25.10	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	2610095	0	2610095	25.10	13050475	0	13050475	25.10	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	7377849	10088	7387937	71.05	37119245	50440	37169685	71.49	0.44
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	324673	75	324748	3.12	1004765	375	1005140	1.93	-1.19
b) Banks/ FI	2980	6595	9575	0.09	24365	23375	47740	0.09	0
c) Central Govt	0	6000	6000	0.06	0	24000	24000	0.05	-0.01
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	1040736	100	1040836	10.01	5718616	500	5719116	11.00	0.99
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	00	0
Sub-total (B)(1)	1368389	12770	1381159	13.28	6747746	48250	6795996	13.07	-0.21
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian	130603	6691	137294	1.32	575507	18455	593962	1.14	-0.18
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	861948	359564	1221512	11.75	4733756	1607350	6341106	12.20	0.45
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	240316	0	240316	2.31	893795	0	893795	1.72	-0.59
c) Others									
Other Directors and relatives	7938	0	7938	0.08	36250	0	36250	0.07	-0.01
Non-Resident Individuals	15151	2785	17936	0.17	125671	13925	139596	0.27	0.10
Trusts	1192	3500	4692	0.05	6030	17500	23530	0.05	0
Sub-total (B)(2)	1257148	372540	1629688	15.67	6371009	1657230	8028239	15.44	-0.23
Total Public Shareholding (B) = (B)(1)+ (B)(2)	2625537	385310	3010847	28.95	13118755	1705480	14824235	28.51	-0.44
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	10003386	395398	10398784	100	50238000	1755920	51993920	100	0

*The holding of respective shareholder as at 31.03.2015 is post split of equity shares during the year.



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(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2014)			Shareholding at the end of the year** (31.03.2015)			% of change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	K K Modi Investment And Financial Services Pvt Ltd	3039332	29.23	0	15196660	29.23	0	0
2.	Philip Morris Global Brands INC	2610095	25.10	0	13050475	25.10	0	0
3.	Good Investment (India) Ltd	796044	7.66	0	4095220	7.88	0	0.22
4.	Quick Investment (India) Ltd	393360	3.78	0	2081800	4.00	0	0.22
5.	Super Investment (India) Limited	105452	1.01	0	527260	1.01	0	0
6.	K K Modi & Bina Modi (Trustees-Indofil Senior Executives Officers Welfare Trust)	77256	0.74	0	386280	0.74	0	0
7.	K K Modi & Bina Modi (Trustees-Indofil Junior Employees (Factory) Welfare Trust)	76000	0.73	0	380000	0.73	0	0
8.	K K Modi & Bina Modi (Trustees-Indofil Junior Employees (Offices) Welfare Trust)	61712	0.59	0	308560	0.59	0	0
9.	K K Modi & Bina Modi (Trustees-Indofil Senior Executives (Factory) Welfare Trust)	61712	0.59	0	308560	0.59	0	0
10.	K K Modi & Bina Modi (Trustees-Indofil Senior Executives (Factory) Benefit Trust)	28272	0.27	0	141360	0.27	0	0
11.	K K Modi & Bina Modi (Trustees-Indofil Junior Employees (Offices) Benefit Trust)	21644	0.21	0	108220	0.21	0	0
12.	K K Modi & Bina Modi (Trustees-Indofil Junior Employees (Factory) Benefit Trust)	20112	0.19	0	100560	0.19	0	0
13.	S. Mobility Ltd	17300	0.17	0	86500	0.17	0	0
14.	Longwell Investment Pvt Ltd	16000	0.15	0	80000	0.15	0	0
15.	Swasth Investment Pvt Ltd	16000	0.15	0	80000	0.15	0	0
16.	Motto Investment Private Limited	15800	0.15	0	79000	0.15	0	0
17.	HMA Udyog Private Limited	13600	0.13	0	68000	0.13	0	0
18.	Kedarnath Modi (Trustee) Modi Spg & Wvg Mills Co. Ltd Head office Employees Welfare Trust	9000	0.09	0	45000	0.09	0	0
19.	K K Modi & Bina Modi (Trustees-Indofil Senior Executives (Offices) Benefit Trust)	4568	0.04	0	22840	0.04	0	0
20.	Divya Modi	2300	0.02	0	11500	0.02	0	0
21.	Ritika N Rungta	1088	0.01	0	5440	0	0	0
22.	Samir Kumar Modi	400	0	0	2000	0	0	0
23.	Krishan Kumar Modi	400	0	0	2000	0	0	0
24.	Lalit Kumar Modi	400	0	0	2000	0	0	0
25.	Upasana Investment Pvt Ltd	90	0	0	450	0	0	0

****The holding of respective promoter is post split of equity shares during the year.**

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(iii) Change in Promoters' Shareholding

Sl. No		Shareholding at the beginning of the year (01.04.2014)		Cumulative Shareholding during the year (31.03.2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Good Investment (India) Ltd				
	At the beginning of the year	796044	7.65		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@			3980220	7.65
	31.03.2015	115000		4095220	7.87
	At the End of the year			4095220	7.87
2.	Quick Investment (India) Ltd				
	At the beginning of the year	393360	3.78		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@			1966800	3.78
	31.03.2015	115000		2081800	4.00
	At the End of the year			2081800	4.00

@The holding of respective promoter is post split of equity shares during the year.

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

Sl. No		Shareholding at the beginning of the year (01.04.2014)		Cumulative Shareholding during the year (31.03.2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	National Westminster Bank PLC as Trustee of The Jupiter India Fund				
	At the beginning of the year	333672	3.21		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	13.06.2014	6325	0.06	340000	3.27
	11.07.2014	14101	0.14	354101	3.41
	01.12.2014@@			1770505	3.41
	06.03.2015	48175	0.09	1818680	3.50
	13.03.2015	63705	0.12	1882385	3.62
	20.03.2015	83785	0.16	1966170	3.78
	27.03.2015	275452	0.53	2241622	4.31
	At the End of the year			2241622	4.31
2.	APMS Investment Fund Ltd#				
	At the beginning of the year	268555	2.58		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@@			1342775	2.58
	27.03.2015	(230000)	(0.44)	1112775	2.14
	At the End of the year			1112775	2.14
3.	IDFC Premier Equity Fund				
	At the beginning of the year	250000	2.40		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	14.11.2014	(8000)	(0.07)	242000	2.33
	01.12.2014@@			1210000	2.33
	20.03.2015	(502049)	(0.97)	707951	1.36
	At the End of the year			707951	1.36



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4.	Swiss Finance Corporation (Mauritius) Ltd				
	At the beginning of the year	175803	1.69		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@@			879015	1.69
	At the End of the year			879015	1.69
5.	Jupiter South Asia Investment Company Limited - South Asia Access Fund				
	At the beginning of the year	167012	1.61		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	23.05.2014	(11835)	(0.12)	155177	1.49
	30.05.2014	(5177)	(0.05)	150000	1.44
	06.06.2014	9156	0.09	159156	1.53
	13.06.2014	5844	0.06	165000	1.59
	11.07.2014	4700	0.04	169700	1.63
	01.12.2014@@			848500	1.63
	30.01.2015	1488	0	849988	1.63
	06.02.2015	40012	0.08	890000	1.71
	06.03.2015	22473	0.04	912473	1.75
	13.03.2015	29974	0.06	942447	1.81
	20.03.2015	39277	0.08	981724	1.89
	27.03.2015	129130	0.25	1110854	2.14
	At the End of the year			1110854	2.14
6.	Kavita Jain				
	At the beginning of the year	100000	0.96		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@@			500000	0.96
	At the End of the year			500000	0.96
7.	Sonia Jain				
	At the beginning of the year	40900	0.39		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@@			204500	0.39
	At the End of the year			204500	0.39
8.	National Westminster Bank PLC as Trustee of The Jupiter Asian Fund				
	At the beginning of the year	26000	0.25		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.08.2014	4000	0.04	30000	0.29
	01.12.2014@@			150000	0.29
	23.01.2015	16423	0.03	166423	0.32
	30.01.2015	3577	0.01	170000	0.33
	At the End of the year			170000	0.33
9.	Sudha Commercial Company Ltd.				
	At the beginning of the year	19750	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	30.05.2014	14611	0.14	34111	0.33
	01.12.2014@@			170555	0.33
	12.12.2014	6556	0.01	177111	0.34
	16.01.2015	(750)	0	176361	0.34
	06.03.2015	4700	0.01	181061	0.35
	27.03.2015	1550	0	182611	0.35
	At the End of the year			182611	0.35

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10.	The Jupiter Global Fund- Jupiter Asia Pacific				
	At the beginning of the year	19000	0.18		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.08.2014	4000	0.04	23000	0.22
	12.09.2014	(6522)	(0.06)	16478	0.16
	19.09.2014	(4952)	(0.05)	11526	0.11
	01.12.2014@@			57630	0.11
	27.02.2015	(6045)	(0.01)	51585	0.10
	06.03.2015	(1585)	0	50000	0.10
	At the End of the year			50000	0.10
11.	Mirae Asset Emerging Bluechip Fund				
	At the beginning of the year	18879	0.18		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	02.05.2014	984	0.01	19863	0.19
	09.05.2014	861	0.01	20724	0.20
	23.05.2014	1200	0.01	21924	0.21
	30.05.2014	(1700)	(0.02)	20224	0.19
	30.06.2014	(460)	0	19764	0.19
	18.07.2014	1000	0.01	20764	0.20
	08.08.2014	(1700)	(0.02)	19064	0.18
	12.09.2014	(2000)	(0.02)	17064	0.16
	19.09.2014	(811)	(0.01)	16253	0.16
	07.11.2014	1387	0.01	17640	0.17
	14.11.2014	8000	0.08	25640	0.25
	21.11.2014	1500	0.01	27140	0.26
	01.12.2014@@			135700	0.26
	12.12.2014	18000	0.04	153700	0.30
	31.12.2014	807	0	154507	0.30
	02.01.2015	8000	0.01	162507	0.31
	13.02.2015	(4965)	(0.01)	157542	0.30
	06.03.2015	(30000)	(0.06)	127542	0.24
	At the End of the year			127542	0.24
12.	Mirae Asset India Opportunities Fund				
	At the beginning of the year	14534	0.14		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	23.05.2014	700	0.01	15234	0.15
	30.05.2014	(700)	(0.01)	14534	0.14
	08.08.2014	(1000)	(0.01)	13534	0.13
	12.09.2014	(500)	0	13034	0.13
	19.09.2014	(3000)	(0.03)	10034	0.10
	14.11.2014	1700	0.02	11734	0.11
	01.12.2014@@			58670	0.11
	At the End of the year			58670	0.11
13.	National Westminster Bank PLC as Trustee of Jupiter Global Managed Fund				
	At the beginning of the year	14000	0.13		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.08.2014	2000	0.02	16000	0.15
	01.12.2014@@			80000	0.15
	13.03.2015	(80000)		0	0
	At the End of the year			0	0



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14.	Mallavarapu Shridevi				
	At the beginning of the year	13684	0.13		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	06.06.2014	(184)	0	13500	0.13
	01.12.2014@@			67500	0.13
	At the End of the year			67500	0.13
15.	National Westminster Bank PLC as Trustee of Jupiter Global Emerging Markets Fund				
	At the beginning of the year	10200	0.10		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	01.12.2014@@			51000	0.10
	06.02.2015	6415	0.01	57415	0.11
	13.02.2015	2799	0.01	60214	0.12
	06.03.2015	(60214)	(0.12)	0	0
	At the End of the year			0	0
16.	Govindlal Gilada				
	At the beginning of the year	9425	0.09		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	13.06.2014	100	0	9525	0.09
	20.06.2014	250	0	9775	0.09
	25.07.2014	400	0	10175	0.10
	12.09.2014	(1205)	(0.01)	8970	0.09
	19.09.2014	(145)	0	8825	0.09
	31.10.2014	1183	0.01	10008	0.10
	07.11.2014	897	0.01	10905	0.11
	14.11.2014	2000	0.02	12905	0.13
	21.11.2014	1375	0.01	14280	0.14
	28.11.2014	700	0	14980	0.14
	01.12.2014@@			74900	0.14
	05.12.2015	3650	0.01	78550	0.15
	12.12.2014	3600	0.01	82150	0.16
	19.12.2014	1250	0	83400	0.16
	02.01.2015	500	0	83900	0.16
	16.01.2015	925	0	84825	0.16
	06.02.2015	(7500)	(0.01)	77325	0.15
	06.03.2015	(7875)	(0.02)	69450	0.13
	At the End of the year			69450	0.13
17.	Deutsche Bank A. G.				
	At the beginning of the year	0	0		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	18.04.2014	1	0	1	0
	25.04.2014	(1)	0	0	0
	16.01.2014	4	0	4	0
	23.01.2014	(4)	0	0	0
	13.02.2015	2	0	2	0
	20.02.2015	(2)	0	0	0
	27.02.2015	1	0	1	0
	06.03.2015	(1)	0	0	0
	20.03.2015	201714	0.39	201714	0.39
	27.03.2015	28286	0.05	230000	0.44
	31.03.2015	(230000)	(0.44)	0	0
	At the End of the year			0	0

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18. Deutsche Bank A. G.					
At the beginning of the year		0	0		
Date wise Increase / (Decrease) in Shareholding during the year and reasons					
20.03.2015	200335	0.39	200335	0.39	
31.03.2015	(200335)	(0.39)	0	0	
At the End of the year			0	0	

@@ The holding of respective shareholder is post split of equity shares during the year.

Earlier known as Mavi Investment Fund Ltd.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No		Shareholding at the beginning of the year (01.04.2014)		Cumulative Shareholding during the year (31.03.2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Mr. R. A. Shah					
	At the beginning of the year	4000	0.04		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			20000^	0.04
2. Mr. K. K. Modi					
	At the beginning of the year	400	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			2000^	0
3. Mr. R. Ramamurthy					
	At the beginning of the year	100	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			500^	0
4. Dr. Lalit Bhasin					
	At the beginning of the year	400	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			2000^	0
5. Mr. C. M. Maniar%					
	At the beginning of the year	688	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	688	0
	At the date of separation (29/06/2014)			688	0



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6.	Mr. Anup N. Kothari				
	At the beginning of the year	1200	0.01		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			6000^	0.01
7.	Mr. Lalit Kumar Modi#				
	At the beginning of the year	400	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			2000^	0
8.	Mr. Samir Modi				
	At the beginning of the year	400	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			2000^	0
9.	Mrs. Bina Modi##				
	At the beginning of the year	0	0	0	
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			0	0
10.	Mr. Sunil Agrawal (jointly with wife)				
	At the beginning of the year	100	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			500^	0
11.	Mr. Sanjay Gupta (jointly with wife)				
	At the beginning of the year	40	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			200^	0

^ The shareholding of respective director/KMP is post split of equity shares during the year.

% Ceased to be director on his demise on 29.06.2014.

Ceased to be director on 28.05.2015.

Appointed as director on 07.04.2014.

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V. INDEBTEDNESS

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

(Rs. In lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	23877.95	0	0	23877.95
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	122.78	0	0	122.78
Total (i+ii+iii)	24000.73			24000.73
Change in indebtedness during the Financial year				
• Addition	0	9500.84	0	9500.84
• (Reduction)	(5778.89)	0	0	(5778.89)
Indebtedness at the end of the Financial year				
i) Principal Amount	18155.36	9500.84	0	27656.20
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	66.48	0	0	66.48
Total (i+ii+iii)	18221.84	9500.00		27722.68

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In lacs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Modi	Mr. R. Ramamurthy	Mr. Samir Modi	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	240.00	120.00	72.00	432.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	58.56	59.36
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	200.00	0	72.00	272.00
	- others	0	0	0	0
5.	Others	0	0	0	0
	Total (A)	440.40	120.40	202.56	763.36
Ceiling as per the Act: Rs. 2622.93 lacs (being 10% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)					

B. Remuneration to other directors:

(Rs. In lacs)

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. R. A. Shah	Dr. Lalit Bhasin	Mr. C. M. Maniar%	Mr. Anup N. Kothari		
1.	Independent Directors						
	• Fee for attending board / committee meetings	12.00	14.00	1.00	14.00		41.00
	• Commission	0	0	0	0		0
	• Others	0	0	0	0		0



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	Total (1)	12.00	14.00	1.00	14.00			41.00
2.	Other Non-Executive Directors					Mr. Lalit Kumar Modi#	Mrs. Bina Modi##	
	• Fee for attending board / committee meetings					0	5.00	5.00
	• Commission					200.00	0	200.00
	• Others					0	0	0
	Total (2)					200.00	5.00	205.00
	Total (B)= (1+2)							246.00
	Total Managerial Remuneration							
	Ceiling as per the Act					262.29@		

% Ceased to be director on his demise on 29.06.2014.

Ceased to be director on 28.05.2015.

Appointed as director on 07.04.2014.

@ Rs. 262.29 lacs (being 1% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)

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

(Rs. In lacs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Sunil Agrawal (CFO)	Mr. Sanjay Gupta (Company Secretary)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	104.47	78.17	183.64
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.26	1.97	4.23
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	0	0	0
	- others	0	0	0
5.	Others	0	0	0
	Total	106.73	80.14	187.87

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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Annexure 2

Form AOC-I

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

Part "A": Subsidiaries

Rs. in lacs

Particulars	Name of the Subsidiary					
	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
Reporting period for the subsidiary concerned, If different from the Holding Company's reporting period.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Share capital	300.00	280.45	14.35	81.96	5.00	5.00
Reserves & surplus	4136.30	659.04	2400.78	(10.22)	(2.22)	3.41
Total Assets	5598.81	942.22	2417.87	71.85	2.87	2328.50
Total Liabilities	1162.51	2.73	2.74	0.11	0.09	2320.09
Investments (other than in subsidiaries)	-	636.19	12.26	-	-	-
Turnover/Total Revenue	5400.19	31.79	6.69	3.86	0.21	0.28
Profit before taxation	64.48	29.55	(137.64)	(0.21)	(0.01)	0.07
Provision for taxation	24.60	3.34	-	-	-	0.02
Profit after taxation	39.88	26.21	(137.64)	(0.21)	(0.01)	0.05
Proposed Dividend	-	-	-	-	-	-
% of shareholding	100%	100%	81.88%	66.67%	66.67%	81.88%

Remarks:

1. Gopal Krishna Infrastructure & Real Estate Limited is a 100% subsidiary of Unique Space Developers Limited.
2. Rajputana Infrastructure Corporate Limited is a 100% subsidiary of Kashyap Metal and Allied Industries Limited.
3. Shares in Unique Space Developers Limited are held through Chase Investments Limited and International Tobacco Company Limited.
4. Shares in Kashyap Metal and Allied Industries Ltd are partly held through Chase Investments Limited.

For and on behalf of the Board of Directors

NITA KAPOOR
COO - Domestic

R. RAMAMURTHY
Whole-time Director

BHISHAM WADHERA
COO - International

SAMIR KUMAR MODI
Executive Director

Place : New Delhi
Date : May 30, 2015

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

R.A. SHAH
Chairman
K.K. MODI
President & Managing Director
BINA MODI
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

Part "B": Associates and Joint Ventures

Particulars	KKM Management Centre Pvt. Limited	Success Principles India Limited	IPM India Wholesale Trading Pvt. Limited
Latest audited Balance Sheet Date	31st March ,2015	31st March ,2015	31st December, 2014
Shares of Associate/Joint Venture held by the Company on the year end			
Number of shares	1,102,500	199,673	4,960,000
Amount of Investment	110.25	19.97	496.00*
Extent of Holding %	36.75	48.89	24.80
Description of how there is significant influence	Since the Company holds more than 20% of voting power in these associates		
Reason why the associate is not consolidated	Not Applicable		
Networth attributable to Shareholding as per latest audited Balance Sheet#	254.19	60.87	.**
Profit / (Loss) for the year	155.05	(0.52)	(13875.11)
Considered in consolidation	56.98	(0.26)	.**
Not considered in consolidation	98.07	(0.26)	(13875.11)

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

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

as reflected in the consolidated financial statements of the Company.

Notes on Part A and B.

