

28<sup>th</sup> August, 2019

**The Manager, Listing Department  
The National Stock Exchange of India Ltd.  
Exchange Plaza, Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051  
Fax No. : 022-26598237 / 38  
NSE Symbol : GODFRYPHLP**

**The Manager  
BSE Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001  
Fax No. : 022-22721919, 3121  
BSE Scrip Code : 500163**

**Reg.: Submission of Annual Report for Financial Year 2018-19 and AGM Notice for the 82<sup>nd</sup>  
Annual General Meeting of the Company to be held on 23<sup>rd</sup> September, 2019**

Dear Sirs,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please find attached soft copy of the Annual Report for the Financial Year 2018-19 along with Notice for the 82<sup>nd</sup> Annual General Meeting of members of Godfrey Phillips India Limited to be held on Monday, 23<sup>rd</sup> September, 2019 at 3:15 p.m. at Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana) Mumbai – 400 021.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For **GODFREY PHILLIPS INDIA LIMITED**



**SANJAY GUPTA**  
Company Secretary

Encl : As above



**JOYOUS**

Celebrating the 'us' that makes us



The background of the page features several stylized human figures in various colors (red, green, orange, purple, blue, yellow) standing on a light gray surface. Each figure casts a long, dark gray shadow that extends diagonally towards the bottom left. The figures are scattered across the page, with some positioned near the top and others near the bottom, creating a sense of depth and movement.

# JOYOUS

As we sum up the year that was, and start planning the way forward, it must be acknowledged that the most inspiring aspect of the year has been the cohesive spirit of the organisation. While individuals, at different levels within the Company, stretched far to reach beyond their comfort zone, teamwork and incisive business strategy empowered and propelled them to a sure success. We salute our people, their passion for their work, and their absolute commitment to the betterment of each other and the organisation at large. It is this unified purpose of greater excellence, the spirit of #OneGPI that binds us all.

Today, we are cognizant of the 'US' that got us listed as one of the Best Companies to Work For. Today, we also humbly acknowledge the 'US' that reflects in the heartening numbers listed in the pages ahead.

As we embark upon the road ahead, we know that the support of our stakeholders and partners will always be an integral part of the 'US' that will carry us fearlessly forward. And together we will make the journey JOYOUS.

# NAVODAYA

The setting up of Project Navodaya has augured well for our Company. It has provided the perfect launch pad for the Company to grow on all attributes including revenue and profitability. The Company is progressing as desired on this growth path. All the strategic interventions, started last year, have yielded successful ways of working that are now being ramped up across the organisation.

The intensity of employee engagement practiced as 'OneGPI' in the Company, is now being recognised externally as well. Cross functional collaborative working among teams is now opening up opportunities that were not known so far. Various businesses and functions are energised to operate seamlessly and deliver the set outcomes. At the same time, both external and internal risks are being scanned to mitigate impact, if any.

This new beginning has set the context and path for moving forward. Navodaya has made the Company stronger than ever to chart its defined course in the future. This year's results are just the beginning.



# HUMAN RESOURCE

It is a joyous moment for us as Godfrey Phillips India has been chosen as one of India's Best Companies to Work For, notably in our first attempt at the Great Places to Work survey. The 37<sup>th</sup> ranking is a testament to the rich culture of the organisation that values respect, transparency, collaboration and empowerment. Godfrey Phillips is the second Company of Modi Enterprises that has been recognised as a Great Place to Work in and reflects the commitment of the Group.

A persistent focus on the people – our most important asset, has been our driving factor. Our collective sincere efforts and commitment towards living our values of collaboration, empowerment, transparency, respect and passion for winning, have garnered fruitful results. Our values have been instrumental in laying the foundation for a working culture wherein empowering individuals at all levels and pushing the boundaries to achieve increasingly challenging goals has become the norm. The Company remains committed to continually empower, upskill, create collaborative working relationships and offer freedom of thought to its people to ensure that there is a positive shift in the way the organisation embraces the winning culture.