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

For and on behalf of the Board of Directors

NITA KAPOOR
COO - Domestic

R. RAMAMURTHY
Whole-time Director

R.A. SHAH
Chairman

BHISHAM WADHERA
COO - International

SAMIR KUMAR MODI
Executive Director

K.K. MODI
President & Managing Director

Place : New Delhi
Date : May 30, 2015

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

BINA MODI
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

DIRECTORS' REPORT



GODFREY PHILLIPS
— INDIA LIMITED —

Annexure 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- A brief outline of the Company's CSR policy, including overview of projects or activities proposed to be undertaken and a reference to the web-link to the CSR policy and projects or activities:
The CSR Policy of the Company was approved by the Board of Directors at its meeting held on July 5, 2014 and the same can be viewed at <http://www.godfreyphillips.com/social-consciousness>
Under the said policy, the Company had proposed to undertake or contribute for the activities relating to community development, woman empowerment, promotion of healthcare and education.
- The Composition of the CSR Committee: The CSR Committee comprises of Mr. R.A. Shah as its Chairman and Mr. K.K. Modi and Mr. Anup N Kothari as its members.
- Average net profit of the company for last three financial years : Rs.24,950 lacs.
- Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : Rs.499 lacs.
- Details of CSR expenditure during the financial year:
 - Total amount to be spent for the financial year : Rs.499 lacs
 - Amount unspent, if any : Nil
 - Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity	Sector in which the project or activity is covered	Location of the project or activity	Amount outlay (budget) (Rs. Lacs)	Amount spent on the project or activity Sub heads: (Rs. Lacs)		Cumulative expenditure up to the reporting period (Rs. Lacs)	Amount spent: Direct or through Implementing Agency
					Direct expenditure on projects/ activities	Project Overheads		
1.	Community development initiative	Livelihood improvement	Ongole and Vinukonda, Andhra Pradesh	90.94	90.94	-	90.94	Implementing Agency - Assist
2.	Flood relief and rehabilitation program	Disaster relief	Jammu and Kashmir	76.78	76.78	-	76.78	Implementing Agency - Help Foundation J & K
3.	Women empowerment program	Woman empowerment	Srinagar, Jammu and Kashmir	57.01	57.01	-	57.01	Implementing Agency - Help Foundation J & K
4.	Promotion of healthcare	Healthcare improvement	Khwabgah, Taimoor Nagar and Khijrabad, New Delhi	150.00	150.00	-	150.00	Implementing Agency - Modicare Foundation
5.	Promotion of education	Education	Distt. Durg, Chattisgarh	100.00	100.00	-	100.00	Implementing Agency - Modi Innovative Education Society/ Samaj Kalyan Parishad
6.	Administrative expenses	-		24.99	-	24.99	24.99	Direct
	Total amount spent			499.72	474.73	24.99	499.72	

- In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Directors' Report: Not Applicable
- Responsibility Statement : The CSR Committee of Godfrey Philips India Limited, do confirm that the Company has implemented and monitored the CSR policy in compliance with its CSR objectives.

K.K. Modi
Managing Director

R.A. Shah
Chairman of the CSR Committee

Date: 31st July, 2015

Annexure 4

Form No. AOC-2

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

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

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

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

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

(a)	Name(s) of the related party and nature of relationship	Please refer Schedule 41 of the accompanying standalone financial statements for details of all related party transactions which in the opinion of the Board, are in the ordinary course of business of the Company and are at arm's length basis.
(b)	Nature of contracts / arrangements / transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board, if any	
(f)	Amount paid as advances, if any	

R.A. Shah
Chairman of the Board

DIRECTORS' REPORT



GODFREY PHILLIPS
— INDIA LIMITED —

Annexure 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

To,
The Members,
Godfrey Phillips India Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/ industry are:
 - 1. Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
 - 2. Tobacco Board Act, 1975.
 - 3. Tobacco Cess Act, 1975.
 - 4. Food Safety and Standards Act, 2006.
 - 5. The Food Safety and Standard Rules, 2011.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. Not applicable for the year 2014-15.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchanges Limited and BSE Limited.

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

- 1. One out of two Independent Directors were not present at the audit committee meetings held on 28th May, 2014 and 09th November, 2014.

DIRECTORS' REPORT

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period;

1. Equity Shares of the Company has been splitted from 1 Equity Share of Rs. 10/- each to 5 Equity Shares of Rs. 2/- each.

Rupesh Agarwal
Partner

For Chandrasekaran Associates
Company Secretaries
Membership No. A16302
Certificate of Practice No. 5673

Date : 25.07.2015

Place : New Delhi

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

Annexure A

The Members

Godfrey Phillips India Limited

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

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

Rupesh Agarwal
Partner

For Chandrasekaran Associates
Company Secretaries
Membership No. A16302
Certificate of Practice No. 5673

Date : 25.07.2015

Place : New Delhi

DIRECTORS' REPORT



GODFREY PHILLIPS
— INDIA LIMITED —

Annexure 6

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

- (i) Ratio of remuneration of each Director to the median remuneration of all employees of your Company for the financial year ended 2014-15 is as follows:

Mr. K.K. Modi	61.1:1
Mr. Samir Modi	28.1:1
Mr. R. Ramamurthy	16.7:1
Mr. Lalit Kumar Modi	27.7:1
Mrs. Bina Modi*	0.7:1
Mr. R.A. Shah*	1.6:1
Dr. Lalit Bhasin*	1.9:1
Mr. Anup N. Kothari*	1.9:1
Mr. C.M. Maniar%	0.1:1

* the ratio has been calculated based on Sitting fees paid.
% ceased to be the director on his demise on 29th June, 2014.

- (ii) Percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2014-15 is as follows:

<u>DIRECTORS</u>	<u>DESIGNATION</u>	
Mr. K.K. Modi	Managing Director	Nil
Mr. Samir Modi	Executive Director	24.78
Mr. R. Ramamurthy	Whole-time Director	Nil
Mr. Lalit Kumar Modi	Non-Independent and Non-executive Director	17.65
Mrs. Bina Modi	Non-Independent and Non-executive Director	N.A.
Mr. R.A. Shah	Independent Director	1100.00
Dr. Lalit Bhasin	Independent Director	483.33
Mr. Anup N. Kothari	Independent Director	600.00
Mr. C.M. Maniar%	Independent Director	(37.50)

KEY MANAGERIAL PERSONNEL (other than Directors)

Mr. Sunil Agrawal	Chief Financial Officer	13.03
Mr. Sanjay Gupta	Company Secretary	12.68

% ceased to be the director on his demise on 29th June, 2014.

Note: Independent Directors are entitled to sitting fee only. During the year 2014-15, the Sitting fees was increased from Rs.20,000 to Rs.100,000 per meeting of the Board or of any committee thereof.

- (iii) The Percentage increase in the median remuneration of all employees in the financial year 2014-15 was 12.33%
- (vi) The Company had 1172 permanent employees on its rolls as on 31st March, 2015.
- (v) Explanation on the relationship between average increase in remuneration and Company performance:

The Company's profit after tax for the year grew by 7.29% in comparison to a 10.14% average increase in remuneration of all employees of the Company. During the year there has been de-growth in the industry in light of prevailing tough market conditions and therefore, no direct relationship can be established between the two.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company:

The Company's profit after tax for the year grew by 7.29% in comparison to a 6.93% average increase in remuneration of the Key Managerial Personnel of the Company. During the year there has been de-growth in the industry in light of prevailing tough market conditions and therefore, no direct relationship can be established between the two.

- (vii) Details of Share Price and Market Capitalization:

Market capitalization and price earnings ratio of the Company as at 31st March, 2015 decreased by 33.64% and 38.14% respectively, in comparison to previous year.

The Company has not raised any capital from the market since 1981.

- (viii) The average percentile increase in salaries of employees other than managerial personnel in the financial year 2014-15 was 10.14% in comparison with 5.56% increase in managerial remuneration.

- (ix) For comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company, please refer details given in point (ii) and (vi) above.

- (x) Key parameters for the variable component of remuneration paid to the Directors:

Two Directors of the Company have been paid variable remuneration in the form of commission calculated as per the provisions of the Companies Act, 2013. Key parameters used for fixing the quantum of commission are:- (i) profitability of the Company; (ii) Cost of living index; (iii) Operating cash flows; (iv) level of involvement in strategic decision making; and (v) growth in volumes and market share.

- (xi) One employee whose services have been loaned to an associate company, has received remuneration in excess to the highest paid director in the Company and the ratio of remuneration of highest paid director to the remuneration of this employee is 0.69:1.

- (xii) The Company confirms that remuneration paid during the year 2014-15, is as per the Remuneration Policy of the Company.

Annexure 7

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

(A) CONSERVATION OF ENERGY

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

1. Use of Screw compressor in place of vertical reciprocating compressor in Ghaziabad factory, has resulted into saving of 0.035 KW/CFM at delivery pressure of 10 bars.
2. Commissioned fully automatic SACDA based Areca Mill at Ghaziabad factory.
3. New administration block at Rabale factory, has been designed and constructed in accordance with Green Building guidelines.
4. Use of standalone vacuum pump for 64 mm cigarette making machine instead of centralized vacuum system during low production day.
5. Implemented ISO Energy Management System 50001.
6. Implemented Open access power procurement through bilateral agreement from independent power producer.

(B) TECHNOLOGICAL ABSORPTION, ADOPTION AND INNOVATION

1. Installed case packer in Rabale factory to make casing packing operations automatic and fool-proof.
2. Installed fully automatic blending drum at Kolkata tea factory for consistent quality and better hygiene.
3. Modified tobacco processing line to cater to requirement of higher add back for exports.
4. Optimized Tower Dryer process to achieve better lamina expansion.
5. Locally developed missing cigarette outer detection system.
6. Implemented unique ID for packs and developed the software for Hawk Eye range of cigarette brands.
7. Integrated STP & ETP of 25 KLPD based upon DRDO approved bacteria thus reducing net requirement of chemical for chewing products plant.

(C) RESEARCH & DEVELOPMENT

(i) New Product Development

1. Carried out development work for some differentiated products in chewing and tea for meeting requirements of both domestic and overseas customer needs.
2. Developed and launched 16 new variants under premium KSFT category with the brand 'Hawk Eye' in the domestic markets.
3. Institutionalized unified R & D process for product development across all businesses.
4. Took up project to reduce tar and nicotine delivery levels in major RSFT cigarette brands.
5. Constituted expert panels for sensory evaluation techniques (EPSET) for all product categories.

(ii) Benefits derived as a result of these developments:

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.

(iii) Future plan of Action

1. Continuous endeavor to improve the efficiency in terms of creating differentiated / innovative products for the cigarette and chewing business, thereby maintaining a healthy offer pipeline.
2. Continue endeavor on smoke delivery reduction in cigarette brands.
3. Developing e-liquids for electronic vaping devices(EVDs).
4. Develop and establish integrated Vaporiums.

(iv) Expenditure incurred on Research & Development (Rs. Lacs)

	2014-15	2013-14
(a) Revenue Expenditure	1056.25	1121.93
(b) Capital Expenditure	532.53	169.66
Total	1588.78	1291.59

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. 611 crore (previous year Rs. 491 crore) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 176 crore (previous year Rs. 184 crore).

REPORT ON CORPORATE GOVERNANCE

for the year ended March 31, 2015



As per Clause 49 of the Listing Agreement, the Directors present the Company's Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The Company is in compliance with the 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.

As at 31st March, 2015, the Board comprised of three independent directors, three executive directors and two non-executive & non-independent directors (including a woman director).

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

The independent directors of the Company, have already submitted their declarations affirming their status as independent directors as on March 31, 2015.

During the year under report, Mr. C.M. Maniar ceased to be the Director in view of his demise on 29th June, 2014.

Mr. Lalit Kumar Modi has vacated his office as a Director with effect from 28th May, 2015 by virtue of the provisions of Section 167(1)(b) of the Companies Act, 2013.

In the meeting of the Board of Directors held on 20th June, 2015, Mr. Atul Kumar Gupta was appointed as an Additional Director being non-executive and independent and holds office until conclusion of the ensuing AGM.

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, 2015	Membership/ Chairmanship of other Board Committees** as at March 31, 2015
1.	Mr. R.A. Shah DIN 00009851	Non-Executive & Independent	7	Yes	9 (includes 3 as Chairman and 1 as Vice-Chairman)	7 (includes 3 as Chairman)
2.	Mr. K.K. Modi DIN 00029407	Executive	6	Yes	6	1 (as a Chairman)
3.	Mr. R. Ramamurthy DIN 00030463	Executive	7	Yes	6	Nil
4.	Dr. Lalit Bhasin DIN 00001607	Non-Executive & Independent	5	Yes	7	7 (includes 2 as Chairman)
5.	Mr. C. M. Maniar% DIN 00034121	Non-Executive & Independent	1	No	%	%
6.	Mr. Lalit Kumar Modi# DIN 0029520	Non-Executive & Non-Independent	1	No	8	Nil
7.	Mr. Anup N. Kothari DIN 00294737	Non-Executive & Independent	6	Yes	2	Nil
8.	Mr. Samir Kumar Modi@ DIN 00029554	Executive Director	6	Yes	7	1
9.	Mrs. Bina Modi ^ DIN 00001607	Non-Executive & Non-Independent	4	Yes	1	Nil

* 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 Stakeholder Relationship Committees (excluding private companies and other non corporate entities).

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

^ Wife of Mr. K.K. Modi and mother of Mr.Lalit Kumar Modi and Mr. Samir Kumar Modi and was appointed in the Board meeting held on 7th April, 2014.

% Ceased to be the Director on his demise on 29th June, 2014.

ceased to be the Director w.e.f. 28th May, 2015.

iii) Board Meetings held during the year

7 (Seven) Board Meetings were held during the financial year 2014-15. They were held on April 7, 2014, May 28, 2014, July 5, 2014, August 2, 2014, September 23, 2014, November 9, 2014 and February 5, 2015. 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 (late) (Senior Partners of Crawford Bayley & Co.)	19.85	Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates
2	Dr. Lalit Bhasin (Proprietor of Bhasin & Co.)	7.18	Payment for professional services to Bhasin & Co., Advocates

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

Mr. Atul Kumar Gupta was appointed as an Additional Director on the Board of your Company w.e.f. June 20, 2015 in terms of Section 161 of the Companies Act, 2013 and holds office up to the date of the ensuing Annual General Meeting. The Board of Directors has recommended his appointment as Director to hold office for a term of 5 (five) consecutive years up to the conclusion of the 83rd Annual General Meeting of the Company to be held in the calendar year 2020. His appointment will be in line with the provisions of Section 149 of the Companies Act, 2013.

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

Brief profile of the aforesaid Directors is given as under and has also been given in the Exhibit to the Notice of the ensuing AGM.

Name of the Director	Atul Kumar Gupta
Director Identification Number	01734070
Date of joining the Board	20/06/2015
Qualification	M.Sc. (Physics) from Allahabad University Masters in Social Sciences (Development Administration) from University of Birmingham, U.K.
Profile of the Director	<ul style="list-style-type: none"> - Retired IAS Officer (worked as Chief Secretary to the Govt. of U.P. from May 2008 to March, 2011) - Also chaired the 4th State Finance Commission of U.P. from Dec, 2011 to Dec, 2014. - Also worked as Infrastructure and Industrial Development Commissioner and Principal Secretary to the State Govt., prior to elevation as Chief Secretary.
Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 1. The Pradeshia Industrial and Investment Corporation Uttar Pradesh Limited. 2. Yash Papers Limited (also a member of Audit Committee)
No. of Shares held in the Co.	Nil
Name of the Director	Samir Kumar Modi
Director Identification Number	00029554
Date of joining the Board	11/01/1994
Qualification	B.A. from Delhi University
Profile of the Director	During initial years of his career, he worked with Phillip Morris Inc. for 2 years. He has been associated with the Company as Whole - time/ Executive Director since January, 1994. Apart from guiding various initiatives of the Company, he has been instrumental in promoting various businesses in the field of multi-level marketing, cosmetics, retail chain, etc. and also actively associated with an NGO working towards prevention of spread of HIV and AIDS.

Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 1. Indian Cricket League Limited 2. Indofil Industries Limited 3. MEN Interactive Network Limited 4. Modi Entertainment Limited 5. Modern Home Care Products Limited 6. Modicare Limited (also a member of Audit Committee) 7. Success Principles India Limited
No. of Shares held in the Co.	2000
Name of the Director	Ramamurthy Rajgopalan Iyer
Director Identification Number	00030463
Date of joining the Board	14/08/2009
Qualification	B.A (Eco), B.L. from Madras University and CS (Inter)
Profile of the Director	He has over 40 years of rich experience in the legal field with expertise in indirect tax matters.
Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 1. Good Investment (India) Ltd. 2. Rajputana Infrastructure Corporate Ltd 3. Quick Investment (India) Ltd. 4. Premium Bidi Company Ltd. 5. Modicare Ltd. 6. Mysore Polymers And Rubber Products Ltd.
No. of Shares held in the Co.	500

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

vi) Legal Compliances

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

vii) Familiarisation Programme for Directors

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

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

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

viii) Code of Conduct

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

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

The terms of reference of the Audit Committee cover all the areas specified in Section 177 of the Companies Act, 2013 as well as those specified in 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, approval or any subsequent modification of transactions of the Company with related parties, etc. The Audit Committee also reviews from time to time the information relating to management discussion and analysis of financial condition and result of operations, letters of internal control weaknesses, if any, issued by the statutory auditors and the reports issued by the internal auditors of the Company.

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

During the year under report, Mr. R.A. Shah was co-opted as fourth member of the Committee.

Dr. Lalit Bhasin, Chairman of the Committee, was present at the Annual General Meeting held on 23rd September, 2014 to answer the shareholders' queries.

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 2014-15 i.e. on May 28, 2014, August 2, 2014, September 23, 2014, November 9, 2014 and February 5, 2015.

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

* Co-opted as fourth member of the Committee in the meeting held on 9th November, 2014.

Due to certain other professional commitments, one out of two of the Independent directors, namely, Dr. Lalit Bhasin and Mr. Anup N Kothari, could not attend Audit Committee Meetings held on 28th May, 2014 and 9th November, 2014, respectively. However, both the directors had reviewed the minutes of previous Audit Committee Meetings as well as the agenda items including recommending approval of the quarterly financial results proposed to be considered in such meetings and had provided their confirmation to this effect to the Secretary of the Audit Committee.

4. SUBSIDIARY COMPANIES

- i) The Company has formulated the Policy on material subsidiary company and updated the same on the website of the Company with web link: <http://www.godfreyphillips.com/policy-for-determining-material-subsiary-company>

- ii) 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.
- iii) 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 30, 2015.
- iv) Copies of the minutes of the board meetings of all the unlisted subsidiary companies held during the year 2014-15 were placed at the board meeting of the Company held on May 30, 2015.
- v) The 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 41 to the financial statements for the year ended March 31, 2015 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meetings held on February 5, 2015 and May 30, 2015. The said transactions have no potential conflict with the interests of the Company at large. All details of such transactions are provided to the Audit Committee and Board, if required. It is also ensured that interested directors neither participate in the discussion nor do they vote on such matters.

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

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2015, whose terms and conditions are not in the ordinary course of business.

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

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2015, whose terms and conditions are not on an arm's length basis.

iv) Policy on dealing with related party transactions:

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

(B) Disclosure of accounting treatment

The financial statements for the year ended March 31, 2015 comply with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 the risk environment and taking the necessary steps to effectively mitigate the identified risks. The functional heads are reasonably alive to this aspect in their day to day functioning. However, with a view to apprise the Board of Directors of the risk management procedures and the steps initiated to shift/reduce/eliminate the same in a structured manner, the Company has formulated a Risk Profile and Risk Register for listing out various risks, risk mitigating factors and risk mitigation plans and the same is periodically reviewed by the Board.

The Company is not required to constitute a separate Risk Management Committee in terms of SEBI circular No.CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014.



(D) Whistle Blower Policy

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

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

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

(F) 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 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.

6. REMUNERATION TO DIRECTORS

i) Remuneration policy

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

In accordance with the provisions of the Articles of Association of the Company and the Companies Act, 2013, sitting fees @ Rs. 1,00,000 per meeting is paid to the directors of the Company for attending any meeting of the Board or of any Committee thereof.

The Company does not have any stock option scheme.

ii) Details of remuneration paid/payable to the directors (Amount in Rs.)

Name of the Director	Salary and Other Allowances*	Perquisites	Commission	Sitting Fees for Board/Committee Meetings\$	Total
Mr. R.A. Shah	Nil	Nil	Nil	12,00,000	12,00,000
Mr. K.K. Modi ¹	2,40,00,000	39,600	2,00,00,000	Nil	4,40,39,600
Mr. R. Ramamurthy ²	1,20,00,000	39,600	Nil	Nil	120,39,600
Dr. Lalit Bhasin	Nil	Nil	Nil	14,00,000	14,00,000
Mr. Anup N. Kothari	Nil	Nil	Nil	14,00,000	14,00,000
Mr. Lalit Kumar Modi ³	Nil	Nil	2,00,00,000	Nil	2,00,00,000
Mr. C.M. Maniar%	Nil	Nil	Nil	1,00,000	1,00,000
Mr. Samir Kumar Modi ⁴	72,00,000	58,55,999	72,00,000	Nil	2,02,55,999
Mrs. Bina Modi	Nil	Nil	Nil	5,00,000	5,00,000
Total	4,32,00,000	59,35,199	4,72,00,000	46,00,000	10,09,35,199

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

\$ Excluding service tax paid under reverse charge.

% Ceased to be the director on his demise on 29th June, 2014.

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

- ¹ 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, which has been extended by another term of three years by the Board of Directors, subject to approval of the shareholders. The notice period is six calendar months by either party. No severance fees is payable to him.
- ² The Company has service contract with Mr. R. Ramamurthy, Whole-time Director for a period of three years with effect from August 14, 2012, which has been extended by another term of three years by the Board of Directors, subject to approval of the shareholders. 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.
- ³ In pursuance of the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 19, 2013, Mr. Lalit Kumar Modi is entitled to remuneration by way of commission under Section 309(4)(b) of the Companies Act, 1956 for a period of three years w.e.f., August 1, 2013, 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, subject to a ceiling of Rs.200 lacs for or in respect of any one financial year of the Company. He has ceased to be the Director w.e.f. May 28, 2015.
- ⁴ 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 Board of Directors has decided to re-appoint him on fresh terms and conditions for a period of three years w.e.f. October 1, 2015, subject to approval of the shareholders. The notice period is three months by either party. No severance fees is payable to him.

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, 2015
1.	Mr. R. A. Shah	20000
2.	Dr. Lalit Bhasin	2000
3.	Mr. Anup N Kothari	6000
4.	Mr. Lalit Kumar Modi*	2000
5.	Mrs. Bina Modi	Nil
6.	Mr. Atul Kumar Gupta**	Nil

* Ceased to be the Director w.e.f., 28th May, 2015.

** Appointed on 20th June, 2015.

v) Performance evaluation

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

The Nomination and Remuneration Committee in its meetings held on 4th July, 2014 and 5th February, 2015 and Independent directors in their separate meeting held on 14th March, 2015 evaluated the replies/feedbacks received in response to the questionnaire circulated and based on discussion expressed their satisfaction with the evaluation process.

7. MANAGEMENT

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

The senior management team comprising of top executives of the Company and who have been associated with the Company as on date of this report, have disclosed to the Board of Directors about all the material financial and commercial transactions that have taken place during the financial year ended March 31, 2015 where they had personal interest. These include dealing in/holding of shares of the Company by them/their relatives, transactions entered into by them/their relatives with the Company, transactions entered into by the Company with the companies in which they/their relatives are Directors or Members and transactions entered into by them/their relatives with the subsidiary companies of the Company and these were placed at the Board Meeting held on 31st July, 2015.

8. NOMINATION AND REMUNERATION COMMITTEE

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

The terms of reference of the Committee are as under:

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

The Committee met twice during the financial year 2014-15 i.e. on 4th July, 2014 and 5th February, 2015.

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

9. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

The Committee met twice during the financial year 2014-15 i.e. on 5th July, 2014 and 5th February, 2015. 8(eight) 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, 2015.

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

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

The terms of reference of the Committee are as under:

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

During the year, the Committee met once on i.e. 5th July, 2014 and all committee members attended this meeting.

11. INDEPENDENT DIRECTORS' MEETING

All the Independent Directors met on 14th March, 2015, inter-alia, to evaluate the:

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

12. GENERAL BODY MEETINGS

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

Financial year	Date of the AGM	Time	Location	Particulars of special resolutions passed
2011-12	14.09.2012	3:30 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	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 PM	-do-	<p>(1) Payment of remuneration by way 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. 1st August, 2013.</p> <p>(2) Increasing the limit of maximum number of Directors in the Company from ten to fifteen and carrying out consequential amendment in the Articles of Association of the Company.</p>
2013-14	23.09.2014	3.00 PM	Rama Watumull Auditorium, K.C. College, DinshaWacha Road, Churchgate, Mumbai - 400 020	<p>(1) Sub-division of equity shares of Rs.10 each into 5 equity shares of Rs. 2/- each fully paid up and carrying out consequential amendments in the Memorandum of Association of the Company.</p> <p>(2) Alteration in the Articles of Association of the Company consequent to the subdivision of equity shares as above.</p> <p>(3) Alteration in the Articles of Association of the Company to increase the amount of sitting fees payable to non-executive directors.</p>



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

No resolution was put through postal ballot during the year 2014-15.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 29th September, 2015.

13. MEANS OF COMMUNICATION

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

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

14. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting

Date and Time : 29th September, 2015 at 3.00 P.M.

Venue : Y. B. Chavan Auditorium,
General Jagannath Bhosle Marg
(Next to Sachivalaya Gymkhana),
Mumbai – 400 021

ii) Financial Calendar for 2015-16

First Quarter Results : 31st July, 2015(Actual)

Second Quarter Results : Latest by 14th November, 2015

Third Quarter Results : Latest by 14th February, 2016

Annual Results : Latest by 30th May, 2016

iii) **Date of Book Closure** : 23rd September, 2015 to 29th September, 2015
(both days inclusive)

iv) **Dividend Payment Date** : Dividend payment shall be made from 3rd October, 2015 to those shareholders whose names shall appear on the Members' Register as on 29th September, 2015.

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).

During the year under report, the Company sub-divided the equity shares of the face value of Rs.10 each into 5 equity shares of Rs. 2 each fully paid up w.e.f. 1st December, 2014.

The Company has paid the listing fees to the above Stock Exchange(s) for the financial year 2015-16.

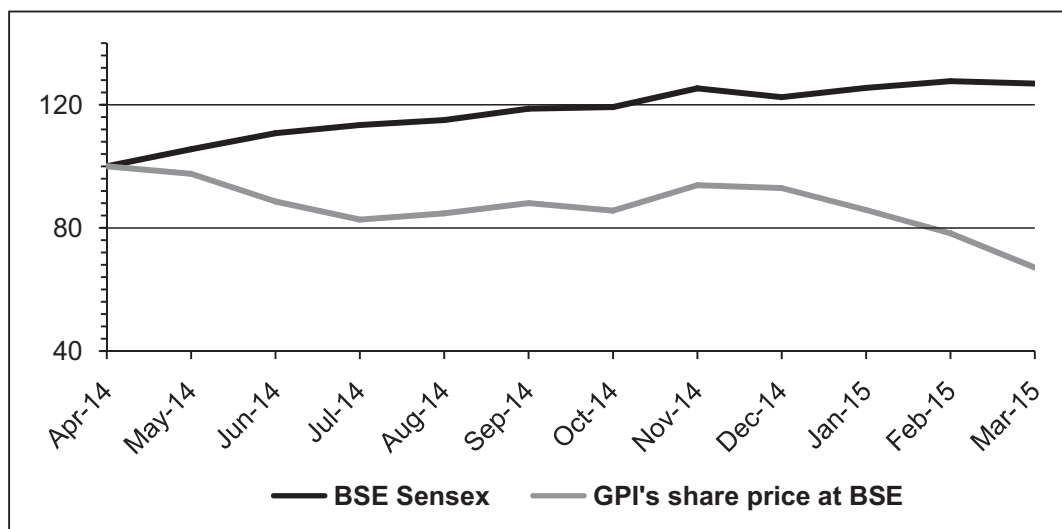
vi) Market Price Data of equity shares of the Company

The High and Low prices of the equity shares of the Company at BSE Limited (BSE) and National Stock Exchange(NSE) for the year ended 31st March, 2015 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April 2014	3550.00	3180.00	3559.60	3180.00
May 2014	3549.80	3016.00	3588.00	3012.65
June 2014	3160.00	2800.00	3167.00	2799.00
July 2014	2997.00	2568.00	3033.00	2570.00
August 2014	3076.50	2625.25	3090.00	2625.00
September 2014	3233.00	2690.35	3232.00	2695.00
October 2014	3004.80	2757.00	3004.00	2750.00
November 2014*	3268.10	609.50	3270.00	610.00
December 2014	699.90	551.00	643.75	550.10
January 2015	605.00	550.10	605.00	531.50
February 2015	600.00	453.00	599.00	452.65
March 2015	492.15	411.00	492.00	416.15

*The Share price became ex-date for sub-division w.e.f. from 28/11/2014

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 2014-15. The positions post sub-division of Equity Shares from Rs.10/- per share to Rs.2/- per share w.e.f. 28/11/2014 being the ex-date for sub-divisions, have been adjusted appropriately for graphical representation.

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-400072
Telephone No : 022-67720300, 67720400
Fax No : 022-28591568
E-mail : sharepro@shareproservices.com

ix) Share Transfer System

The Company's share transfer and related operations are handled by Sharepro Services (India) Pvt. Ltd., 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, 2015

Range of Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1-5000	15993	98.91	58,42,722	11.24
5001-10000	100	0.62	6,82,404	1.31
10001-20000	30	0.18	4,13,583	0.80
20001-30000	9	0.05	2,20,171	0.42
30001-50000	5	0.03	2,17,630	0.42
50001-100000	10	0.07	6,95,585	1.34
100001 and above	22	0.14	4,39,21,825	84.47
TOTAL	16169	100.00	5,19,93,920	100.00

xi) Categories of Shareholding as on March 31, 2015

Category of Shareholder	Number of Shares	Percentage of Shares
A. Promoter and Promoter Group	3,71,69,685	71.49
B. Public Shareholding		
Foreign Institutional Investors	57,09,356	10.98
Mutual Funds/UTI	10,05,140	1.93
Financial Institutions/Banks	47,740	0.09
Central Government/State Government(s)	24,000	0.05
Bodies Corporate	5,93,962	1.14
Individuals	72,44,661	13.93
Other Directors & Relatives	36,250	0.07
NRIs and OCBs	1,39,596	0.27
Others	23,530	0.05
Total Public Shareholding	1,48,24,235	28.51
Total Shareholding (A+B)	5,19,93,920	100.00

xii) Dematerialisation of shares

The shares of the Company are compulsorily traded in the dematerialised form and are available for trading under both the Depository Systems - NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd). As on March 31, 2015, a total of 5,02,38,000 equity shares of the Company, which forms 96.62% of the share capital, stood dematerialised.

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

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

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



xiv) Plant Locations

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

Guldhar Plant (Cigarette)	: International Tobacco Company Limited, Delhi- Meerut Road, Guldhar, Ghaziabad -201 001.
Rabale Plant (Cigarette)	: Plot No. 19, MIDC, TTC Industrial Area, Rabale, Navi Mumbai - 400 701
Ghaziabad (Chewing Products)	: B-19, Meerut Road, Site No. 3, Ghaziabad
Faridabad (Chewing Products)	: Industrial Plot No. 120, Sector-59, Industrial Estate, Tehsil Ballabgarh, District Faridabad, Haryana
Bazpur (Tea Blending & Packaging)	: Plot No. C-9, Bazpur - 1, UPSIDC Industrial Area, Distt - Udham Singh Nagar, (Uttarakhand) - 262 123
Kolkata (Tea Blending and Packaging-operated by a contractor)	: Landys + GYR Compound, Diamond Harbour Road, Joka, Kolkata- 700104
Ongole (Reconstituted Tobacco)	: Plot No. 289 to 300, APIIC Growth Centre, Gundlapally Ongole, Prakasam Dist., Andhra Pradesh – 523 001

Production at chewing products plant at Baramati 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 14(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

xvi) Corporate Identity Number (CIN): L16004MH1936PLC008587

15. CEO/CFO CERTIFICATION

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

16. 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.

17. COMPLIANCE

Certificate from the Statutory Auditors with respect to compliance with 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 : July 31, 2015

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, 2015.

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

Place : New Delhi
Date : May 30, 2015

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, 2015 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, 2015 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, 2015 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 30, 2015

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, 2015, 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, *except that, one out of two Independent Directors was not present at the audit committee meetings held on May 28, 2014 and November 09, 2014.*

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
Registration No. 015125N

Place : New Delhi
Date : July 31, 2015

Manjula Banerji
Partner
Membership No. 086423

INDEPENDENT AUDITORS' REPORT

To the Members of Godfrey Phillips India Limited



GODFREY PHILLIPS
— INDIA LIMITED —

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **GODFREY PHILLIPS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 (a) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 38 (b) to the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education Protection Fund by the Company – Refer Note 36 (b) to the financial statements.

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

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : Gurgaon
Date : May 30, 2015

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 —

- (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) The Company has a system of physical verification of fixed assets which is designed to cover all the 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.
- (ii) In respect of its inventories:
 - (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) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Customs Duty, Excise Duty, Entry Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and has generally been regular in respect of dues of tax deducted at source, service tax, sales tax, and value added tax.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 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 which have not been deposited on account of any dispute. The details of dues of Sales Tax, Value Added Tax, Excise Duty, Service tax and Income-tax which have not been deposited as on 31st March, 2015, on account of disputes are given below:



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	57.13	29.94	1995-96, 1998-99, 1999-00, 2001-02, 2006-07, 2014-15	Sales Tax Tribunal
		234.60	75.22	2005-06, 2008-09 to 2014-15	Upto Commissioners' Level
Central Excise Act, 1944	Excise duty and Service tax	1.00	-	2013-14	Upto Commissioners' Level
		1806.19	329.72	2003-04 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
		380.92	281.47	1999-00, 2000-01, 2005-06 to 2011-12	Upto Commissioners' Level

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

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

Name of the statute	Nature	Amount (Rs. 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
U.P. Krishi Utpadan Mandi Adhiniyam	Mandi cess	108.20	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty	8.32	2010-11	Upto Commissioners' Level
		249.20	2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

(d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(viii) 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.



GODFREY PHILLIPS
—INDIA LIMITED—

- (ix) 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. The Company has neither raised any amount from financial institutions nor has issued any debentures.
- (x) 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.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not raised any term loans during the year.
- (xii) 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)

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : Gurgaon
Date : May 30, 2015

BALANCE SHEET

as at March 31, 2015

Rupees in lacs

Particulars	Note No.	As at 31.3.2015	As at 31.3.2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1039.88	1039.88
Reserves and surplus	3	128221.91	115330.03
		129261.79	116369.91
Non-current liabilities			
Long-term borrowings	4	3125.25	9707.04
Other long-term liabilities	5	26.15	20.40
Long-term provisions	6	4745.81	3623.37
		7897.21	13350.81
Current liabilities			
Short-term borrowings	7	17530.39	5542.43
Trade payables	8	15123.28	14657.21
Other current liabilities	9	28172.76	34709.44
Short-term provisions	10	6410.53	6164.85
		67236.96	61073.93
TOTAL		204395.96	190794.65
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	63037.68	65853.24
- Intangible assets	11	538.05	692.79
- Capital work-in-progress	11	6515.74	4500.94
Non-current investments	12	31863.42	28154.08
Deferred tax assets (net)	13	1652.50	972.62
Long-term loans and advances	14	4211.11	4491.25
		107818.50	104664.92
Current assets			
Current investments	15	375.00	7375.00
Inventories	16	73826.34	58451.05
Trade receivables	17	12981.75	10353.35
Cash and cash equivalents	18	2514.24	2321.07
Short-term loans and advances	19	4896.68	5561.11
Other current assets	20	1983.45	2068.15
		96577.46	86129.73
TOTAL		204395.96	190794.65
Accompanying notes 1 to 52 form part of the financial statements			

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

Manjula Banerji
Partner

NITA KAPOOR
COO - Domestic

BHISHAM WADHERA
COO - International

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
Whole-time Director

SAMIR KUMAR MODI
Executive 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
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015



GODFREY PHILLIPS
— INDIA LIMITED —

Rupees in lacs

Particulars	Note No.	Year ended 31.3.2015	Year ended 31.3.2014
INCOME			
Revenue from operations	21	445311.79	419273.52
Less: Excise duty		186668.78	171425.51
		258643.01	247848.01
Other income	22	3277.55	2793.62
TOTAL REVENUE		261920.56	250641.63
EXPENSES			
Cost of materials consumed	23	57172.38	53096.71
Purchases of traded goods	24	55952.92	44705.30
Changes in inventories of finished goods, work-in-process and traded goods	25	(3790.07)	2006.51
Employee benefits expenses	26	24869.44	21664.78
Finance costs	27	1913.81	2868.83
Depreciation and amortization expenses	11	10225.65	8655.43
Other expenses	28	88436.55	88638.23
TOTAL EXPENSES		234780.68	221635.79
Profit before exceptional item and tax		27139.88	29005.84
Exceptional item	29	-	3538.29
Profit before tax		27139.88	25467.55
Tax expense:			
Current tax		9218.00	9602.40
Deferred tax (credit)/charge		(462.76)	(1356.42)
Current tax expense relating to prior years		76.20	157.51
Profit after tax		18308.44	17064.06
Earning per equity share- basic/diluted	32	Rs. 35.21	Rs. 32.82
(Face value of share - Rs. 2 each) (Refer Note 30)			
Accompanying notes 1 to 52 form part of the financial statements			

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

Manjula Banerji
Partner

NITA KAPOOR
COO - Domestic

BHISHAM WADHERA
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SUNIL AGRAWAL
Chief Financial Officer

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Whole-time Director

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Executive Director

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For and on behalf of the Board of Directors

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Chairman

K.K. MODI
President & Managing Director

BINA MODI
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

CASH FLOW STATEMENT

for the year ended March 31, 2015

Rupees in lacs

Particulars		For the year ended 31.3.2015		For the year ended 31.3.2014
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before tax		27139.88		25467.55
Adjustments for:				
Depreciation and amortization		10225.65		8655.43
Interest income from:				
Subsidiary companies		(123.96)		(135.93)
Debts, deposits, loans and advances, etc.		(275.80)		(236.30)
Interest income from long-term investments		(34.80)		(34.80)
Profit on redemption/sale of long-term investments		(1695.00)		(1670.57)
Profit on sale of current investments		(325.34)		(497.89)
Exchange loss on foreign currency bank balance		(0.54)		1.17
Exchange loss on long-term foreign currency borrowings		467.18		2363.33
Provision for wealth-tax		30.00		24.00
Interest expenses - on borrowings		1295.50		1060.72
- others		157.87		963.61
Provision for decline in the value of investments made/(written back)		-		496.00
Fixed assets written off		3.97		255.63
Loss on sale of fixed assets		22.58		97.39
Write down in the value of fixed assets held for sale		-		211.00
		<u>9747.31</u>		<u>11552.79</u>
Operating profit before working capital changes		36887.19		37020.34
Adjustments for:				
Trade receivables, loans and advances and other current assets		(3124.23)		(3171.18)
Inventories		(15375.29)		(4615.60)
Trade payables, liabilities and provisions		(3042.79)		8725.95
		<u>(21542.31)</u>		<u>939.17</u>
Cash generated from operations		15344.88		37959.51
Interest received		278.78		190.66
Direct taxes paid		(9309.76)		(9176.09)
		<u>(9030.98)</u>		<u>(8985.43)</u>
Net cash from operating activities		6313.90		28974.08
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(10781.02)		(11449.63)
Proceeds from sale of fixed assets		64.79		172.65
Purchase of current and long-term investments			(230900.00)	
Proceeds from sale of current and long-term investments	(98744.85)	5311.00	228896.33	(2003.67)
Loans and deposits received back		2053.50		-
Interest received		292.21		195.28
Bank balances not considered as cash and cash equivalents		(90.64)		(411.32)
Net cash used in investing activities		(3150.16)		(13496.69)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(8676.89)		(8458.31)
Proceeds from/(Repayment of) short-term bank borrowings		11987.96		(383.04)
Interest paid		(1509.67)		(2074.17)
Dividend paid		(4156.24)		(4154.77)
Corporate dividend tax paid		(706.91)		(706.91)
Net cash used in financing activities		(3061.75)		(15777.20)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		101.99		(299.81)
Opening cash and cash equivalents		<u>802.09</u>		<u>1103.07</u>
		904.08		803.26
Effect of exchange rate changes on foreign currency bank balance		0.54		(1.17)
Closing cash and cash equivalents		904.62		802.09

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

Manjula Banerji
Partner

NITA KAPOOR
COO - Domestic

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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
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

Place : New Delhi
Date : May 30, 2015

Notes forming part of the financial statements for the year ended March 31, 2015



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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(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

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the customer, which generally coincides with point of dispatch of goods to them. Sales include excise duty but exclude sales tax and value added tax.

Income from services

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

(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

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.

Capital work in progress

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) **Depreciation and amortisation**

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

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

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

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

Computer software – 5 years

(x) **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.

(xi) **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.

(xii) **Employee benefits**

Defined contribution plan

Provident fund, Superannuation fund and Employee's State Insurance are the defined contribution schemes offered by the Company. The contributions to these schemes are charged to the statement of profit and loss of the year in which contribution to such schemes becomes due.

Defined benefit plan and Long term Employee benefits

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

(xiii) **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.

(xiv) **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 are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

(xv) **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.



(xvi) **Impairment of assets**

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

Impairment losses recognized in prior years are reversed when there is an indication that the impairment losses recognized earlier no longer exist or have decreased. Such reversals are recognized as an increase in the carrying amount of the asset to the extent that does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years.

(xvii) **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.

(xviii) **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

	As at 31.3.2015	As at 31.3.2014
2. Share capital		
Authorised		
60,000 Preference shares of Rs. 100 each	60.00	60.00
12,20,00,000 Equity shares of Rs. 2 each (Previous year 2,44,00,000 Equity shares of Rs. 10 each)	2440.00	2440.00
	2500.00	2500.00
Issued, subscribed and fully paid up		
5,19,93,920 Equity shares of Rs. 2 each (Previous year 1,03,98,784 Equity shares of Rs.10 each)	1039.88	1039.88

(i) The face value of equity shares of the Company has been split from Rs.10 to Rs. 2 per share w.e.f. December 1, 2014.

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

(iii) The Company has only one class of equity shares having a par value of Rs. 2 (Previous year 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.