We credit the practices established by our project 'Navodaya' for fostering our win as one of the Best Companies to Work For 2019

# DOMESTIC CIGARETTE BUSINESS

The domestic cigarettes business led the Company's growth, with significant growth in volumes and segment profit. Volumes grew at double the pace of the industry growth, despite the constant threat of tax-evaded illicit products. Following an effective and focused strategy, we consolidated and grew market share in our core markets, while simultaneously expanding into new geographies in the lucrative South Zone. Our flagship trademark Four Square performed strongly, demonstrating improved brand equity and pricing power in mid-price segment. This, coupled with a strong performance from Marlboro at the top end, has enabled our Company to grow our "share of wallet" of the trade and consumer. Finally, portfolio reorganisation in the value segment has been done, to have more options for downtrading consumers, in the wake of successive years of heavy tax increase. Our Company now has an effective lineup of brands in most of its markets, ready to capitalize on the major growth opportunities that are likely to emerge in the next few years. We continue to invest significantly into our strategic trademarks to build brand equity and drive market penetration. Innovation has been a mantra for our team. Innovative new product launches in the Four Square, Red and White and Stellar brands have resulted in sizeable successes and helped grow the shares of the trademarks as well as expand their geographic footprint. Today, new products launched in the last 3 years contribute to 15-20% of our volumes nationally, the figure being substantially higher in erstwhile weak geographies. A notable new launch last year was Four Square Clove Crush, a first of its kind innovation in India. There is a solid innovation pipeline in place. Under the organisational renewal project entitled Navodaya, the Company was able to align and motivate all levels of employees around a focused growth strategy, which is already showing results. We witnessed a surge of intra-company collaboration resulting in process improvements, customer experience transformation and productivity enhancements – resulting into margin improvement. The domestic cigarettes business is confident of delivering continued superior performance - with strong brands, deep distribution, superior quality and a great desire to succeed and grow shareholder value.

# INFORMATION & TECHNOLOGY

At Godfrey Phillips India, we have always been the pioneers in adopting technology and have been investing in state of the art infrastructure over the past five years. Our implementation of enterprise applications, automation and investment in upgrading IT infrastructure was a worthy decision as it ensured security, quality as well as great user experience for all stakeholders. We have also leveraged technology to enhance sales processes by implementing a new set of applications for our ground team backed on cloud infrastructure and enabled by mobile phones. We have also implemented a first of its kind cloud-based analytics automation which helps derive actionable insights to drive data based decision making. A high degree of work is also being done to make the process robust with addition of new age computing solutions and use of AI. Implementation of robotics on some of our processes and experiments with IoT have garnered fruitful results.



# LEAF DIVISION

Leaf was awarded as **"Smart Exporter Tobacco"** by Smart Logistics for the year 2018. Our Company is the first to introduce Community Tray Seedlings Technology in Vinukonda Burley growing area. The focus lies in improving the quality of seedlings and enabling the farmers to produce tray seedlings to facilitate lower mortality, better establishment, uniform crop growth that results in yield increase and quality improvement. We also moved to a state of the art processing facility to pack tobacco and meet customer product quality and compliance.

# INTERNATIONAL BUSINESS DIVISION

In line with Navodaya and the organisation's focus on profitability, IBD surpassed its target of operating profit and sales revenue. Cigarette exports hit the highest ever figure in terms of value in the Financial Year 2018-19. Jaisalmer continued to be the flagship brand, the capsule variant met the growing demands of innovative products while Ultima, Originals and Business King remained consistent and we continue to focus on our own brands to bolster profit realisation for the exports division. It is a matter of great pride that our own brand share has reached almost 60% of total exports.

# ELECTRONIC VAPING DEVICES



Vaping is a global phenomenon now and offers an alternative to mainstream adult smokers. Our dedicated team of internal experts has developed significant products and a comprehensive brand portfolio of Electronic Vaping Device Solutions. The product range of brands namely VERGE ORA, ATOM, CAMO and XL offer unique flavours, convenience, cutting edge technology for both Indian and International markets. VERGE is available at premium retail and HORECA and has created newer channels of access with its current products and provides unique experiences for the urban affluent consumer.



# OPERATIONS

The Operations team comprising of Factory, R&D and Supply Chain are frontrunners in integration through collaboration. With our commitment to quality, processes, and optimisation as the guiding force, the Operations team this year has surpassed in various fields. The R&D now boasts of international standards with analytical testing that are far ahead in the game in domestic market. The manufacturing units can boast of innovative solutions that have led to huge cost optimisation for the Company. Our investments in technology are helping us not only achieve a competitive edge but also reach new levels of efficiency. We are also proud to share that our cigarette manufacturing plant is ISO 50001, ISO 9001, ISO 14001 and OSHAS 18001 certified. Our chewing plant is ISO 22000 certified. In addition to ISO 22K, our Ghaziabad Chewing Plant has also been certified on Environment Management System ISO 14001:2015 by TUV SUD South Asia Private Limited in Mar'2019.

The hard work and critical thinking of the teams have not only added value to the Company but has resulted in many recognitions and accolades.



# CORPORATE SOCIAL RESPONSIBILITY

It is a well-known fact that the tobacco industry is a highly regulated and restricted one. With various legislations and initiatives for tobacco control, one of the majorly impacted stakeholders are the marginalised farmers and workers who are associated with the industry. Our strategic CSR programme created with focus on sustainable development and livelihood for communities linked to tobacco industry, is centered on the Burley Tobacco Farmers' community in Vinukonda, and the Tobacco Leaf Graders community in Ongole, Andhra Pradesh. Along with initiatives to improve their earning capacity, working and living conditions, providing safe drinking water, awareness and access to sanitation, health and hygiene, child education and elimination of child labour, the programme also includes collectivization of farmers into Farmers Development Societies, providing revolving fund support, access to credit, water and soil conservation, exposure to good agricultural practices and systems and protocols for the institutional development of the farmers' collective as cooperatives. It is our honour that the programme with over 2,00,000 direct and indirect beneficiaries has been **formally recognised by the office of Maddiapadu Mandal and the District Magistrate, Andhra Pradesh Govt.** The program has also received awards and accolades like the **Greentech Foundation CSR Gold Award 2019, CSR Leadership Award 2019** and **8th Asia's Best CSR Practices Award 2018.**



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# Corporate Information

## Board of Directors



**MR. R. A. SHAH - CHAIRMAN**

(DIN 00009851)

**MR. K. K. MODI - PRESIDENT & MANAGING DIRECTOR**

(DIN 00029407)

**MR. SHARAD AGGARWAL - WHOLE-TIME DIRECTOR**

(DIN 07438861)

**MR. SAMIR MODI - EXECUTIVE DIRECTOR**

(DIN 00029554)

**MRS. BINA MODI**

(DIN 00048606)

**DR. LALIT BHASIN**

(DIN 00001607)

**MR. ANUP N. KOTHARI**

(DIN 00294737)

**MR. ATUL KUMAR GUPTA**

(DIN 01734070)

**MR. RUCHIR KUMAR MODI**

(DIN 07174133)

**MRS. NIRMALA BAGRI**

(DIN 01081867)

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### CHIEF FINANCIAL OFFICER

Mr. Sunil Agrawal

### COMPANY SECRETARY

Mr. Sanjay Gupta

### REGISTERED OFFICE

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

### CORPORATE OFFICE

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

### OTHER OFFICES

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

### LEAF DIVISION

Guntur (Andhra Pradesh)

### STATUTORY AUDITORS

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

### INTERNAL AUDITORS

Lodha and Co., Chartered Accountants

### REGISTRAR AND TRANSFER AGENT

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

### SOLICITORS

Crawford Bayley and Co.

### BANKERS

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

### CORPORATE IDENTITY NUMBER

L16004MH1936PLC008587

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



## **R. A. SHAH**

### Chairman's Message

Dear Shareholder,

Godfrey Phillips continued its business momentum from last year into the fiscal year 2018-19 with particularly pleasing performances in the Tobacco and 24Seven business segments. For the second consecutive year, cigarette volumes registered strong growth primarily driven by improved sales of own brand cigarettes. Our International Business also delivered robust growth of 21% due to increased exports of leaf and cut tobacco. Furthermore, we have added 43 new 24Seven convenience stores and are delighted with the success and market acceptance of the stores across the Delhi and NCR region. In the Chewing segment, we continued to implement our core strategy to focus on premium pan masala coupled with profitable growth. Overall, it gives me immense pleasure to report that the Company's operational performance translated into profitable financials during FY2019.