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

Name of the shareholder	No. of shares	% held as at March 31, 2015	No. of shares*	% held as at March 31, 2014
a) Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	15,196,660	29.23%	15,196,660	29.23%
c) Good Investment (India) Ltd.	4,095,220	7.88%	3,980,220	7.66%

*Refer Note 30



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
3. Reserves and surplus		
Capital Redemption Reserve	30.00	30.00
General Reserve	27930.72	25930.72
Surplus in Statement of Profit and Loss	100261.19	89369.31
	<u>128221.91</u>	<u>115330.03</u>
General Reserve		
Opening balance	25930.72	23930.72
Add: Transfer from surplus in statement of profit and loss	2000.00	2000.00
Closing Balance	<u>27930.72</u>	<u>25930.72</u>
Surplus in Statement of Profit and Loss		
Opening balance	89369.31	79171.67
Less: Adjustment for depreciation in transition (net of deferred tax asset of Rs.217.12) (Refer Note 51)	410.27	-
Add : Net profit for the current year	18308.44	17064.06
Less: Proposed dividend (Rs.8 per share; previous year Rs.8 per share)	4159.51	4159.51
Corporate dividend tax	846.78	706.91
Transfer to general reserve	2000.00	2000.00
Net surplus in the statement of profit and loss	<u>100261.19</u>	<u>89369.31</u>
4 Long-term borrowings		
Secured		
Foreign currency term loans from banks	10125.81	18335.52
Less : Current maturities of long term borrowings	7000.56	8628.48
	<u>3125.25</u>	<u>9707.04</u>
<u>Details of security and terms of above loans</u> 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.		
5. Other long-term liabilities		
Others		
- Security deposits	26.15	20.40
	<u>26.15</u>	<u>20.40</u>
6. Long-term Provisions		
Provision for employee benefits		
-provision for compensated absences	4745.81	3623.37
	<u>4745.81</u>	<u>3623.37</u>



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
7. Short-term borrowings		
Secured		
- Cash credits from banks*	8029.55	5542.43
Unsecured		
- Demand loan from banks	9500.00	-
- Cash credits from banks	0.84	-
	<u>17530.39</u>	<u>5542.43</u>
*Secured against hypothecation of stocks and book debts and second charge on all movable fixed assets of the Company		
8. Trade payables		
Trade Payables		
- Micro and small enterprises (Refer Note 39)	192.74	276.27
- Other than Micro and small enterprises	13279.99	12710.15
Employee payables	1650.55	1670.79
	<u>15123.28</u>	<u>14657.21</u>
9. Other current liabilities		
Current maturities of long-term borrowings	7000.56	8628.48
Interest accrued but not due on borrowings	66.48	122.78
Unclaimed dividends	181.41	178.14
Payable to gratuity fund	1580.90	683.86
Payables for fixed assets	667.19	805.05
Other payables		
- Security deposits	12.98	25.89
- Statutory dues	15454.46	17063.02
- Advances from customers	3117.66	7159.92
- Others	91.12	42.30
	<u>28172.76</u>	<u>34709.44</u>
10. Short-term provisions		
Provision for employee benefits		
- Provision for compensated absences	861.92	781.10
Others		
- Proposed dividend	4159.51	4159.51
- Provision for corporate dividend tax	846.78	706.91
- Taxation (net of payments)	542.32	517.33
	<u>6410.53</u>	<u>6164.85</u>

11. Fixed assets

	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at 31.3.2014	Additions	Deductions	As at 31.3.2015	For the year	Transition adjust- ment**	On deductions	As at 31.3.2015	As at 31.3.2015	As at 31.3.2014
Tangible Assets:										
Land-leasehold	1433.16	-	-	1433.16	-	-	-	-	1433.16	1433.16
Land-freehold	944.01	-	-	944.01	-	-	-	-	944.01	944.01
Buildings	15949.48*	1977.90	-	17927.38*	526.67	11.27	-	2312.62	15614.76	14174.80
Leasehold building improvements	677.17	-	-	677.17	21.21	-	-	128.55	548.62	569.83
Plant and machinery	79063.52	4054.28	102.82	83014.98	7974.99	87.01	96.50	43883.98	39131.00	43145.04
Electrical installation and equipment	462.79	60.71	-	523.50	56.44	7.86	-	201.33	322.17	325.76
Computers and information technology equipments	2721.79	947.89	48.55	3621.13	558.59	136.76	46.02	2146.21	1474.92	1224.91
Furniture, fixtures and office equipments	2974.39	352.29	31.70	3294.98	468.56	367.42	29.63	1894.68	1400.30	1886.06
Motor vehicles	3303.30	578.70	203.15	3678.85	462.14	17.07	122.73	1510.11	2168.74	2149.67
Total of Tangible assets	107529.61	7971.77	386.22	115115.16	10068.60	627.39	294.88	52077.48	63037.68	65853.24
Intangible Assets										
Computer software	1385.08	2.31	-	1387.39	157.05	-	-	849.34	538.05	692.79
Total of Intangible assets	1385.08	2.31	-	1387.39	157.05	-	-	849.34	538.05	692.79
Grand Total	108914.69	7974.08	386.22	116502.55	10225.65	627.39	294.88	52926.82	63575.73	
Previous year	105583.84	6166.76	2835.91	108914.69	8655.43	-	1958.90	42368.66		66546.03
Capital work-in-progress									6515.74	4500.94
									70091.47	71046.97

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

** Refer Note 51.



Rupees in lacs

		As at 31.3.2015	As at 31.3.2014
12. NON CURRENT INVESTMENTS			
LONG TERM INVESTMENTS-AT COST			
TRADE INVESTMENT - UNQUOTED			
Investments in Equity Instruments			
Subsidiary company			
International Tobacco Company Limited 3,00,000 Equity shares of Rs.100 each fully paid up		3250.00	3250.00
Others			
Molind Engineering Limited 3,500 Equity shares of Rs.10 each fully paid up		0.25	0.25
IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs. 10 each fully paid up	496.00		496.00
Less: Provision for diminution in the value	496.00	-	496.00
KKM Management Centre Private Limited 11,02,500 Equity shares of Rs.10 each fully paid up		110.25	110.25
OTHER INVESTMENTS - UNQUOTED			
Investments in Equity Instruments			
Subsidiary companies:			
Chase Investments Limited 2,01,210 Equity shares of Rs.100 each fully paid up		360.26	360.26
1,58,490 Equity shares of Rs.100 each Rs.50 paid up		79.24	79.24
Kashyap Metal and Allied Industries Limited 6,650 Equity shares of Rs. 100 each fully paid up (Purchased during the year)		2134.65	-
Others:			
Success Principles India Limited 1,99,673 Equity shares of Rs.10 each fully paid up		19.97	19.97
OTHER INVESTMENTS - QUOTED			
Investments in Bonds			
Indian Railway Finance Corporation Limited			
43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up		435.01	435.01
Investments in Mutual Fund			
Franklin Templeton Mutual Fund			
1,43,75,356 (Previous year 1,83,51,130) Units of Franklin India Income Opportunities Fund-Growth of Rs.10 each		1480.44	1889.88
Nil (Previous year 27,534) Units of Templeton India Short Term Income Retail Plan-Growth of Rs.1000 each		-	477.95
ICICI Prudential Mutual Fund			
70,50,405 Units of ICICI Prudential Income Opportunities Fund-Regular Plan -Growth of Rs.10 each		1095.29	1095.29
13,88,808 Units of ICICI Prudential Income - Regular Plan-Growth of Rs.10 each		500.00	500.00
41,57,762 Units of ICICI Prudential Short Term - Direct Plan-Growth of Rs.10 each		1000.00	1000.00
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan -Growth of Rs.10 each		1000.00	1000.00
1,00,00,000 Units of ICICI Prudential Interval Fund Series VII Annual Interval Plan C-Direct Plan of Rs.10 each		1000.00	1000.00
50,00,000 Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs. 10 each (Purchased during the year)		500.00	-
Birla Mutual Fund			
19,53,831 (Previous year 44,46,821) Units of Birla Sun Life Income Plus- Growth - Regular Plan of Rs.10 each		710.20	1616.37
1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days) -Growth Direct of Rs. 10 each		1000.00	1000.00
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series KG -Growth Direct of Rs.10 each		1000.00	-
50,00,000 Units of Birla Sun Life Fixed Term Plan -Series LI (1173 Days) -Growth Direct of Rs. 10 each (Purchased during the year)		500.00	-



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
12. NON CURRENT INVESTMENTS (Continued)		
IDFC Mutual Fund		
52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan -Growth-(Direct Plan) of Rs. 10 each	1500.00	1500.00
50,00,000 Units of IDFC Fixed Term Plan Series 48 Direct Plan -Growth of Rs.10 each	500.00	500.00
50,00,000 Units of IDFC Fixed Term Plan Series 50 Direct Plan -Growth of Rs.10 each	500.00	500.00
HDFC Mutual Fund		
80,90,484 Units of HDFC Medium Term Opportunities Fund -Growth of Rs.10 each	1000.00	1000.00
50,00,000 Units of HDFC FMP 370D May 2014(1) Series 31-Direct -Growth of Rs. 10 each (Purchased during the year)	500.00	-
ING Mutual Fund		
Nil (Previous year 16,67,838) Units of ING Short Term Income Fund -Growth of Rs.10 each	-	219.25
PineBridge Mutual Fund		
Nil (Previous year 9,77,995) Units of PineBridge India Equity Fund Standard -Growth of Rs.10 each	-	100.00
SBI Mutual Fund		
1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan -Growth of Rs.10 each	1500.00	1500.00
50,00,000 SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	500.00	500.00
AXIS Mutual Fund		
79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan -Growth Plan (DB-DG) of Rs.10 each	1000.00	1000.00
DSP BlackRock Mutual Fund		
1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan -Growth of Rs.1000 each	1500.00	1500.00
Deutsche Mutual Fund		
47,24,290 Units of DWS Short Maturity Fund-Direct Plan-Growth of Rs.10 each	1000.00	1000.00
1,57,703 Bonus Units of DWS Treasury Fund -Cash-Bonus of Rs.10 each (2,62,839 units purchased and sold during the year and 1,57,703 units received as Bonus)	187.50	-
Reliance Mutual Fund		
1,00,00,000 Units of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	1000.00	1000.00
1,00,00,000* Units of Reliance Fixed Horizon Fund - XXV- Series 14 -Direct Plan Growth Plan of Rs. 10 each	1000.00	-
UTI Mutual Fund		
70,99,046 Units of UTI- Short Term Income Fund- Institutional Option -Direct Plan-Growth of Rs. 10 each	1000.00	1000.00
Nil (Previous year 27,09,726) Units of UTI Bond Fund Direct Plan -Growth of Rs.10 each	-	1000.00
76,42,438 Units of UTI- Dynamic Bond Fund- Direct Plan-Growth of Rs.10 each	1000.00	1000.00
Sundaram Mutual Fund		
1,00,00,000 Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	1000.00	1000.00
TATA Mutual Fund		
50,00,000* Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan -Growth of Rs.10 each	500.00	-
50,00,000 Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan -Growth of Rs.10 each (Purchased during the year)	500.00	-
Investment in Government Securities (Unquoted)	0.36	0.36
	31863.42	28154.08



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
12. NON CURRENT INVESTMENTS (Continued)		
Aggregate value of quoted investments:	25908.44	24333.75
Aggregate amount of unquoted investments:		
- Investments in equity instruments	5954.62	3819.97
- Others	0.36	0.36
	5954.98	3820.33
Market/Net asset value of quoted investments	31326.10	27367.34
*Transferred from Current Investments in Note 15 upon roll-over in maturity date.		

Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Deferred taxation		
Deferred tax assets		
- Accrued expenses deductible on payment	2644.50	2163.26
- Foreign currency fluctuation relating to borrowings	852.39	1257.94
- Expenditure under voluntary retirement schemes	734.72	962.13
- Others	145.55	102.09
	4377.16	4485.42
Deferred tax liabilities		
- Accelerated depreciation	2659.77	3470.31
- Capital gains	64.89	42.49
	2724.66	3512.80
Deferred tax assets/(liabilities)-net	1652.50	972.62

14. Long-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Capital advances	1301.76	647.48
Security deposits	1639.43	1225.14
Loans and advances to related parties		
- Dues from subsidiary companies	-	1853.50
Other loans and advances		
- Prepaid expenses	390.27	26.38
- Loans to employees	879.65	738.75
	4211.11	4491.25



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
15. CURRENT INVESTMENTS		
Current portion of long-term investments (at cost)# Investments in Mutual Fund (Quoted)		
Birla Mutual Fund		
Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series GT-Growth of Rs.10 each	-	1000.00
Nil* (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series KG (1099 Days) -Gr. Direct of Rs.10 each	-	1000.00
Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan- Series HM-366 Days -Growth of Rs. 10 each	-	1000.00
Reliance Mutual Fund		
33,73,190 (Previous year 32,90,917) Units of Reliance Income Fund-Direct Plan Growth Plan - Bonus Option of Rs.10 each	375.00	375.00
Nil* (Previous year 1,00,00,000) Units of Reliance Fixed Horizon Fund - XXV- Series 14 -Direct Plan Growth Plan of Rs. 10 each	-	1000.00
TATA Mutual Fund		
Nil* (Previous year 50,00,000) Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan -Growth of Rs.10 each	-	500.00
Nil (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan Series 42 Scheme H (392 Days)- Growth of Rs.10 each	-	1000.00
Deutsche Mutual Fund		
Nil (Previous year 50,00,000) Units of DWS Fixed Maturity Plan -Series 43-Direct Plan -Growth of Rs.10 each	-	500.00
Nil (Previous year 50,00,000) Units of DWS Fixed Maturity Plan -Series 46-Direct Plan -Growth of Rs.10 each	-	500.00
L&T Mutual Fund		
Nil (Previous year 50,00,000) Units of L&T FMP Series 9-Plan B-Direct-Growth of Rs. 10 each	-	500.00
Total	375.00	7375.00
Aggregate value of quoted investments	375.00	7375.00
Net asset value of quoted investments	447.51	7733.25

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

*Transferred to Non Current Investments in Note 12 upon roll-over in maturity date.



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
16. Inventories		
At lower of cost and net realisable value:		
Raw and packing materials*	40374.48	39168.06
Work-in-process	591.73	391.25
Finished goods - Cigarettes**	25010.97	11530.47
- Chewing products	341.94	818.27
Traded goods***	5886.50	5072.80
At cost or under:		
Stores and spare parts****	1620.72	1470.20
	73826.34	58451.05
* Includes goods in transit Rs.1628.26 lacs (Previous year Rs.798.27 lacs)		
** Includes goods in transit Rs.35.07(Previous year Rs.278.76 lacs)		
*** Includes goods in transit Rs.205.32 lacs (Previous year Rs.Nil)		
**** Includes goods in transit Rs.14.77 lacs (Previous year Rs.8.38 lacs)		
17. Trade Receivables		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	107.53	54.51
- considered doubtful	-	63.95
	107.53	118.46
Less: Allowances for doubtful receivables	-	63.95
	107.53	54.51
Others		
Unsecured-considered good	12874.22	10298.84
	12874.22	10298.84
	12981.75	10353.35
18. Cash and cash equivalents		
Cash and cash equivalents (As per AS-3 Cash Flow Statement):		
-Cash on hand	63.85	90.70
-Cheques, drafts on hand	38.04	35.42
-Balances with Banks		
-In current accounts	802.73	675.97
	904.62	802.09
Other bank balances:		
-In earmarked accounts for		
-Margin money	1426.54	1338.93
-Unpaid dividend, fixed deposits interest and preference shares/debentures redemption	181.41	178.48
-Fixed deposit receipts lodged with government authorities	1.67	1.57
	1609.62	1518.98
	2514.24	2321.07



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
19. Short Term Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Loans and advances to related parties		
- Dues from officers/directors of the Company	-	4.08
- Dues from subsidiary companies	-	122.33
- Dues from associate companies	-	431.07
- Dues from other related parties	1.68	9.17
Others		
- Inter-corporate deposits	-	200.00
- With excise and customs on current/cenvat accounts	450.22	769.46
- Income-tax recoverable	820.67	810.12
- Security deposits	67.98	150.72
- Prepaid expenses	960.60	161.00
- Loans to employees	183.29	165.56
- Others	2412.24	2737.60
	4896.68	5561.11

20. Other Current Assets				
Interest accrued on bank and other deposits		45.34		59.44
Export incentives accrued/available		1937.97		1868.37
Fixed assets held for sale-net book value on transfer	0.35		351.34	
Less: Write down in the value	0.21	0.14	(211.00)	140.34
		1983.45		2068.15

Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
21. Revenue from operations		
Sale of products (Refer Note 44)	438771.02	413177.39
Other operating revenues		
Export incentives	2090.67	1780.29
Receipts from secondment of services	2410.57	1823.67
Doubtful debts and advances written back	-	0.27
Scrap sales	662.39	423.07
Sundries	1377.14	2068.83
	6540.77	6096.13
Total revenue from operations	445311.79	419273.52
Less: Excise duty	186668.78	171425.51
	258643.01	247848.01



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
22. Other income		
Interest income (gross) from:		
- Subsidiary companies	123.96	135.93
- Debts, deposits, loans and advances, etc.	275.80	236.30
- Long-term investments	34.80	34.80
Rent and hire charges (gross) from:		
- Subsidiary companies	4.80	4.80
- Others	343.85	213.33
Net gain on sale/redemption of:		
- Long-term investments	1695.00	1670.57
- Current investments	325.34	497.89
Profit on sale of fixed assets held for sale	225.72	-
Foreign currency fluctuation	248.28	-
	3277.55	2793.62
23. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	22907.40	19689.60
Cigarette paper	848.35	810.09
Cardboard (shells, slides and others)	9097.55	8222.81
Filter rods	7339.52	6441.18
Aluminium foil/Metallised paper	1528.59	1481.43
Cellulose paper	978.86	887.17
Flavours for chewing products	1920.82	3021.43
Betel nut	3715.29	3152.00
Katha, lime and bulking agent	918.89	1418.55
Paper/Laminate pouches for chewing products	1549.89	2100.36
Miscellaneous	6367.22	5872.09
	57172.38	53096.71
24. Purchases of traded goods		
Unmanufactured tobacco (transferred from raw and packing materials)	32261.08	22358.82
Cigarettes	1584.81	990.78
Other goods-Tea, etc. (including packing materials and processing charges)	22107.03	21355.70
	55952.92	44705.30



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
25. Changes in Inventories of Finished goods, Work-in-process and Traded goods		
Opening stock:		
- Work-in-process	391.25	497.59
- Finished goods - Cigarettes	11530.47	13748.61
- Chewing products	818.27	619.25
- Traded goods	5072.80	4726.16
	17812.79	19591.61
Less: Excise duty in opening stock	8321.47	8093.78
Opening stock net of excise duty	9491.32	11497.83
Closing stock:		
- Work-in-process	591.73	391.25
- Finished goods - Cigarettes	25010.97	11530.47
- Chewing products	341.94	818.27
- Traded goods	5886.50	5072.80
	31831.14	17812.79
Less: Excise duty in closing stock	18549.75	8321.47
Closing stock net of excise duty	13281.39	9491.32
(Increase)/Decrease	(3790.07)	2006.51
26. Employee Benefits Expenses		
Salaries, wages, bonus, etc.	20374.63	17745.25
Contribution to provident and other funds	1340.91	1299.67
Workmen and staff welfare expenses	1404.27	1756.66
Contribution to gratuity and superannuation fund	1749.63	863.20
	24869.44	21664.78
27. Finance Costs		
Interest expenses on:		
- Borrowings	1295.50	1060.72
- Others*	157.87	963.61
Other borrowing costs	40.61	49.05
Foreign currency fluctuations (considered as finance cost)	419.83	795.45
	1913.81	2868.83
*including Rs. 41.58 lacs (Previous year Rs.939.41 lacs) towards interest on entry tax relating to prior years.		



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
28. Other Expenses		
Manufacturing charges paid to a subsidiary company for cigarette/tobacco manufactured on our behalf	5359.13	4898.75
Consumption of stores and spare parts*	90.38	152.35
Power and fuel	2087.47	2204.20
Rent	2920.51	2873.32
Repairs and maintenance		
- Buildings	301.25	518.80
- Machinery	950.79	1335.36
- Others	980.31	769.77
Insurance	518.92	438.93
Rates and taxes	6018.84	7368.92
Freight and cartage	3569.93	3392.82
Legal and professional expenses	10229.92	9131.15
Auditors' Remuneration (net of cenvatable service tax)		
- Audit fees	61.00	55.00
- For tax audit	16.27	14.74
- For limited review of unaudited financial statements	43.46	39.65
- For corporate governance, consolidated financial statements and other certificates	6.10	6.10
- For other services	4.78	6.97
- Reimbursement of expenses	8.91	7.55
Cash discount	124.76	131.85
Commission paid to other than sole selling agents	344.95	351.46
Advertising and sales promotion	31613.80	29730.96
Selling and distribution expenses	6843.27	6936.18
Travelling and conveyance	4151.10	3596.80
Donations	91.63	743.11
Contributions/expenses towards CSR (Refer Note 31)	499.72	-
Bad debts and advances written off	26.09	105.30
Fixed assets written off	3.97	255.63
Loss on sale of fixed assets	22.58	97.39
Technical services fee and royalty	1345.68	1367.25
Foreign currency fluctuation	-	1689.55
Consumer research activity	917.02	922.83
Machine and material handling expenses	286.22	550.06
Provision for decline in the value of investments	-	496.00
Write down in the value of fixed assets held for sale	-	211.00
Miscellaneous expenses	8997.79	8238.48
	88436.55	88638.23
*Excludes consumption of spare parts charged to repairs and maintenance-machinery	678.67	702.28

29. The exceptional item in the previous year 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.

30. The face value of equity share of the Company has been split from Rs.10 to Rs. 2 per share w.e.f. December 1, 2014. Accordingly, all shares and per share information in these financial statements reflect the effect of split retrospectively for the previous year.