The global economy which was accelerating in 2017 across major economies was clearly impacted during 2018 primarily due to escalating US China trade tensions, tighter monetary policy in advanced economies, auto sector slowdown in Europe and geopolitical uncertainties in certain parts of the world. Amid these challenging market conditions, global growth declined to 3.6% as compared to 3.8% in 2017 and is expected to soften further to 3.3% in 2019. The current year started on a weaker note, however it is expected to pick up pace in the second half owing to an accommodative monetary policy stance by the US Federal Reserve along with optimism around a US China trade deal.

Despite these global headwinds, the Indian economy remained one of the fastest growing economies in 2018, registering GDP growth of 7.1%. This clearly reflects the underlying strength of the Indian economy which was well supported by prudent fiscal and monetary policies. Having said that, the year did face some challenges due to the start of an economic slowdown, lower private consumption due to the NBFC crisis and muted exports due to certain trade restrictions.

The consumer sector continues to thrive on the back of India's strong demographic profile. India's millennial population in the range 18-35 years constitutes 34% of the total population which in turn has led to an increasing workforce, a rising number of households and greater per capita income. All these factors continue to drive the Indian growth story. Technological advancement, deeper internet penetration, urbanization, preference for convenience based services and increased disposable incomes are leading to changes in consumer spending and consumption patterns. With this backdrop of an ever developing economy and growing consumerism, India provides an attractive platform to drive growth across both the Tobacco and 24seven business segments of the Company. Godfrey Phillips is focused on capitalizing on growth market opportunities in India coupled with rising consumerism. We will continue to strengthen our core Tobacco segment with product innovation and leveraging our strong sales and distribution network.

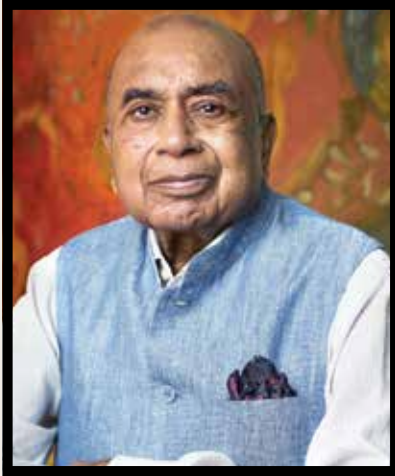
The Indian tobacco industry is closely observed and regulated by government authorities. Implementation of GST has created a level playing field for all cigarette manufacturing companies, however disproportionate taxation compared with other forms of tobacco is still a concern. India is the third largest producer of tobacco, with exports to more than 100 countries and the livelihood of 4.5 crore people dependent on it. Godfrey Phillips remains fully committed to complying with the regulatory requirements.

The Indian retail market is growing at a rapid pace especially where the traditional unorganized retail sector is predominant. The shift towards the organized retail sector is now clearly evident and is expected to grow further in the coming years. Household shopping is all about an experience where consumers prefer to buy from modern retail stores with all products under one roof, attractive layouts and digital payment facilities. Our 24Seven stores are especially designed to meet the demand of new age consumers and deliver an international shopping experience, stocking a wide variety of products and providing a range of services around the clock. We are confident that our store format will succeed in delivering profitable growth in the coming years.

I am delighted to report that your Company has been ranked 37<sup>th</sup> in the India's Best Companies to Work survey for 2019. With that in mind, I would like to take this opportunity to thank the senior management, all our employees, customers, channel partners, distributors and shareholders for their unwavering support and vote of confidence in Godfrey Phillips.

With best wishes and warm regards,  
R. A. Shah





## **K. K. MODI**

### President's Message

Dear Shareholder,

I am delighted to report that Godfrey Phillips delivered Gross Sales of Rs. 6,194 Crore in the fiscal year 2018-19, representing an increase of 6.7%. This growth was primarily driven by a 5.6% growth in Cigarette volumes. Our International Gross Sales also grew by 21% driven by increased export of Cigarette, leaf and cut tobacco. The Company delivered Net Profit of Rs.241 Crore, a growth of 50% over the last year. Given a robust financial performance during FY2019, the Board of Directors are pleased to recommend an increase in dividend payout to Rs. 10 per share from Rs. 8 in the last few years.

We continue to operate in a challenging business environment where high level of taxes on cigarettes continue to give rise to illicit trade at lower prices. Despite these industry challenges, Godfrey Phillips delivered stronger than industry volume growth driven by new product launches and introduction of new flavours of cigarettes in select markets. In addition, we have also expanded our presence in South India with the launch of both own brands and Marlboro. We also continue to focus on exports of own brands of cigarettes into our existing markets which resulted in a strong export performance.

Our chewing business Gross Sales declined by 25% and this was primarily due to our strategy to cut down sales of mid-premium pan masala (Raag) and focus on premium pan masala (Pan Vilas). This trend is expected to continue in the coming years, where we will focus on expanding premium pan masala outreach in order to ensure profitable growth of the business.

The Company continues to strengthen its brand equity and market presence for the 24Seven convenience stores and has added 43 new stores in the Delhi and NCR region during the year. Over the last few years, we have continued to make investment in creating a supply chain platform, expanding our store presence and establishing our brand recall. This has helped us cross the milestone of 100 stores. Going forward, in addition to opening more stores our focus will be enhancing store level profitability. The business registered a strong growth of 61% with Gross Sales crossing the Rs. 300 Crore mark and its Net Sales contributing to about 10% of the Total Net Sales of the Company. We are confident that this segment will continue to grow given the increase in share of organized retail market driven by rapid digitalization, rising consumerism, growing urbanization and higher disposable incomes.

In the last two years, we have seen some structural reforms such as demonetization, GST implementation, increase in Foreign Direct Investments limits and PSU banks recapitalization. The economy is expected to benefit from such reforms in the long run and with a stable government in place, more such reforms are likely to be unleashed in pursuit of goal of \$5 trillion economy by the FY 2024-25.

We truly believe that tobacco producing farmers are important stakeholders of the Company. Therefore, the Company has a dedicated CSR team which undertakes various initiatives from time to time to educate the farmers and sponsoring programmes which aim at providing facilities such as better sanitation, health camps, education to children, safe drinking water and ensuring overall welfare of the farmers.