31. Corporate Social Responsibility (CSR)

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

Gross amount required to be spent by the Company during the year is Rs.499.00 lacs and the details of amount spent are as under:

	Rs. Lacs
a) By way of contribution for the above mentioned activities	474.73
b) Administrative expenses incurred (restricted to 5% of total below)	24.99
	499.72

Rupees in lacs

	For the year ended 31.3.2015	For the year ended 31.3.2014
32. Earnings per share has been computed as under:		
a) Net profit as per statement of profit and loss (Rs. lacs)	18308.44	17064.06
b) Weighted average number of equity shares outstanding	51993920	51993920
c) Basic and diluted earnings per share-Rupees (Face value of share-Rs.2 each) (Refer Note 30)	35.21	32.82
33. Remuneration of Directors		
a) Included in Expenses are:		
Salaries*	432.00	417.00
Monetary value of benefits	59.35	49.12
Commission**	472.00	427.00
Sitting fees	46.77	7.93
	1010.12	901.05

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

**includes Rs.200.00 lacs (previous year Rs.170.00 lacs) payable to a non-working director.

b) Computation of directors' commission and net profit in accordance with Section 197 of the Companies Act, 2013		
Profit before tax	27139.88	25467.55
Add/(less):		
Directors' remuneration	1010.12	901.05
Payments under voluntary retirement schemes	-	3538.29
Provision for decline in the value of investments	-	496.00
Provision for doubtful debts and advances written back	-	(0.27)
Profit on sale/redemption of long term investments	(1695.00)	(1670.57)
Profit on sale of fixed assets held for sale	(225.72)	-
	26229.28	28732.05
Maximum remuneration to working directors @ 10% of above	2622.93	2873.21
Restricted to	763.35	723.12
Maximum remuneration to non-working directors @ 1% of above	262.29	287.32
Restricted to	200.00	170.00



Rupees in lacs

	For the year ended 31.3.2015	For the year ended 31.3.2014
34. Expenditure on Scientific Research and Development		
Revenue expenditure	1056.25	1121.93
Capital expenditure	532.53	169.66
35. Contingent Liabilities not provided for	As at 31.3.2015	As at 31.3.2014
a) Demands from excise, income tax, sales tax and other authorities disputed by the Company @	3679.74*	3592.66*
b) Uncalled liability on shares partly paid	79.24	79.24
c) Guarantee given to a bank on behalf of subsidiary company – International Tobacco Company Limited	81.18	76.99

* includes Rs. 1809.72 lacs (previous year Rs.1812.19 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.

36. a) The following are the particulars of dues on account of sales tax, value added tax, excise duty and income-tax as at March 31, 2015 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	57.13	29.94	1995-96, 1998-99, 1999-00, 2001-02, 2006-07, 2014-15	Sales Tax Tribunal
		234.60	75.22	2005-06, 2008-09 to 2014-15	Upto Commissioners' Level
Central Excise Act, 1944	Excise duty and Service tax	1.00	-	2013-14	Upto Commissioners' Level
		1806.19**	329.72	2003-04 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
		380.92***	281.47	1999-00, 2000-01 2005-06 to 2011-12	Upto Commissioners' Level

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

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

*** provided for in the accounts amounting to Rs.563.30 lacs.

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
U.P. Krishi Utpadan Mandi Adhiniyam	Mandi cess	108.20	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty	8.32	2010-11	Upto Commissioners' Level
		249.20	2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

- b) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the requirements of the Companies Act.
- 37.** 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.
- 38.** a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.7767.74 lacs (previous year- Rs.4661.44 lacs).
b) The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits including union agreements, in normal course of business. The Company does not have any other long term contracts including derivative contracts for which there will be any material foreseeable losses.
- 39.** The amount due to micro, small and medium enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED") has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to the micro, small and medium enterprises as at March 31, 2015 are as under.

Rupees in lacs

Particulars	For the year ended 31.3.2015	For the year ended 31.3.2014
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year are as under:		
Principal amount	192.74	276.27
Interest due thereon	2.12	-
Amount of payments made to suppliers beyond the appointed day during the year are as under:		
Principal amount	112.88	-
Interest actually paid under section 16 of MSMED	-	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED are as under:		
Interest accrued during the year	2.12	-
Interest remaining unpaid as at the end of the year	2.12	-
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961.	2.12	-

- 40.** 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.1176.50 lacs (previous year – Rs.254.74 lacs).
- (ii) for periods between later than one year and less than five years – Rs.5337.10 lacs (previous year – Rs.473.90 lacs).
- (iii) For period later than five years- Rs. 1814.78 lacs (previous year Rs. Nil).

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

41. 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 through 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 Mr. K.K. Modi, Mrs. Bina Modi and Mr. Samir Kumar Modi
Mrs. Bina Modi	Ordinary Director and a relative of Mr. K.K. Modi, Mr. Lalit Kumar 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
 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



GODFREY PHILLIPS
— INDIA LIMITED —

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

Nature of transactions	Subsidiary companies		Associates		Key management personnel and their relatives		Enterprises over which significant influence exists	
	2015	2014	2015	2014	2015	2014	2015	2014
Sale of goods, spare parts, etc.	31.78	7.64	41140.50@	25230.86@	-	-	222.49	166.88
Purchase of goods/services	8.13	4.12	1584.81@	990.78@	-	-	2050.06#	2284.46#
Purchase of shares in Kashyap Metal and Allied Industries Limited	2134.65	-	-	-	-	-	-	-
Receipts from business support services provided	-	-	2321.47@@	867.48@	-	-	-	-
Receipts from secondment of services	123.96**	-	44.08@	1823.67@@	-	-	89.10	-
Interest income	-	135.93**	221.40@	20.96@	-	-	-	-
Miscellaneous income	-	-	136.06	285.06@	-	-	-	-
Rent and hire charges received	4.80	4.80	-	70.20@@	-	-	73.44	69.63
Manufacturing charges paid	-	-	-	-	-	-	-	-
Manufacturing Tobacco Company Ltd.	5359.13	4898.75	-	-	-	-	17.50	17.60
- International Tobacco Company Ltd.	-	-	-	-	-	-	-	-
Rent paid	-	-	3906.46@@	2237.70@@	-	-	-	-
Payments for professional services availed	-	-	-	7.54@	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-
Donation given###	-	-	-	-	-	-	274.50	624.50
Expenses recovered	3.62	2.62	3136.12@*	1845.05@*	-	-	5.16	1.03
Expenses reimbursed	120974.07*	99497.18*	24.98	37.11	-	-	0.91	1.17
Dividend payment (gross)	-	-	-	-	-	-	-	-
Philip Morris Global Brands Inc.	-	-	1044.04	1044.04	-	-	-	-
Managerial remuneration ##	-	-	-	-	-	-	-	-
- K.K.Modi	-	-	-	-	440.40	440.40	-	-
- Lalit Kumar Modi	-	-	-	-	200.00	170.00	-	-
- Samir Kumar Modi	-	-	-	-	202.56	162.33	-	-
- R.Ramamurthy	-	-	-	-	120.39	120.39	-	-
- Bina Modi	-	-	-	-	5.00	-	-	-
Balance outstanding as at the year end	-	-	3505.41@**	176.76@**	-	-	61.31	56.85
- Trade receivables	-	-	-	431.07	-	-	1.68	9.17
- Loans and advances	-	1975.83**	1399.21@	1203.31@	-	-	122.60	200.07
- Trade payables	-	-	123.25	-	-	2.02	-	-
- Dues payable	661.33***	20.50***	-	-	3.73	-	-	-
- Guarantees given by the Company to a bank on behalf of International Tobacco Company Ltd.	81.18	76.99	-	-	-	-	-	-

* 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.

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

@ relates to IPM India Wholesale Trading Private Limited.

@@ relates to KKM Management Centre Private Limited.

@* includes Rs.3127.55 lacs (Previous year Rs.1834.00 lacs) from IPM India Wholesale Trading Private Limited.

@** includes Rs.3505.13 lacs (Previous year Rs.176.76 lacs) from IPM India Wholesale Trading Private Limited.

includes Rs.1852.80 lacs (Previous year Rs. 2150.46 lacs) from Beacon Travels Private Ltd.

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

including for CSR activities.

42. 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, 2015			For the year ended March 31, 2014	
1. Segment revenue - External sales (gross)	411325.11	27445.91	438771.02	386161.69	27015.70
- Less : Excise duty	186668.78	-	186668.78	171425.51	-
- Net sales	224656.33	27445.91	252102.24	214736.18	27015.70
- Other operating income	6024.55	516.22	6540.77	553.67	542.46
- Total	230680.88	27962.13	258643.01	220289.85	27558.16
- Unallocable income			3277.55		2793.62
Total revenue	30925.74	(4553.26)	261920.56	32008.42	250641.63
2. Segment result			26372.48		28495.42
- Unallocable income/(expenses) net of unallocable (expenses)/income			2681.21		(159.04)
Profit before finance costs and tax			29053.69		28336.38
- Finance costs			(1913.81)		(2868.83)
- Tax expense			(8831.44)		(8403.49)
Profit after tax			18308.44		17064.06
3. Other information	As at March 31, 2015		As at March 31, 2014		
a) Segment assets	156834.55	11589.45	168424.00	139488.44	150196.99
- Unallocable assets/investments			35971.96		40597.66
Total assets	39338.35	2343.12	204395.96	42803.37	190794.65
b) Segment liabilities			41681.47		44862.12
- Share capital and reserves			129261.79		116369.91
- Unallocable liabilities			33452.70		29562.62
Total liabilities			204395.96		190794.65
c) Capital expenditure including capital work in progress	10200.52	442.63	10643.15	8777.44	562.46
d) Depreciation and amortization	9789.01	436.64	10225.65	8318.70	336.73
e) Non cash expenditure other than depreciation	1128.27	101.54	1229.81	582.90	(10.67)
					572.23

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).

43. 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	1340.91	1299.67
- Employers' contribution to superannuation fund	168.73	179.34
- Employers' contribution to employee's state insurance scheme	8.05	7.86

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

- Compensated absences – amount recognized in the statement of profit and loss – Rs.1760.77 lacs; previous year Rs.1080.76 lacs.

III. Defined benefit plans (based on actuarial valuation)

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



	Gratuity (Funded)	
	Current year	Previous year
A) Principal Assumptions		
• Discount rate (per annum)	7.90%	9.20%
• Rate of increase in compensation levels	7.50%	7.50%
• Expected rate of return on plan assets	7.50%	7.50%
• Expected average remaining working lives of employees	12.02 years	11.08 years
• Retirement age	58 years	58 years
		Rupees in lacs
	Current year	Previous year
B) Changes in the present value of obligation		
• Present value of obligation as at the beginning of the year	5370.87	5974.95
• Interest cost	486.12	463.47
• Current service cost	384.65	395.58
• Benefits paid	(506.64)	(1742.60)
• Actuarial (gain)/loss on obligations	1177.56	279.47
• Present value of obligation as at the end of the year	6912.56	5370.87
C) Change in the fair value of plan assets		
• Fair value of plan assets as at the beginning of the year	4662.59	5058.35
• Expected return on plan assets	340.57	359.64
• Actuarial gain/ (loss) on plan assets	154.00	76.80
• Contributions received	683.86	910.40
• Benefits paid	(506.64)	(1742.60)
• Fair value of plan assets as at the end of the year	5334.38	4662.59
D) (Shortfall)/excess of fair value over book value of plan assets	2.72	(24.42)
E) Net liability recognized in the balance sheet (B-C+D)	1580.90	683.86
F) Constitution of plan assets		
• Government Securities	673.80	678.08
• Corporate Bonds	837.68	838.11
• Insurer Managed Funds	3812.69	3215.35
• Others (net)	10.21	(68.95)
• Total	5334.38	4662.59
G) Expenses recognized in the profit and loss account		
• Current service cost	384.65	395.58
• Interest cost	486.12	463.47
• Expected return on plan assets	(340.57)	(359.64)
• Net actuarial (gain)/ loss	1023.56	202.67
• (Shortfall)/excess of fair value over book value of plan assets-incremental	27.14	(18.22)
• Total	1580.90	683.86

H) Experience adjustments

Rupees in lacs					
Particulars	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Defined benefit obligation	4213.58	4907.69	5974.95	5370.87	6912.56
Plan assets	3477.78	4294.69	5058.35	4662.59	5334.38
Surplus/(deficit)	(735.80)	(613.00)	(916.60)	(708.28)	(1578.18)
Experience adjustment on plan liabilities	512.10	457.77	495.91	596.04	417.69
Experience adjustment on plan assets	36.46	144.82	144.78	76.80	154.00

Rupees in lacs					
For the year ended 31.3.2015					For the year ended 31.3.2014
44. Turnover and stocks					
a) Particulars of sales (gross)**					
- Cigarettes	Million	14824	355929.24	15318	340791.19
- Unmanufactured tobacco*	Tonne	18577	37499.01	13036	26406.90
- Chewing products	Tonne	1003	14462.61	1409	15778.09
- Traded goods			30880.16		30201.21
			438771.02		413177.39
* transferred from raw and packing materials					
** excludes samples, write-off, etc.					
b) Details of stock-in-trade					
i) Opening stocks					
- Cigarettes	Million	738	11530.47	725	13748.61
- Chewing products	Tonne	91	818.27	70	619.25
- Traded goods			5072.80		4726.16
ii) Closing stocks					
- Cigarettes	Million	1165	25010.97	738	11530.47
- Chewing products	Tonne	22	341.94	91	818.27
- Traded goods			5886.50		5072.80

45. 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		18.77	10732.83	12.40	6582.33
ii) Indigenous		81.23	46439.55	87.60	46514.38
		100.00	57172.38	100.00	53096.71
(B) Spare parts					
i) Imported		50.79	344.69	56.94	399.88
ii) Indigenous		49.21	333.98	43.06	302.40
		100.00	678.67	100.00	702.28



Rupees in lacs

	For the year ended 31.3.2015	For the year ended 31.3.2014
46. Earnings in foreign exchange		
a) Export of goods on F.O.B. basis	60115.55	48169.81
b) Others including freight, etc.	940.90	976.78
	61056.45	49146.59
47. Value of imports on C.I.F. basis (including those in transit)		
i) Raw and packing materials	8794.43	8935.80
ii) Components and spare parts	412.85	451.10
iii) Capital goods	1587.21	2171.93
iv) Purchases for resale - cigars, etc.	274.04	107.77
	11068.53	11666.60
48. Expenditure in foreign currencies (net of tax, where applicable)		
Technical services fee and royalty	1211.11	1230.52
Professional /technical consultancy fees	1926.88	1561.87
Interest	542.54	915.50
Others	1785.32	1974.79
	5465.85	5682.68
49. Dividends remittance to non-resident shareholders in foreign currency		
Amount of dividends	1044.04	1044.04
Number of non-resident shareholders to whom remittances made	1	1
Number of shares on which remittances made (Refer Note 30)	1,30,50,475	1,30,50,475
Year for which dividends remitted (year ended)	31.3.2014	31.3.2013

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

Particulars	As at 31.3.2015		As at 31.3.2014	
	Amount in foreign currency (Lacs)	Amount in Rs. in Lacs	Amount in foreign currency (Lacs)	Amount in Rs. in Lacs
Loan Funds	162 USD	10125.81	306.00 USD	18335.52
Sundry debtors	90.58 USD 4.41 GBP	5660.80 409.23	52.59 USD 6.20 GBP	3150.67 617.08
Current liabilities and provisions	19.62 USD 1.31 EURO 7.88 GBP 0.57 SGD 0.22 AED 214.58 JPY 0.84 HKD 82.17 NPR	1226.65 87.94 731.66 25.96 3.75 111.83 6.75 51.36	13.01 USD 2.10 EURO 0.33 GBP 0.63 SGD - AED 8.59 JPY - HKD - NPR	779.44 172.75 33.31 29.97 - 5.03 - -
(b) Derivative instrument outstanding as at year end: Currency option and interest rate swap to hedge exposure in foreign currency loan and interest thereon	13839.00 JPY	10125.81	26642.00 JPY	18335.52



- 51.** As per the requirements of the Companies Act, 2013, the Company has computed depreciation with reference to the useful life of respective assets specified in and in the manner prescribed in Schedule II to the Act. Accordingly, an amount of Rs. 410.27 lacs (net of deferred tax of Rs.217.12 lacs) on account of assets whose useful life has already exhausted as on 1st April, 2014, has been charged to opening balance of retained earnings and an additional depreciation amounting to Rs.1526 lacs has been charged to the Statement of Profit and Loss for the year ended March 31, 2015 based on the residual life of the remaining assets. In relation to the assets added after 1st April, 2014, depreciation has been charged as per the provisions of said Schedule II.
- 52.** 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

R. RAMAMURTHY
Whole-time Director

R.A. SHAH
Chairman

BHISHAM WADHERA
COO - International

SAMIR KUMAR MODI
Executive Director

K.K. MODI
President & Managing Director

Directors

Place : New Delhi
Date : May 30, 2015

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

BINA MODI
DR. LALIT BHASIN
ANUP N. KOTHARI



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GODFREY PHILLIPS INDIA LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **GODFREY PHILLIPS INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 judgement, 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2015 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information 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 / financial information reflect total assets (net) of Rs. 3,221.71 lacs as at 31st March, 2015, total revenues of Rs. 42.83 lacs and net cash outflows amounting to Rs. 1.43 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. 56.72 lacs for the year ended 31st March,



2015, as considered in the consolidated financial statements, in respect of associates viz., KKM Management Centre Private Limited, Success Principles India Limited and IPM India Wholesale Trading Private Limited (IPM) whose financial statements / financial information have not been audited by us.

In case of IPM, the financial statements considered are for the period from January 01, 2014 to December 31, 2014. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' report of the Holding Company, subsidiary companies and associate companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and associate companies (other than IPM) is disqualified as on 31st March, 2015 from being appointed as director in terms of Section 164(2) of the Act and in case of IPM, the statutory auditors, have reported that none of the directors is disqualified as on December 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (f) With respect of the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 36 (a) to the consolidated financial statements.
 - ii. The Group and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 39 (b) to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education Protection Fund by the Holding Company. There are no amounts that were due to be transferred by the subsidiary companies and associate companies to the Investor Education and Protection Fund – Refer Note 37 (b) to the consolidated financial statements.

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

Manjula Banerji
Partner

Place: Gurgaon,
Date : May 30, 2015

(Membership No. 086423)



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Our reporting on the Order includes three subsidiary companies and three associate companies incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

In respect of IPM, an associate company incorporated in India which have been audited by other auditor, in our opinion and according to the information and explanations given to us, reporting under the Order is applicable in respect of the entity. However, the financial year end of the aforesaid component under the Act is not the same as that of the Holding Company and, consequently, reporting under the order in respect of the aforesaid entity is as at the financial year ended December 31, 2014 under the Companies Act, 1956. Accordingly, our reporting under the Order in the case of the consolidated financial statements in respect of the aforesaid entity, wherever applicable, is based on the last audit report of such component issued under the Companies Act, 1956.

- (i) In respect of the fixed assets of the Holding Company, subsidiary companies and associate companies incorporated in India, wherever applicable:
 - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Holding Company, subsidiary companies and associate companies incorporated in India have a system of physical verification of fixed assets which is designed to cover all the fixed assets once in a period of three years, which in our opinion and the opinion of the other auditors, is reasonable having regard to the size of the respective entities and the nature of their assets. Pursuant to the program, certain fixed assets were physically verified by the Management of the respective companies during the year. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verifications.
- (ii) In respect of the inventories of the Holding Company, subsidiary companies and associate companies incorporated in India, wherever applicable:
 - (a) As explained to us and the other auditors, the inventories were physically verified during the year by the Management of the respective entities 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 the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
 - (c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, during the year the Holding Company, subsidiary companies and associate companies incorporated in India have not granted any loans secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. However, as on Balance Sheet date, there is an outstanding interest free unsecured demand loan amounting to Rs. 2320 lacs, granted by a subsidiary company to its wholly owned subsidiary which was given during financial year 2007-08.
- (iv) In our opinion and opinion of the other auditors and according to the information and explanations given to us and the other auditors, 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 in the Holding Company, subsidiary companies and associate companies incorporated in India commensurate with the size of the respective entities and the nature of their business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit and other auditors audit, no major weakness in such internal control system has been observed.
- (v) According to the information and explanations given to us, the Holding Company, subsidiary companies and associate companies incorporated in India have not accepted any deposit during the year.
- (vi) We have broadly reviewed the cost records maintained by the Holding Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records of the Holding Company with a view to determine whether they are accurate or complete. In our opinion and in the opinion of other auditors, maintenance of cost records under section 148(1) of the Companies Act, has not been prescribed by the Central Government for the subsidiary and associate companies incorporated in India. Accordingly, matters specified in clause (vi) of paragraph 3 of the order does not apply to those companies.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary companies and associate companies incorporated in India, wherever applicable:
 - (a) The respective entities have been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Entry Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 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 which have not been deposited on account of any dispute. The details of dues of Sales Tax, Value Added Tax, Excise Duty, Service tax and Income-tax which have not been deposited as on 31st March, 2015, on account of disputes are given below:

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	57.13	29.94	1995-96, 1998-99, 1999-00, 2001-02, 2006-07, 2014-15	Sales Tax Tribunal
		234.60	75.22	2005-06, 2008-09 to 2014-15	Upto Commissioners' Level
Central Excise Act, 1944	Excise duty and Service tax	1.00	-	2013-14	Upto Commissioners' Level
		3618.71	358.10	2000-01, 2003-04 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
		9.99	9.99	2005-06	Income-tax Appellate Tribunal
		465.30	346.40	1999-00, 2000-01, 2005-06 to 2011-12	Upto Commissioners' Level

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

Further, as per information available with the Group, the concerned authority is in appeal against favourable orders received by the respective entities 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
		5.36	2003-04	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	45.88	2007-08 to 2008-09	High Court
		8.32	2010-11	Upto Commissioners' Level
		390.59	2001-02 to 2003-04, 2006-07 to 2008-09, 2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

- (d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. There are no amounts that are due to be transferred by the subsidiary companies and associate companies to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Group and its associates does not have consolidated accumulated losses at the end of the financial year and the Group and its associates have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion the Holding Company has not defaulted in the repayment of dues to banks and in the opinion of the other auditors and according to the information and explanations given to the other auditors, the subsidiary companies and associate companies incorporated in India have not taken any loans from banks. The Holding Company, subsidiary companies and associate companies have neither taken loan from financial institution nor have issued any debentures.
- (x) According to the information and explanations given to us, the Holding Company, subsidiary companies and associate companies incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and in the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and associate companies have not raised any term loans during the year.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, subsidiary companies and associate companies incorporated in India and no material fraud on the Holding Company, subsidiary companies and associate companies incorporated in India has been noticed or reported during the year.

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

Place: Gurgaon,
 Date : May 30, 2015

Manjula Banerji
 Partner
 (Membership No. 086423)



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED BALANCE SHEET

as at March 31, 2015

Rupees in lacs

Particulars	Note No.	As at 31.3.2015	As at 31.3.2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1039.88	1039.88
Reserves and surplus	4	130226.42	117389.72
		131266.30	118429.60
Minority interests		438.24	142.33
Non-current liabilities			
Long-term borrowings	5	3125.25	9707.04
Other long-term liabilities	6	26.55	20.80
Long-term provisions	7	5264.04	4130.37
		8415.84	13858.21
Current liabilities			
Short-term borrowings	8	17530.39	5542.43
Trade payables	9	14765.49	14935.08
Other current liabilities	10	28408.81	34977.25
Short-term provisions	11	6519.93	6227.12
		67224.62	61681.88
TOTAL		207345.00	194112.02
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	66473.36	69793.98
- Intangible assets	12	538.05	692.79
- Capital work-in-progress	12	6542.09	4561.00
Goodwill on consolidation		486.33	165.49
Non-current investments	13	26798.08	25207.63
Deferred tax assets (net)	14	1683.43	887.92
Long-term loans and advances	15	6738.35	5165.55
		109259.69	106474.36
Current assets			
Current investments	16	503.26	7480.00
Inventories	17	74358.19	59016.82
Trade receivables	18	12981.75	10353.35
Cash and cash equivalents	19	2773.08	2609.61
Short-term loans and advances	20	5463.37	6095.63
Other current assets	21	2005.66	2082.25
		98085.31	87637.66
TOTAL		207345.00	194112.02
Accompanying notes 1 to 47 form part of the consolidated financial statements			

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

Manjula Banerji
Partner

NITA KAPOOR
COO - Domestic

BHISHAM WADHERA
COO - International

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
Whole-time Director

SAMIR KUMAR MODI
Executive 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
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015



GODFREY PHILLIPS
— INDIA LIMITED —

Rupees in lacs

Particulars	Note No.	Year ended 31.3.2015	Year ended 31.3.2014
INCOME			
Revenue from operations	22	445363.86	419313.43
Less: Excise duty		186668.78	171425.51
		258695.08	247887.92
Other income	23	3179.85	2668.91
TOTAL REVENUE		261874.93	250556.83
EXPENSES			
Cost of materials consumed	24	57172.38	53096.71
Purchases of traded goods	25	55952.92	44705.30
Changes in inventories of finished goods, work-in-process and traded goods	26	(3804.08)	2016.58
Employee benefits expenses	27	27234.64	23895.94
Finance costs	28	1915.08	2900.36
Depreciation and amortization expenses	12	10819.35	9104.58
Other expenses	29	85474.50	85411.76
TOTAL EXPENSES		234764.79	221131.23
Profit before exceptional item and tax		27110.14	29425.60
Exceptional item	30	-	3538.29
		27110.14	25887.31
Tax expense:			
Current tax		9320.56	9652.25
Deferred tax (credit)/charge		(540.38)	(1396.08)
Current tax expense relating to prior years		79.22	151.20
Profit after tax but before results of associates and minority interests		18250.74	17479.94
Share of net profit of associates		56.72	29.13
Profit after tax but before minority interests		18307.46	17509.07
Minority interests		(24.93)	(45.16)
Net profit		18332.39	17554.23
Earnings per equity share- basic/diluted	33	Rs.35.26	Rs.33.76
(Face value of share - Rs. 2 each) (Refer Note 31)			
Accompanying notes 1 to 47 form part of the consolidated financial statements			

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

Manjula Banerji
Partner

NITA KAPOOR
COO - Domestic

BHISHAM WADHERA
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SUNIL AGRAWAL
Chief Financial Officer

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President & Managing Director

BINA MODI
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2015

Rupees in lacs

	For the year ended 31.3.2015		For the year ended 31.3.2014
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax	27110.14		25887.31
Adjustments for:			
Depreciation and amortization	10819.35		9104.58
Interest income from debts, deposits, loans and advances, etc.	(303.14)		(248.72)
Dividends from current and long-term investments	(14.83)		(17.37)
Interest income from long-term investments	(34.80)		(34.80)
Profit on redemption/sale of long-term investments	(1718.45)		(1678.11)
Profit on sale of current investments	(325.34)		(497.89)
Exchange loss on foreign currency bank balance	(0.54)		1.17
Exchange loss on long-term foreign currency borrowings	467.18		2363.33
Provision for wealth-tax	30.00		24.00
Interest expenses - on borrowings	1295.50		1060.72
- others	159.14		995.14
Provision for decline in the value of investments written back	-		(8.15)
Fixed assets written off	4.36		272.73
Loss on sale of fixed assets	21.82		99.61
Write down in the value of fixed assets held for sale	-		211.00
	10400.25		11647.24
Operating profit before working capital changes	37510.39		37534.55
Adjustments for:			
Trade receivables, loans and advances and other current assets	(3065.61)		(3296.06)
Inventories	(15341.37)		(4681.70)
Trade payables, liabilities and provisions	(3604.05)		8950.60
	(22011.03)		972.84
Cash generated from operations	15499.36		38507.39
Interest received	293.75		203.32
Dividends received	14.83		17.37
Purchase of investments*	(34.19)	(13.62)	
Proceeds from sale of investments*	16.33	141.42	
Direct taxes paid	(9443.20)		(9277.54)
	(9152.48)		(8929.05)
Net cash from operating activities	6346.88		29578.34
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(10951.99)		(11847.45)
Proceeds from sale of fixed assets	80.48		185.20
Purchase of current and long-term investments	(96609.20)	(230900.00)	
Proceeds from sale of current and long-term investments	104113.85	228896.33	
Loans and deposits received back	7504.65		(2003.67)
Interest received	200.00		-
Bank balances not considered as cash and cash equivalents	45.93		59.70
	(109.14)		(412.71)
Net cash used in investing activities	(3230.07)		(14018.93)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings	(8676.89)		(8458.31)
Proceeds from/(Repayment of) short-term bank borrowings	11987.96		(383.04)
Interest paid	(1510.94)		(2105.70)
Dividend paid	(4156.24)		(4154.77)
Corporate dividend tax paid	(706.91)		(706.91)
Net cash used in financing activities	(3063.02)		(15808.73)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	53.79		(249.32)
Opening cash and cash equivalents	999.06		1249.55
	1052.85		1000.23
Effect of exchange rate changes on foreign currency bank balance	0.54		(1.17)
Closing cash and cash equivalents	1053.39		999.06
*By the subsidiary companies engaged in the business of investments			

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

Manjula Banerji
Partner

NITA KAPOOR
COO - Domestic

BHISHAM WADHERA
COO - International

SUNIL AGRAWAL
Chief Financial Officer

R. RAMAMURTHY
Whole-time Director

SAMIR KUMAR MODI
Executive 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
DR. LALIT BHASIN
ANUP N. KOTHARI

Directors

Place : New Delhi
Date : May 30, 2015

NOTES

forming part of the consolidated financial statements
for the year ended March 31, 2015



GODFREY PHILLIPS
—INDIA LIMITED—

1. BASIS OF CONSOLIDATION

The consolidated financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

- 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	
		31.03.2015	31.03.2014
		%	%
International Tobacco Company Ltd.	India	100.00	100.00
Chase Investments Ltd.	India	100.00	100.00
Kashyap Metal and Allied Industries Ltd.	India	81.88 *	66.23 *
Unique Space Developers Ltd.	India	66.67 **	66.67 **
Gopal Krishna Infrastructure & Real Estate Ltd.	India	66.67 ***	66.67 ***
Rajputana Infrastructure Corporate Ltd.	India	81.88 ****	66.23 ****

* Held partly through other subsidiary (Previous year held entirely through other subsidiary)

** 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	
		31.03.2015	31.03.2014
		%	%
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, 2014 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.

- d) During the year the Company has directly purchased additional equity shares of Kashyap Metal and Allied Industries Limited at a premium, which has resulted in change in the minority interests as well as goodwill on consolidation.

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

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the customer, which generally coincides with point of dispatch of goods to them. Sales include excise duty but exclude sales tax and value added tax.

Income from services

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

(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**

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.

Capital work in progress

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) **Depreciation and amortisation**

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

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

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

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

Computer software – 5 years

(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**

Defined contribution plan

Provident fund, Superannuation fund and Employee's State Insurance are the defined contribution schemes offered by the Company. The contributions to these schemes are charged to the statement of profit and loss of the year in which contribution to such schemes becomes due.

Defined benefit plan and Long term Employee benefits

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

(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) **Impairment of Assets**

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

Impairment losses recognized in prior years are reversed when there is an indication that the impairment losses recognized earlier no longer exist or have decreased. Such reversals are recognized as an increase in the carrying amount of the asset to the extent that does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years.

(xvi) **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.

(xvii) **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.

(xviii) **Investment subsidiaries**

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



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
3. Share capital		
Authorised		
60,000 Preference shares of Rs. 100 each	60.00	60.00
12,20,00,000 Lacs Equity shares of Rs. 2 each (Previous year 2,44,00,000 Equity shares of Rs. 10 each)	2440.00	2440.00
	2500.00	2500.00
Issued, subscribed and fully paid up		
5,19,93,920 Equity shares of Rs.2 each (Previous year 1,03,98,784 Equity shares of Rs.10 each)	1039.88	1039.88

- (i) The face value of equity shares of the Company has been split from Rs.10 to Rs. 2 per share w.e.f. December 1, 2014.
- (ii) There has been no movement in the equity shares in the current and previous year.
- (iii) The Company has only one class of equity shares having a par value of Rs. 2 (Previous year Rs.10) per share. Each holder of equity shares is entitled to one vote per share.
- (iv) 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.
- (v) Shares held by each shareholder holding more than 5%

Name of the shareholder	No. of shares	% held as at 31.03.2015	No. of shares*	% held as at 31.03.2014
a) Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	15,196,660	29.23%	15,196,660	29.23%
c) Good Investment (India) Ltd.	4,095,220	7.88%	3,980,220	7.66%
*Refer Note 31.				

	As at 31.3.2015	As at 31.3.2014
4. Reserves and surplus		
Capital Redemption Reserve	30.13	30.13
Statutory Reserve	20.89	15.64
General Reserve	27931.89	25931.89
Surplus in Statement of Profit and Loss	102243.51	91412.06
	130226.42	117389.72
Movement in reserves and surplus is as under:		
Statutory Reserve		
Opening balance	15.65	10.59
Add: Transfer from surplus in statement of profit and loss	5.24	5.05
Closing Balance	20.89	15.64



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
General Reserve		
Opening balance	25931.89	23931.89
Add: Transfer from surplus in statement of profit and loss	2000.00	2000.00
Closing Balance	27931.89	25931.89
Surplus in Statement of Profit and Loss		
Opening balance	91412.06	80729.30
Less: Adjustment for depreciation in transition (net of deferred tax asset of Rs. 255.13 lacs) (Refer Note 46)	489.41	-
Add : Net profit for the current year	18332.39	17554.23
Less: Proposed dividend	4159.51	4159.51
Corporate dividend tax	846.78	706.91
Transfer to general reserve	2000.00	2000.00
Transfer to statutory reserve	5.24	5.05
Net surplus in the statement of profit and loss	102243.51	91412.06

5. Long-term borrowings		
Secured		
Foreign currency term loans from banks	10125.81	18335.52
Less : Current maturities of long term borrowings	7000.56	8628.48
	3125.25	9707.04

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.

6. Other long-term liabilities		
Others		
-Security deposits	26.55	20.80
	26.55	20.80

7. Long-term Provisions		
Provision for employee benefits		
-provision for compensated absences	5264.04	4130.37
	5264.04	4130.37



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
8. Short-term borrowings		
Secured		
- Cash credits from banks*	8029.55	5542.43
Unsecured		
- Demand loan from banks	9500.00	-
- Cash credits from banks	0.84	-
	<u>17530.39</u>	<u>5542.43</u>
*Secured against hypothecation of stocks and book debts and second charge on all movable fixed assets of the Company		
9. Trade payables		
Trade Payables		
-Micro and small enterprises	192.74	276.79
-Other than Micro and small enterprises	12922.20	12987.50
Employee payables	1650.55	1670.79
	<u>14765.49</u>	<u>14935.08</u>
10. Other current liabilities		
Current maturities of long-term borrowings	7000.56	8628.48
Interest accrued but not due on borrowings	66.48	122.78
Unclaimed dividends	181.41	178.14
Payable to gratuity fund	1712.26	779.53
Payables for fixed assets	686.34	873.65
Other payables		
-Security deposits	13.73	32.50
-Statutory dues	15536.27	17159.26
-Advances from customers	3117.66	7159.92
-Others	94.10	42.99
	<u>28408.81</u>	<u>34977.25</u>
11. Short-term provisions		
Provision for employee benefits		
-Provision for compensated absences	969.67	843.37
Others		
-Proposed dividend	4159.51	4159.51
-Provision for corporate dividend tax	846.78	706.91
-Taxation (net of payments)	543.97	517.33
	<u>6519.93</u>	<u>6227.12</u>



12. Fixed assets

	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTIZATION			NET BLOCK	
	As at	Additions	Deductions	As at	For the	On	As at	As at
	31.3.2014			31.3.2015	year adjustment**	deductions	31.3.2015	31.3.2014
Tangible Assets:								
Land-leasehold	1730.22*	-	-	1730.22*	-	-	1730.22	1730.22
Land-freehold	982.42@	-	-	982.42@	-	-	982.42	982.42
Buildings	18301.74#	2002.68	-	20304.42#	15.62	-	17308.27	15941.44
Leasehold building improvements	677.17	-	-	677.17	21.21	-	548.62	569.83
Plant and machinery	83774.43	4184.15	401.48	87557.10	8348.95	380.23	40209.30	44542.68
Electrical installation and equipments	850.38	72.11	-	922.49	119.21	-	508.49	592.18
Computers and information technology equipments	2782.42	948.07	56.42	3674.07	560.49	53.50	1485.35	1242.39
Furniture, fixtures and office equipments	3154.06	373.27	31.70	3495.63	517.08	29.63	1450.92	1982.70
Motor vehicles	3379.94	612.60	203.15	3789.39	475.13	122.73	2249.77	2210.12
Total of Tangible assets	115632.78	8192.88	692.75	123132.91	10662.30	586.09	66473.36	69793.98
Intangible Assets								
Computer softwares	1385.08	2.31	-	1387.39	157.05	-	538.05	692.79
Total of Intangible assets	1385.08	2.31	-	1387.39	157.05	-	538.05	692.79
Grand Total	117017.86	8195.19	692.75	124520.30	10819.35	586.09	67011.41	
Previous year	113730.76	6527.48	3240.38	117017.86	9104.58	2331.50	70486.77	
Capital work-in-progress								
							6542.09	4561.00
							73553.50	75047.77

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.

** Refer Note 46.



Rupees in lacs

		As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments			
LONG TERM (At cost unless otherwise stated)			
TRADE INVESTMENT - UNQUOTED			
Investments in Equity Instruments			
Associate:			
IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs. 10 each fully paid up	496.00	496.00	
Less: Group's share of loss restricted to the original cost of investment	496.00	496.00	-
KKM Management Centre Private Limited 11,02,500 Equity Shares of Rs.10 each fully paid up			
Cost of acquisition	110.25	110.25	
Add: Group's share of profit upto year end	143.94	86.96	197.21
Others:			
Molind Engineering Limited 3,500 Equity Shares of Rs.10 each fully paid up	0.25		0.25
Narang Industries Limited 40,000 Equity Shares of Rs.10 each fully paid up	4.00		4.00
OTHER INVESTMENTS - QUOTED			
Investments in Equity Instruments			
Nestle India Limited 93 Equity Shares of Rs.10 each fully paid up	0.07		0.07
Smithkline Beecham Consumer Healthcare Limited 320 Equity Shares of Rs.10 each fully paid up	0.38		0.38
GTC Industries Limited 100 Equity Shares of Rs.10 each fully paid up	0.01		0.01
VST Industries Limited 100 Equity Shares of Rs.10 each fully paid up	0.11		0.11
Hindustan Unilever Limited 290 Equity Shares of Re.1 each fully paid up	0.07		0.07
HDFC Bank Limited 75,000 Equity Shares of Rs.2 each fully paid up	1.50		1.50
Oriental Bank of Commerce 1,000 Equity Shares of Rs.10 each fully paid up	0.60		0.60
Bank of Baroda @ 5,000 (Previous year 1,000) Equity Shares of Rs.2 each fully paid up	2.30		2.30
State Bank of Travancore 14,050 Equity Shares of Rs.10 each fully paid up	8.43		8.43
Bank of India 1,000 Equity Shares of Rs.10 each fully paid up	1.35		1.35
Corporation Bank @ 18,435 (Previous year 3,687) Equity Shares of Rs.2 each fully paid up	13.58		13.58
Punjab Communications Limited 2,399 Equity Shares of Rs.10 each fully paid up	6.00		6.00
Circassia Pacific Finance Limited 1,00,000 Equity Shares of Rs.10 each fully paid up	10.00		10.00
Maruti Suzuki India Limited 950 Equity Shares of Rs.5 each fully paid up	1.19		1.19
Emami Limited 2700 Equity Shares of Re.1 each fully paid up	0.63		0.63
NTPC Limited 6,544 Equity Shares of Rs.10 each fully paid up	9.58		9.58



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments (Continued)		
Punjab National Bank @ 6,880 (Previous year 1,376) Equity Shares of Rs.2 each fully paid up	7.13	7.13
Reliance Industries Limited 5,176 Equity Shares of Rs.10 each fully paid up	33.00	33.00
Tata Consultancy Services Limited 3,850 Equity Shares of Re.1 each fully paid up	17.90	17.90
Ashok Leyland Limited 15,000 Equity Shares of Re.1 each fully paid up	2.05	2.05
HT Media Limited 1,000 Equity Shares of Rs.2 each fully paid up	1.06	1.06
Andhra Bank 12,379 Equity Shares of Rs.10 each fully paid up	11.40	11.40
ICICI Bank Limited @ 11,695 (Previous year 2,339) Equity Shares of Rs.2 each fully paid up	18.58	18.58
Zee Entertainment Enterprises Limited 1,094 Equity Shares of Re.1 each fully paid up	0.82	0.82
22,974 6% Preference Shares of Re.1 each fully paid up (received free of cost)	-	-
Suzlon Energy Limited 975 Equity Shares of Rs.2 each fully paid up	0.99	0.99
Talbro Automotive Components Limited 1,034 Equity Shares of Rs.10 each fully paid up	1.06	1.06
IDFC Limited 1,500 Equity Shares of Rs.10 each fully paid up	1.80	1.80
Chennai Petroleum Corporation Limited 400 Equity Shares of Rs.10 each fully paid up	0.96	0.96
Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up	2.11	2.11
SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up	8.31	8.31
State Bank of India @@ 10,000 (Previous year 1,000) Equity Shares of Re.1 each fully paid up	8.76	8.76
Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up	3.74	3.74
Union Bank of India 913 Equity Shares of Rs.10 each fully paid up	1.00	1.00
Lanco Infratech Limited 1,00,000 Equity Shares of Re.1 each fully paid up	24.00	24.00
Parsvnath Developers Limited 1,122 Equity Shares of Rs.5 each fully paid up	1.68	1.68
Power Finance Corporation Limited 997 Equity Shares of Rs.10 each fully paid up	0.85	0.85
Idea Cellular Limited 1,637 Equity Shares of Rs.10 each fully paid up	1.68	1.68
Indian Bank Limited 2,096 Equity Shares of Rs.10 each fully paid up	1.91	1.91
Technocraft Industries India Limited 2,350 Equity Shares of Rs.10 each fully paid up	2.47	2.47
Reliance Communication Limited 2,010 Equity Shares of Rs.5 each fully paid up	2.75	2.75
Reliance Infrastructure Limited 1,113 Equity Shares of Rs.10 each fully paid up	9.16	9.16
Reliance Power Limited 306 Equity Shares of Rs.10 each fully paid up	1.17	1.17



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments (Continued)		
Axis Bank @ 5,000 (Previous year 1,000) Equity Shares of Rs.2 each fully paid up	8.27	8.27
Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up	3.40	3.40
GMR Infrastructure Limited 10,000 Equity Shares of Re.1 each fully paid up	10.63	10.63
Industrial Development Bank of India 3,500 Equity Shares of Rs.10 each fully paid up	4.70	4.70
Indian Hotels Company Limited 3,500 Equity Shares of Re.1 each fully paid up	4.73	4.73
ITC Limited 9,000 Equity Shares of Re.1 each fully paid up	7.39	7.39
J.K.Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up	3.47	3.47
Mahanagar Telephone Nigam Limited 1,000 Equity Shares of Rs.10 each fully paid up	1.65	1.65
Adani Port & Special Economic Zone Limited 240 Equity Shares of Rs.2 each fully paid up	0.21	0.21
Omaxe Limited 263 Equity Shares of Rs.10 each fully paid up	0.65	0.65
Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up	19.32	19.32
Steel Authority of India Limited 6,000 Equity Shares of Rs.10 each fully paid up	13.21	13.21
SKF India Limited 1,000 Equity Shares of Rs.10 each fully paid up	4.34	4.34
Tata Motors Limited 5,000 Equity Shares of Rs.2 each fully paid up	6.96	6.96
Tata Power Limited 10,000 Equity Shares of Re.1 each fully paid up	11.52	11.52
V2 Retail Limited 25 Equity Shares of Rs.10 each fully paid up	0.07	0.07
Central Bank of India 598 Equity Shares of Rs.10 each fully paid up	0.61	0.61
Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up	55.27	55.27
Bharat Earth Movers Limited 166 Equity Shares of Rs.10 each fully paid up	1.78	1.78
Cipla Limited 1,000 Equity Shares of Rs.2 each fully paid up	2.14	2.14
ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up	9.68	9.68
Infosys Limited 1,000 (Previous year 500) Equity Shares of Rs.5 each fully paid up (500 Equity Shares received as bonus share)	6.56	6.56
Kotak Mahindra Bank Limited 2,000 Equity Shares of Rs. 5 each fully paid up	7.99	7.99
Oil India Limited 525 Equity Shares of Rs. 10 each fully paid up	2.21	2.21
Coal India Limited 154 Equity Shares of Rs.10 each fully paid up	0.37	0.37
Punjab and Sind Bank 50 Equity Shares of Rs.10 each fully paid up	0.06	0.06



Rupees in lacs

	As at 31.3.2014	As at 31.3.2014
13. Non-Current Investments (Continued)		
Shipping Corporation of India Ltd 719 Equity Shares of Rs.10 each fully paid up	1.01	1.01
Emami Infrastructure Limited 300 Equity Shares of Rs.2 each fully paid up (received free of cost)	-	-
Reliance Capital Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	-	-
Siti Cable Network Limited 250 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
Zee News Limited 226 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
Zee Learn Limited 137 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
Investments in Bonds		
Indian Railway Finance Corporation Limited 43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1,000 each fully paid up	435.01	435.01
Investments under Portfolio Management Service #:		
A) Reliance Portfolio Management Scheme-Trinity Series (Managed by Reliance Capital Asset Management Limited)		
Kalpataru Power Transmission Ltd. 472 Equity Shares of Rs.2 each fully paid up	1.07	-
Yes Bank Limited 158 Equity Shares of Rs.10 each fully paid up	1.39	-
Bharat Electronics Ltd 103 Equity Shares of Rs.10 each fully paid up	1.73	-
Hindustan Petroleum Corporation Ltd. 463 Equity Shares of Rs.10 each fully paid up	2.64	-
Dish TV India Ltd 3,410 Equity Shares of Re.1 each fully paid up	2.77	-
Hinduja Global Solutions Limited 225 Equity Shares of Rs.10 each fully paid up	1.49	-
State Bank of Mysore 324 Equity Shares of Rs.10 each fully paid up	1.89	-
Multi Commodity Exchange of India Limited 135 Equity Shares of Rs.10 each fully paid up	1.64	-
Texmaco Rail and Engineering Limited 866 Equity Shares of Re.1 each fully paid up	1.38	-
DCB Bank Ltd. 2,257 Equity Shares of Rs.10 each fully paid up	1.61	-
Orient Cement Ltd. 1,733 Equity Shares of Re.1 each fully paid up	2.55	-
Indo Count Industries Limited 323 Equity Shares of Rs.10 each fully paid up	0.95	-
Ramkrishna Forgings Limited 538 Equity Shares of Rs.10 each fully paid up	1.64	-
HBL Power Systems Limited 4,517 Equity Shares of Rs.10 each fully paid up	2.24	-
KPIT Technologies Ltd. 1,246 Equity Shares of Rs.2 each fully paid up	2.49	-
HDFC Bank Limited Nil (Previous year 238) Equity Shares of Rs.2 each fully paid up	-	0.42
Sai Rayalaseema Paper Mills Limited 15,895 Equity Shares of Rs.10 each fully paid up	1.93	1.93



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments (Continued)		
Tata Consultancy Services Limited		
Nil (Previous year 93) Equity Shares of Re.1 each fully paid up	-	0.65
Bharti Airtel Limited (formerly known as Bharti Televenture Limited)		
Nil (Previous year 224) Equity Shares of Rs.5 each fully paid up	-	0.73
Larsen and Toubro Limited		
Nil (Previous year 135) Equity Shares of Rs.5 each fully paid up	-	1.17
Hindustan Zinc Limited		
Nil (Previous year 551) Equity Shares of Rs.2 each fully paid up	-	0.77
ICICI Bank Limited @		
790 (Previous year 223) Equity Shares of Rs.2 each fully paid up	1.45	2.03
Mahindra & Mahindra Limited		
Nil (Previous year 72) Equity Shares of Rs.5 each fully paid up	-	0.48
Reliance Industries Limited		
Nil (Previous year 207) Equity Shares of Rs.10 each fully paid up	-	1.68
Tata Motors Limited		
Nil (Previous year 211) Equity Shares of Rs.2 each fully paid up	-	0.36
Infosys Limited		
Nil (Previous year 59) Equity Shares of Rs.5 each fully paid up	-	1.39
Divis Laboratories Ltd		
Nil (Previous year 97) Equity Shares of Rs.2 each fully paid up	-	0.90
HCL Technologies Ltd		
215 (Previous year 183) Equity Shares of Rs.2 each fully paid up	1.70	1.20
ING Vysya Bank Limited		
Nil (Previous year 115) Equity Shares of Rs.10 each fully paid up	-	0.66
Lupin Limited (formerly known as Lupin Laboratories Ltd)		
177(Previous year 155) Equity Shares of Rs.2 each fully paid up	2.45	0.92
Maruti Suzuki India Ltd		
75 (Previous year 42) Equity Shares of Rs.5 each fully paid up	1.89	0.79
Canara Bank		
Nil (Previous year 716) Equity Shares of Rs.10 each fully paid up	-	1.83
Citi Union Bank Ltd		
Nil (Previous year 1,440) Equity Shares of Rs.10 each fully paid up	-	0.77
Cox and Kings Limited		
Nil (Previous year 436) Equity Shares of Rs.10 each fully paid up	-	0.59
Dr Reddy's Laboratories Ltd		
Nil (Previous year 27) Equity Shares of Rs.10 each fully paid up	-	0.60
Engineers India Limited		
Nil (Previous year 393) Equity Shares of Rs.10 each fully paid up	-	0.74
Federal Bank Limited		
1,921 Equity Shares of Rs.10 each fully paid up	1.63	1.63
Hero Motocorp Ltd (formerly known as Hero Honda Motors Ltd)		
Nil (Previous year 33) Equity Shares of Rs.10 each fully paid up	-	0.69
HT Media Limited		
Nil (Previous year 948) Equity Shares of Rs.10 each fully paid up	-	0.74
IRB Infrastructure Developers Ltd		
999 (Previous year 736) Equity Shares of Rs.10 each fully paid up	1.80	0.72
Manappuram Finance Limited (Formerly known as Manappuram General Finance & Leasing Ltd)		
Nil (Previous year 4,608) Equity Shares of Rs.10 each fully paid up	-	0.84
NIIT Limited		
Nil (Previous year 352) Equity Shares of Rs.10 each fully paid up	-	1.08
Sesa Sterlite Limited		
Nil (Previous year 410) Equity Shares of Rs.10 each fully paid up	-	0.74



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments (Continued)		
The Ramco Cements Limited Nil (Previous year 753) Equity Shares of Rs.10 each fully paid up	-	1.45
Torrent Pharmaceuticals Limited Nil (Previous year 243) Equity Shares of Rs.10 each fully paid up	-	1.02
Balance with portfolio management scheme	0.53	0.78
B) Kotak 2010 Opportunities Portfolio Management Scheme (Managed by Kotak Securities Limited)		
Kakinada Fertilizers Limited 7,521 Equity Shares of Rs.10 each fully paid up	0.53	0.53
Balance with portfolio management scheme	-	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 @Share split in the ratio of 1:5 during the year @@Share split in the ratio of 1:10 during the year		
Investments in Mutual Fund		
Franklin Templeton Mutual Fund 1,43,75,356 (Previous year 1,83,51,130) Units of Franklin India Income Opportunities Fund -Growth of Rs.10 each	1480.44	1889.88
Nil (Previous year 27,534) Units of Templeton India Short Term Income Retail Plan- Growth of Rs.1000 each	-	477.95
ICICI Prudential Mutual Fund 70,50,405 Units of ICICI Prudential Income Opportunities Fund-Regular Plan- Growth of Rs.10 each	1095.29	1095.29
13,88,808 Units of ICICI Prudential Income - Regular Plan-Growth of Rs.10 each	500.00	500.00
41,57,762 Units of ICICI Prudential Short Term - Direct Plan-Growth of Rs.10 each	1000.00	1000.00
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan - Growth of Rs.10 each	1000.00	1000.00
1,00,00,000 Units of ICICI Prudential Interval Fund Series VII Annual Interval Plan C-Direct Plan of Rs.10 each	1000.00	1000.00
78,705 (Previous year 4,09,436) Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each	12.26	63.77
50,00,000 Units of ICICI Prudential FMP Series 74-369 Days Plan I- Direct Plan Cumulative of Rs. 10 each (Purchased during the year)	500.00	-
Birla Mutual Fund 19,53,831 (Previous Year 44,46,821) Units of Birla Sun Life Income Plus-Growth - Regular Plan of Rs.10 each	710.20	1616.37
1,00,00,000 Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)- Growth Direct of Rs.10 each	1000.00	1000.00
1,00,00,000 * Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each	1000.00	-
50,00,000 Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)- Growth Direct of Rs. 10 each (Purchased during the year)	500.00	-
IDFC Mutual Fund 52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan- Growth-(Direct Plan) of Rs. 10 each	1500.00	1500.00
50,00,000 Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	500.00	500.00
50,00,000 Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	500.00	500.00
HDFC Mutual Fund 80,90,484 Units of HDFC Medium Term Opportunities Fund-Growth of Rs.10 each	1000.00	1000.00
50,00,000 Units of HDFC FMP 370D May 2014(1) Series 31 - Direct- Growth of Rs.10 each (Purchased during the year)	500.00	-
ING Mutual Fund Nil (Previous year 16,67,838) Units of ING Short Term Income Fund-Growth of Rs.10 each	-	219.25
Pine Bridge Mutual Fund Nil (Previous year 9,77,995) Units of PineBridge India Equity Fund Standard- Growth of Rs.10 each	-	100.00



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments (Continued)		
SBI Mutual Fund 1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each 50,00,000 SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	1500.00 500.00	1500.00 500.00
AXIS Mutual Fund 79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan- Growth Plan (DB-DG) of Rs.10 each	1000.00	1000.00
DSP BlackRock Mutual Fund 1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan- Growth of Rs.1000 each	1500.00	1500.00
Deutsche Mutual Fund 47,24,290 Units of DWS Short Maturity Fund-Direct Plan-Growth of Rs.10 each 1,57,703 Bonus Units of DWS Treasury Fund-Cash-Bonus of Rs.10 each (2,62,839 units purchased and sold during the year and 1,57,703 units received as Bonus)	1000.00 187.50	1000.00 -
Reliance Mutual Fund 1,00,00,000 Units of Reliance Yearly Interval Fund -Series 6- Direct Growth Plan of Rs.10 each 1,00,00,000* Units of Reliance Fixed Horizon Fund - XXV- Series 14 - Direct Plan Growth of Rs. 10 each 20,000 Units of Reliance Equity Opportunity Fund -Growth of Rs.10 each 97,800 Units of Reliance Top 200 Fund -Retail Plan - Growth of Rs.10 each	1000.00 1000.00 2.00 10.00	1000.00 - 2.00 10.00
UTI Mutual Fund 70,99,046 Units of UTI- Short Term Income Fund-Institutional Option- Direct Plan-Growth of Rs. 10 each Nil (Previous year 27,09,726) Units of UTI Bond Fund Direct Plan-Growth of Rs.10 each 76,42,438 Units of UTI- Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	1000.00 - 1000.00	1000.00 1000.00 1000.00
Sundaram Mutual Fund 1,00,00,000 Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	1000.00	1000.00
TATA Mutual Fund 50,00,000* Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan- Growth of Rs. 10 each 50,00,000 Units of TATA Fixed Maturity Plan Series 47 Scheme I- Direct Plan-Growth of Rs.10 each (Purchased during the year)	500.00 500.00	- -
	As at 31.3.2015	As at 31.3.2014
OTHER INVESTMENTS - UNQUOTED		
Investments in Equity Instruments		
Associate:		
Success Principles India Limited 1,99,673 Equity Shares of Rs. 10 each fully paid up Cost of acquisition (net of capital reserve of Rs.1.67 lacs) Add: Group's share of profit upto year end	19.97 40.90 60.87	19.97 41.16 61.13
Others:		
K K Modi Investment & Financial Services Pvt. Ltd. 91,875 Equity Shares of Rs.10 each fully paid up 71,28,000 Preference Shares of Rs.10 each fully paid up	36.78 54.00	36.78 54.00
Modicare Limited 7,20,000 Equity Shares of Rs.2.50 each	18.00	18.00
Investment in Government Securities (Unquoted)	0.36	0.36
	26812.88	25222.43
Less: Provision for diminution in the value of investments	14.80	14.80
	26798.08	25207.63



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
13. Non-Current Investments (Continued)		
Aggregate value of quoted investments	26384.43	24850.70
Aggregate amount of unquoted investments	413.65	356.93
	26798.08	25207.63
Market/net asset value of quoted investments	33053.84	28652.39
* Transferred from Current Investment in Note 16 upon roll-over in maturity date.		
14. Deferred taxation		
Deferred tax assets		
- Accrued expenses deductible on payment	2828.23	2325.15
- Foreign currency fluctuation relating to borrowings	852.39	1257.94
- Expenditure under voluntary retirement schemes	734.72	962.13
- Others	145.55	102.09
	4560.89	4647.31
Deferred tax liabilities		
- Accelerated depreciation	2812.57	3716.90
- Capital gains	64.89	42.49
	2877.46	3759.39
Deferred tax assets/(liabilities)-net	1683.43	887.92
15. Long-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Capital advances	1310.67	722.26
Security deposits	1797.25	1328.97
Other loans and advances		
- Loans given	2325.00	2325.00
- Prepaid expenses	390.27	26.38
- Loans to employees	915.16	762.94
	6738.35	5165.55



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
16. CURRENT INVESTMENTS		
Current portion of long-term investments (at cost)#		
Investments in Mutual Fund (Quoted)		
Birla Mutual Fund		
Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series GT-Growth of Rs.10 each	-	1000.00
Nil*(Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series KG (1099 Days)-Growth Direct of Rs.10 each	-	1000.00
Nil (Previous year 1,00,00,000) Units of Birla Sun Life Fixed Term Plan-Series HM-366 Days-Growth of Rs. 10 each	-	1000.00
45,649 Units of Birla Sun Life Saving Fund- Retails Growth of Rs.100 each	90.00	90.00
13,378 (Previous year 6,467) Units of Birla Sun Life Saving Fund-Growth of Rs.100 each	32.50	15.00
Reliance Mutual Fund		
33,73,190 (Previous year 32,90,917) Units of Reliance Income Fund-Growth Bonus Option of Rs.10 each	375.00	375.00
Nil*(Previous year 1,00,00,000) Units of Reliance Fixed Horizon Fund - XXV-Series 14-Direct Plan Growth Plan of Rs.10 each	-	1000.00
576 Units of Reliance Liquidity Fund-Direct-Daily Dividend of Rs.100 each**	5.76	-
TATA Mutual Fund		
Nil* (Previous year 50,00,000) Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each	-	500.00
Nil (Previous year 1,00,00,000) Units of TATA Fixed Maturity Plan Series 42 Scheme H (392 Days)-Growth of Rs.10 each	-	1000.00
Deutsche Mutual Fund		
Nil (Previous year 50,00,000) Units of DWS Fixed Maturity Plan -Series 43-Direct Plan-Growth of Rs.10 each	-	500.00
Nil (Previous year 50,00,000) Units of DWS Fixed Maturity Plan -Series 46-Direct Plan-Growth of Rs.10 each	-	500.00
L&T Mutual Fund		
Nil (Previous Year 50,00,000) Units of L&T FMP Series 9-Plan B-Direct-Growth of Rs. 10 each	-	500.00
Total	<u>503.26</u>	<u>7480.00</u>
Aggregate value of quoted investments	503.26	7480.00
Net asset value of quoted investments	611.16	7857.77

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

*Transferred to Non Current Investments in Note 13 upon roll-over in maturity date.

** Held under Portfolio Management Scheme managed by Reliance Capital Asset Management Ltd.



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
17. Inventories		
At lower of cost and net realisable value:		
Raw and packing materials*	40374.48	39168.06
Work-in-process	591.73	391.25
Finished goods - Cigarettes**	25008.27	11513.76
- Chewing products	341.94	818.27
Traded goods***	5886.50	5072.80
At cost or under:		
Stores and spare parts****	2155.27	2052.68
	74358.19	59016.82
<p>* Includes goods in transit Rs.1628.26 lacs (Previous year Rs.798.27 lacs)</p> <p>** Includes goods in transit Rs.35.07 lacs (Previous year Rs. 278.76 lacs)</p> <p>*** Includes goods in transit Rs.205.32 lacs (Previous year Rs. Nil)</p> <p>**** Includes goods in transit Rs.14.77 lacs (Previous year Rs.34.55 lacs)</p>		
18. Trade Receivables		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	107.53	54.51
- considered doubtful	-	63.95
	107.53	118.46
Less: Allowances for doubtful receivables	-	63.95
	107.53	54.51
Others		
Unsecured-considered good	12874.22	10298.84
	12874.22	10298.84
	12981.75	10353.35
19. Cash and cash equivalents		
Cash and cash equivalents (As per AS-3 Cash Flow Statement):		
-Cash on hand	67.77	92.08
-Cheques, drafts on hand	38.04	35.50
-Balances with Banks		
-In current accounts	947.58	871.48
	1053.39	999.06
Other bank balances:		
-In term deposit accounts	44.99	50.67
-In earmarked accounts for		
-Margin money	1426.54	1338.93
-Unpaid dividend, fixed deposits interest and preference shares/ debentures redemption	181.41	178.48
-Fixed deposit receipts lodged with government authorities	66.75	42.47
	1719.69	1610.55
	2773.08	2609.61



Rupees in lacs

	As at 31.3.2015	As at 31.3.2014
20. Short Term Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Loans and advances to related parties		
- Dues from officers/directors of the Company	-	4.08
- Dues from associate companies	-	431.07
- Dues from other related parties	1.68	9.17
Others		
- Inter-corporate deposits	-	200.00
- With excise and customs on current/ cenvat accounts	604.87	1082.66
- Income-tax recoverable	1139.28	1099.22
- Security deposits	67.98	150.72
- Prepaid expenses	990.30	180.60
- Loans to employees	192.52	172.33
- Others	2466.74	2765.78
	5463.37	6095.63

		As at 31.3.2015		As at 31.3.2014
21. Other Current Assets				
Interest accrued on bank deposits		65.50		67.24
Export incentives accrued/available		1937.97		1868.37
Fixed assets held for sale-net book value on transfer	0.35		351.34	
Less: Write down in the value	0.21	0.14	(211.00)	140.34
Unbilled revenue and others		2.05		6.30
		2005.66		2082.25



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
22. Revenue from operations		
Sale of products		
- Cigarettes	355929.24	340791.19
- Unmanufactured tobacco	37499.01	26406.90
- Chewing products	14462.61	15778.09
- Traded goods	30880.16	30201.21
	438771.02	413177.39
Other operating revenues		
Export incentives	2090.67	1780.29
Interest income (gross) from:		
- Debts, deposits, loans and advances, etc.	4.55	4.55
Dividend income from long-term investments	14.83	17.37
Doubtful debts and advances written back	-	0.27
Net gain on sale of long-term investments	16.96	7.54
Receipts from secondment of services	2410.57	1823.67
Scrap sales	670.20	428.88
Sundries	1385.06	2073.47
	6592.84	6136.04
Total revenue from operations	445363.86	419313.43
Less: Excise duty	186668.78	171425.51
	258695.08	247887.92
23. Other income		
Interest income (gross) from:		
- Debts, deposits, loans and advances, etc.	298.59	244.17
- Long-term investments	34.80	34.80
Rent and hire charges (gross) from:		
- Others	343.85	213.33
Net gain on sale/redemption of:		
- Long-term investments	1701.49	1670.57
- Current investments	325.34	497.89
Profit on sale of fixed assets held for sale	225.72	-
Foreign currency fluctuation	250.06	-
Provision made for decline in the value of long-term investments written back	-	8.15
	3179.85	2668.91



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
24. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	22907.40	19689.60
Cigarette paper	848.35	810.09
Cardboard (shells, slides and others)	9097.55	8222.81
Filter rods	7339.52	6441.18
Aluminium foil/Metallised paper	1528.59	1481.43
Cellulose paper	978.86	887.17
Flavours for chewing products	1920.82	3021.43
Betel nut	3715.29	3152.00
Katha, lime and bulking agent	918.89	1418.55
Paper/Laminate pouches for chewing products	1549.89	2100.36
Miscellaneous	6367.22	5872.09
	<u>57172.38</u>	<u>53096.71</u>
25. Purchases of traded goods		
Unmanufactured tobacco (transferred from raw and packing materials)	32261.08	22358.82
Cigarettes	1584.81	990.78
Other goods- Tea, etc. (including packing materials and processing charges)	22107.03	21355.70
	<u>55952.92</u>	<u>44705.30</u>
26. Changes in Inventories of Finished goods, Work-in-process and Traded goods		
Opening stock:		
- Work-in-process	391.25	497.59
- Finished goods - Cigarettes	11513.76	13741.97
- Chewing products	818.27	619.25
- Traded goods	5072.80	4726.16
	<u>17796.08</u>	19584.97
Less: Excise duty in opening stock	8321.47	8093.78
Opening stock net of excise duty	<u>9474.61</u>	<u>11491.19</u>
Closing stock:		
- Work-in-process	591.73	391.25
- Finished goods - Cigarettes	25008.27	11513.76
- Chewing products	341.94	818.27
- Traded goods	5886.50	5072.80
	<u>31828.44</u>	17796.08
Less: Excise duty in closing stock	18549.75	8321.47
Closing stock net of excise duty	<u>13278.69</u>	<u>9474.61</u>
(Increase)/Decrease	<u>(3804.08)</u>	<u>2016.58</u>



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
27. Employee Benefits Expenses		
Salaries, wages, bonus, etc.	22248.55	19509.50
Contribution to provident and other funds	1488.03	1433.46
Workmen and staff welfare expenses	1582.96	1933.98
Contribution to gratuity and superannuation fund	1915.10	1019.00
	27234.64	23895.94
28. Finance Costs		
Interest expenses on:		
- Borrowings	1295.50	1060.72
- Others*	159.14	995.14
Other borrowing costs	40.61	49.05
Foreign currency fluctuations (considered as finance cost)	419.83	795.45
	1915.08	2900.36

*including Rs.41.58 lacs (previous year 939.41 lacs) towards interest on entry tax relating to prior years.

29. Other Expenses		
Consumption of stores and spare parts*	99.45	167.61
Power and fuel	3059.26	3155.45
Rent	2922.31	2873.32
Repairs and maintenance		
- Buildings	325.84	557.42
- Machinery	1748.85	1967.44
- Others	989.60	780.71
Insurance	535.98	453.05
Rates and taxes	6039.07	7396.55
Freight and cartage	3569.93	3392.82
Legal and professional expenses	10267.11	9154.32
Auditors' Remuneration (net of cenvatable service tax)		
- Audit fees	68.63	62.27
- For tax audit	18.67	17.14
- For limited review of unaudited financial statements	43.46	39.65
- For corporate governance, consolidated financial statements and other certificates	6.10	6.10
- For other services	4.78	6.97
- Reimbursement of expenses	9.35	7.92
Cash discount	124.76	131.85
Commission paid to other than sole selling agents	344.95	351.46
Advertising and sales promotion	31613.80	29731.06
Selling and distribution expenses	6843.27	6936.18
Travelling and conveyance	4206.69	3642.59



Rupees in lacs

	Year ended 31.3.2015	Year ended 31.3.2014
29. Other Expenses (Contd.)		
Donations	91.63	743.11
Contributions/expenses towards CSR (Refer Note 32)	499.72	-
Bad debts and advances written off	26.27	110.16
Provision for doubtful debts and advances	-	-
Fixed assets written off	4.36	272.73
Loss on sale of fixed assets	21.82	99.61
Technical services fee and royalty	1345.68	1367.25
Foreign Currency fluctuation	-	1692.11
Consumer research activity	917.02	922.83
Machine and material handling expenses	558.06	765.63
Write down in the value of assets held for sale	-	211.00
Miscellaneous expenses	9168.08	8395.45
	85474.50	85411.76
*Excludes consumption of spares parts charged to repairs and maintenance-machinery	1131.84	1063.02

30. The exceptional item in the previous year 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.

31. The face value of equity share of the parent Company Godfrey Phillips India Limited has been split from Rs.10 to Rs.2 per share w.e.f. December 1, 2014. Accordingly, all shares and per share information in these financial statements reflect the effect of split retrospectively for the previous year.

32. CORPORATE SOCIAL RESPONSIBILITY(CSR)

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

Gross amount required to be spent by the Group during the year is Rs.499.00 lacs and the details of amount spent are as under:

	Rupees in lacs
a) By way of contribution for the above mentioned activities	474.73
b) Administrative expenses incurred (restricted to 5% of total below)	24.99
	499.72

	For the year ended 31.3.2015	For the year ended 31.3.2014
33. Earnings per share has been computed as under:		
a) Net profit as per consolidated statement of profit and loss (Rs. lacs)	18332.39	17554.23
b) Weighted average number of equity shares outstanding	51993920	51993920
c) Basic and diluted earnings per share (Rupees) (Face value of share-Rs.2 each) (Refer Note 31)	35.26	33.76



Rupees in lacs

	For the year ended 31.3.2015	For the year ended 31.3.2014
34. REMUNERATION OF DIRECTORS		
Included in Expenses are:		
Salaries*	442.00	417.00
Monetary value of benefits	60.56	49.12
Commission**	472.00	427.00
Sitting fees	47.01	8.09
Total	1021.57	901.21
* excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.		
** including Rs.200.00 lacs (previous year Rs.170.00 lacs) payable to a non-working director.		
35. EXPENDITURE ON SCIENTIFIC RESEARCH AND DEVELOPMENT		
Revenue expenditure	1056.25	1121.93
Capital expenditure	532.53	169.66

	As at 31.3.2015	As at 31.3.2014
36. CONTINGENT LIABILITIES NOT PROVIDED FOR		
a) Demands from excise, income tax, sales tax and other authorities disputed by the Group@	3740.84	3651.43
b) Claims against the Group not acknowledged as debts	1.37	1.37
@ all these matters are subject to legal proceedings in the ordinary course of business and in the opinion of the Group, these are not expected to have material effect on the financial results of the Group when ultimately concluded.		

37(a). The following are the particulars of dues on account of sales tax, value added tax, excise duty and income-tax as at March 31, 2015 that have been disputed by the Group 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	57.13	29.94	1995-96, 1998-99, 1999-00, 2001-02, 2006-07, 2014-15	Sales Tax Tribunal
		234.60	75.22	2005-06, 2008-09 to 2014-15	Upto Commissioners' Level
Central Excise Act, 1944	Excise duty and Service tax	1.00	-	2013-14	Upto Commissioners' Level
		3618.71**	358.10	2000-01, 2003-04 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
		9.99***	9.99	2005-06	Income-tax Appellate Tribunal
		465.30***	346.40	1999-00, 2000-01, 2005-06 to 2011-12	Upto Commissioners' Level

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

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

*** provided for in the accounts amounting to Rs.586.58 lacs.

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
		5.36	2003-04	Income-tax Appellate Tribunal
U.P. Krishi Utpadan Mandi Adhiniyam	Mandiness	108.20	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty	45.88	2007-08 to 2008-09	High Court
		8.32	2010-11	Upto Commissioners' Level
		390.59	2001-02 to 2003-04, 2006-07 to 2008-09, 2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

37(b). There has been no delay in transferring amount, required to be transferred, to the Investor Education Protection Fund by the Holding Company. There are no amounts that were due to be transferred by the subsidiary companies and associate companies to the Investor Education and Protection Fund.

38. 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.

39. a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.7814.81 lacs (previous year- Rs.4688.74 lacs).

b) The Group has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits including union agreements, in normal course of business. The Group does not have any other long term contracts including derivative contracts for which there will be any material foreseeable losses.

40. 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.1176.50 lacs (previous year – Rs.254.74 lacs)
- (ii) for periods between later than one year and less than five years – Rs.5337.10 lacs (previous year – Rs.473.90 lacs).
- (iii) for period later than five years Rs. 1814.78 lacs (previous year Rs. Nil).

The Group has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges in respect thereof have been accrued as income in Note 23.



41. 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, Mrs. Bina Modi and Mr. Samir Kumar Modi
Mrs. Bina Modi	Ordinary Director and a relative of Mr. K.K.Modi, Mr. Lalit Kumar Modi and Mr. Samir Kumar Modi
Mr. R.Ramamurthy	Whole-time Director
Mr. Ashrant Bhartia	Executive Director of a subsidiary

(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
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	Associates		Key management personnel and their relatives		Enterprises over which significant influence exists	
	2015	2014	2015	2014	2015	2014
Sale of goods, spare parts, etc.	41140.50 @	25230.86 @	-	-	222.49	166.88
Purchase of goods/services	1584.81 @	990.78 @	-	-	2070.87 #	2301.15 #
Receipts from support services	-	867.48 @	-	-	-	-
Receipts from secondment of services	2321.47 @@	1823.67 @@	-	-	89.10	-
Interest income	44.08 @	20.96 @	-	-	-	-
Miscellaneous Income	221.40 @	285.06 @	-	-	-	-
Rent and hire charges received	136.06	70.20 @@	-	-	73.44	69.63
Rent paid	-	-	-	-	17.50	17.60
Payments for professional services availed	3906.46 @@	2237.70 @@	-	-	-	-
Purchase of fixed assets	-	7.54 @	-	-	-	-
Donation given**	-	-	-	-	274.50	624.50
Expenses recovered	3136.12 @*	1845.05 @*	-	-	5.16	1.03
Expenses reimbursed	24.98	37.11	-	-	0.91	1.17
Dividend payment (gross)						
- Philip Morris Global Brands Inc.	1044.04	1044.04	-	-	-	-
Managerial remuneration ##						
- K.K. Modi	-	-	440.40	440.40	-	-
- Lalit Kumar Modi	-	-	200.00	170.00	-	- *
- Samir Kumar Modi	-	-	202.56	162.33	-	-
- R.Ramamurthy	-	-	120.39	120.39	-	-
- Bina Modi	-	-	5.00	-	-	-
- Ashrant Bhartia	-	-	11.21	-	-	-
Balance outstanding as at the year end						
- Trade receivables	3505.41 @**	176.76 @**	-	-	61.31	56.85
- Loans and advances	-	431.07	-	-	2326.68*	2334.17*
- Trade payables	1399.21 @	1203.31 @	-	-	124.51	201.60
- Dues payable	123.25	-	3.73	2.02	-	-

@relates to IPM India Wholesale Trading Private Limited.

@@relates to KKM Management Centre Private Limited.

@*includes Rs.3127.55 lacs (previous year Rs.1834.00 lacs) from IPM India Wholesale Trading Private Limited.

@**includes Rs.3505.13 lacs (Previous year Rs.176.76 lacs) from IPM India Wholesale Trading Private Limited.

includes Rs.1873.61 lacs (previous year Rs.2167.15 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).

**including for CSR activities.

42. 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, 2015				For the year ended March 31, 2014			
1. Segment revenue - External sales (gross)	411325.11	27445.91	-	438771.02	386161.69	27015.70	-	413177.39
- Less: Excise duty	186668.78	-	-	186668.78	171425.51	-	-	171425.51
- Net sales	224656.33	27445.91	-	252102.24	214736.18	27015.70	-	241751.88
- Other operating income	6040.28	516.22	36.34	6592.84	5564.12	542.46	29.46	6136.04
- Total	230696.61	27962.13	36.34	258695.08	220300.30	27558.16	29.46	247887.92
- Unallocable income				3179.85				2668.91
Total revenue				261874.93				250556.83
2. Segment result	30985.73	(4553.26)	9.24	26441.71	32071.73	(3513.00)	16.29	28575.02
- Unallocable (expenses)/income net of unallocable income/(expenses)				2583.51				212.65
Profit before finance costs and tax				29025.22				28787.67
- Finance costs				(1915.08)				(2900.36)
- Tax expense				(8859.40)				(8407.37)
Profit after tax before share of results of associates and minority interests				18250.74				17479.94
Share of net profit of associates				56.72				29.13
Profit after tax before minority interests				18307.46				17509.07
3. Other information	As at March 31, 2015				As at March 31, 2014			
a) Segment assets	161748.87	11589.45	3284.13	176622.45	144821.98	10708.55	3284.74	158815.27
- Unallocable assets/investments				30722.55				35296.75
Total assets				207345.00				194112.02
b) Segment liabilities	39839.53	2343.12	3.42	42186.07	43901.47	2058.75	17.25	45977.47
- Share capital, reserves and minority interests				131704.54				118571.93
- Unallocable liabilities				33454.39				29562.62
Total liabilities				207345.00				194112.02
	For the year ended March 31, 2015				For the year ended March 31, 2014			
c) Capital expenditure including capital work in progress	10322.04	442.63	-	10764.67	9091.97	562.46	-	9654.43
d) Depreciation and amortization	10382.71	436.64	-	10819.35	8767.85	336.73	-	9104.58
e) Non cash expenditure other than depreciation	1753.88	101.54	-	1855.42	182.11	(10.67)	(8.15)	163.29

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).

43. 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	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Employers' contribution to provident fund and employee's pension scheme	1488.03	1433.46
Employers' contribution to superannuation fund	197.59	204.77
Employers' contribution to employee's state insurance	8.05	7.86

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

- Compensated absences – amount recognized in the statement of profit and loss – Rs.1858.61 lacs; previous year Rs.1214.99 lacs.

III. Defined benefit plans (based on actuarial valuation)

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

	Gratuity (Funded)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
A) Principal Assumptions		
• Discount rate (per annum)	7.90%	9.20%/9.05%
• Rate of increase in compensation levels	7.50%	7.50%
• Expected rate of return on plan assets	7.50%	7.50%
• Expected average remaining working lives of employees	12.02 / 10.35 years	11.08 / 9.39 years
• Retirement age	58 years	58 years



Rupees in lacs

	For the year ended 31.03.2015	For the year ended 31.03.2014
B) Changes in the present value of obligation		
• Present value of obligation as at the beginning of the year	6384.64	6858.09
• Interest cost	578.96	533.85
• Current service cost	452.24	437.86
• Benefits paid	(550.96)	(1816.13)
• Actuarial (gain)/loss on obligations	1243.77	370.97
• Present value of obligation as at the end of the year	8108.65	6384.64
C) Change in the fair value of plan assets		
• Fair value of plan assets as at the beginning of the year	5572.49	5945.80
• Expected return on plan assets	409.85	426.09
• Actuarial gain/ (loss) on plan assets	186.71	73.12
• Contributions received	784.78	943.62
• Benefits paid	(550.96)	(1816.13)
• Fair value of plan assets as at the end of the year	6402.87	5572.50
D) (Shortfall)/excess of fair value over book value of plan assets	6.48	(32.61)
E) Net liability recognized in the balance sheet (B-C+D)	1712.26	779.53
F) Constitution of plan assets		
• Government Securities	849.14	851.88
• Corporate Bonds	965.36	1551.48
• Insurer Managed Funds	3812.69	3215.35
• Others (net)	775.68	(46.21)
• Total	6402.87	5572.50
G) Expenses recognized in the profit and loss account		
• Current service cost	452.24	437.86
• Interest cost	578.96	533.85
• Expected return on plan assets	(409.85)	(426.09)
• Net actuarial (gain)/ loss	1057.07	297.85
• (Shortfall)/excess of fair value over book value plan assets - incremental	39.09	(29.24)
• Total	1717.51	814.23



H) Experience Adjustments

Particulars	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Defined benefit obligation	5066.53	5706.66	6858.09	6384.64	8108.65
Plan assets	4204.58	5133.05	5945.80	5572.50	6402.87
Surplus/(Deficit)	(861.95)	(573.61)	(912.29)	(812.14)	(1705.78)
Experience adjustment on plan liabilities	605.28	476.80	510.96	732.55	393.54
Experience adjustment on plan assets	56.33	167.08	147.99	73.12	186.71

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in foreign Currency (lacs)	Amount in Rs. lacs	Amount in foreign Currency (lacs)	Amount in Rs. lacs
Loan funds	162 USD	10125.81	306.00 USD	18335.52
Sundry debtors	90.58 USD	5660.80	52.59 USD	3150.67
	4.41 GBP	409.23	6.20 GBP	617.08
Current liabilities and provisions	19.62 USD	1226.65	13.01 USD	779.44
	1.37 EURO	91.98	2.12 EURO	174.19
	7.882 GBP	731.88	0.33 GBP	33.33
	0.57 SGD	25.96	0.63 SGD	29.97
	0.017 CHF	1.10	0.02 CHF	1.16
	214.58 JPY	111.83	8.59 JPY	5.03
	0.22 AED	3.75	- AED	-
	0.84 HKD	6.75	- HKD	-
	82.17 NPR	51.36	- NPR	-

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

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

13839.00 JPY 10125.81 26642.00 JPY 18335.52



45. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount (Rs. in Lacs)	As % of consolidated profit or loss	Amount (Rs. in Lacs)
Parent				
Godfrey Phillips India Ltd.	95.00	129458.69	128.47	23552.81
Subsidiaries in India				
1. International Tobacco Company Ltd.	2.76	3759.36	(28.99)	(5314.45)
2. Chase Investments Ltd.	0.50	689.67	0.14	26.22
3. Kashyap Metal and Allied Industries Ltd.	1.77	2410.13	(0.07)	(13.67)
4. Gopal Krishna Infrastructure and Real Estate Ltd.	-	2.78	-	(0.01)
5. Rajputana Infrastructure Corporate Ltd.	0.01	8.4	-	0.05
6. Unique Space Developers Ltd.	0.05	66.74	-	(0.21)
Minority Interests in all subsidiaries	(0.32)	(438.24)	0.14	24.93
Associates in India (Investment as per the equity method)				
1. IPM India Wholesale Trading Pvt. Ltd. (As on 31st December, 2014)	-	-*	-	-*
2. KKM Management Centre Pvt. Ltd.	0.19	254.19	0.31	56.98
3. Success Principles India Ltd.	0.04	60.87	-	(0.26)
	100.00	136272.59	100.00	18332.39

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

46. As per the requirements of the Companies Act, 2013, the Group has computed depreciation with reference to the useful life of respective assets specified in and in the manner prescribed in Schedule II to the Act. Accordingly, an amount of Rs. 489.41 lacs (net of deferred tax of Rs.255.13 lacs) on account of assets whose useful life has already exhausted as on 1st April, 2014, has been charged to opening balance of retained earnings and an additional depreciation amounting to Rs.1751.07 lacs has been charged to the Statement of Profit and Loss for the year ended March 31, 2015 based on the residual life of the remaining assets. In relation to the assets added after 1st April, 2014, depreciation has been charged as per the provisions of said Schedule II.

47. 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

R. RAMAMURTHY
Whole-time Director

R.A. SHAH
Chairman

BHISHAM WADHERA
COO - International

SAMIR KUMAR MODI
Executive Director

K.K. MODI
President & Managing Director

Directors

Place : New Delhi
Date : May 30, 2015

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

BINA MODI
DR. LALIT BHASIN
ANUP N. KOTHARI

GODFREY PHILLIPS INDIA LIMITED




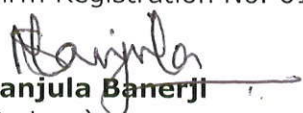
HEAD OFFICE:

Godfrey Phillips India Limited, 49, Community Centre, Friends Colony, New Delhi - 110025
Tel: +91 11-2683 2155, 2631 8400 Fax: +91 11-2683 5803




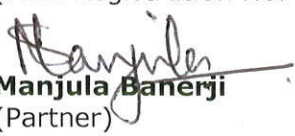
REGISTERED OFFICE:

'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, Dr. Babasaheb Ambedkar Road,
Lalbaug, Mumbai - 400 033
For more information, log on to 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, 2015
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"> Managing Director Chief Financial Officer Audit Committee Chairman Auditor of the Company 	<div style="text-align: center;">  (K.K. Modi) </div> <hr/> <div style="text-align: center;">  (Sunil Agrawal) </div> <hr/> <div style="text-align: center;">  (Dr. Lalit Bhasin) </div> <hr/> <p>Refer our audit report dated May 30, 2015 on the Standalone Financial Statements of the Company</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 015125N)</p> <div style="text-align: center;">  Manjula Banerji (Partner) (Membership No. 086423) </div> <p>Gurgaon, May 30, 2015</p>

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, 2015
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"> Managing Director Chief Financial Officer Audit Committee Chairman Auditor of the Company 	<div style="text-align: center;">  (K.K. Modi) </div> <hr/> <div style="text-align: center;">  (Sunil Agrawal) </div> <hr/> <div style="text-align: center;">  (Dr. Lalit Bhasin) </div> <hr/> <p>Refer our audit report dated May 30, 2015 on the Consolidated Financial Statements of the Company.</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 015125N)</p> <div style="text-align: center;">  Manjula Banerji (Partner) (Membership No. 086423) </div> <p>Gurgaon, May 30, 2015</p>