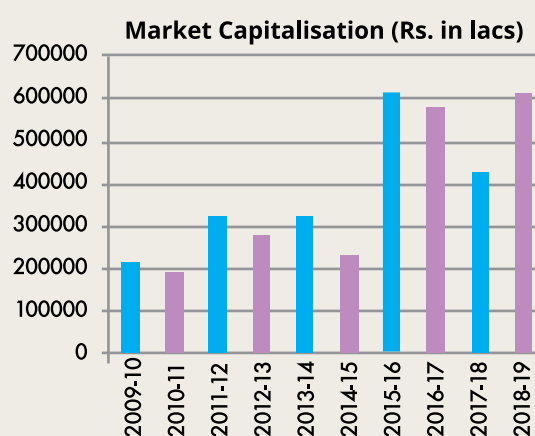
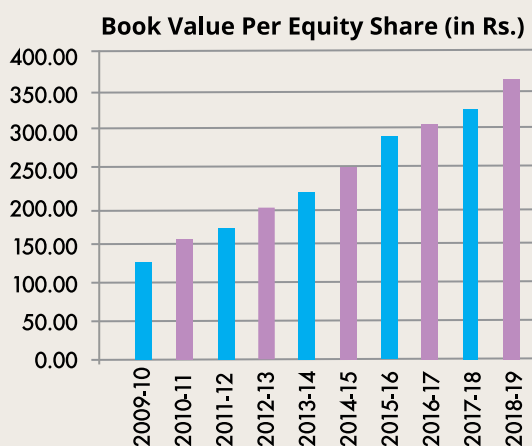
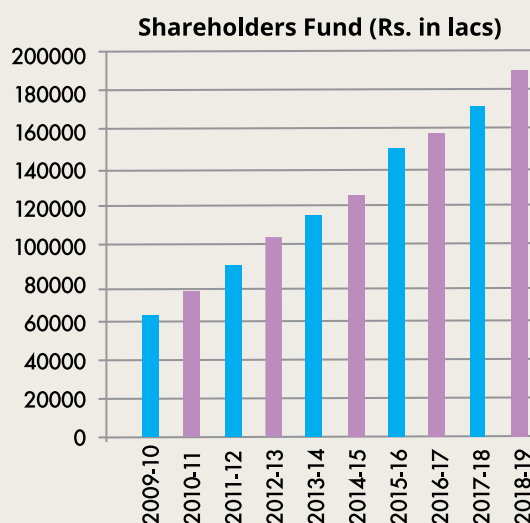
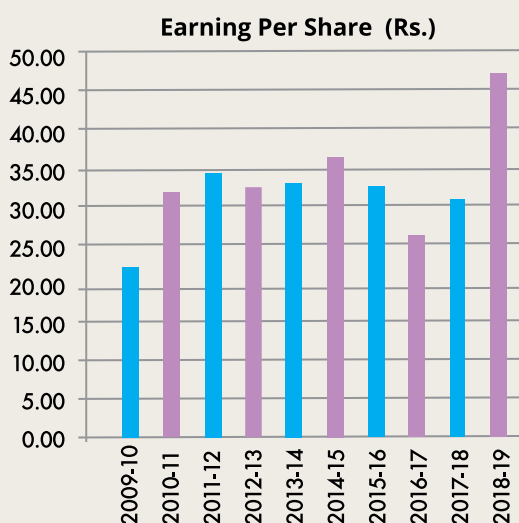
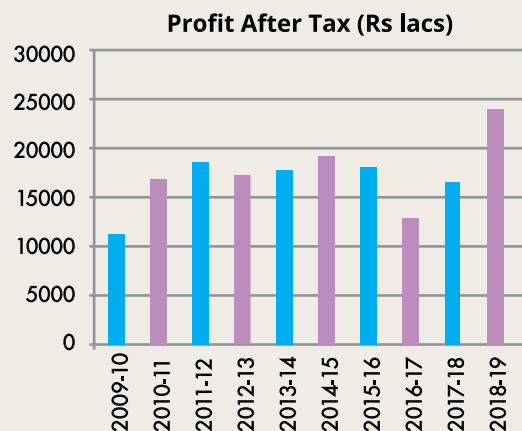
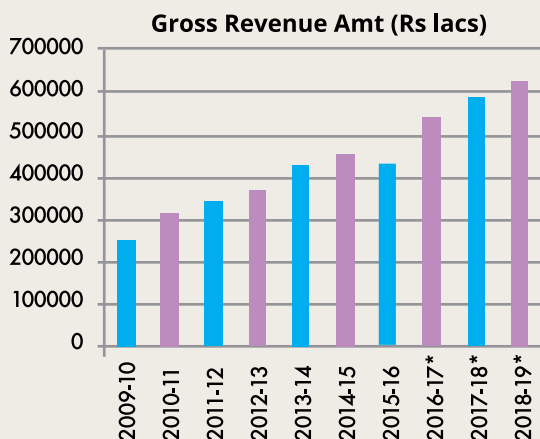
Going forward, we will continue to focus on our core business of Tobacco through new product launches to cater to the changing consumer preferences, placing products in new markets through consumer centric initiatives, investing in brands for the future and leveraging our strong network of distributors. At the same time, we will continue to enhance operational efficiency to drive profitable growth at 24Seven convenience stores.

I would like to take this opportunity to thank all our consumers, business partners, distributors, employees and shareholders for your unwavering support. Godfrey Phillips remains fully committed to driving growth across all business segments and creating sustainable value for all stakeholders.

Warm regards,

K. K. Modi

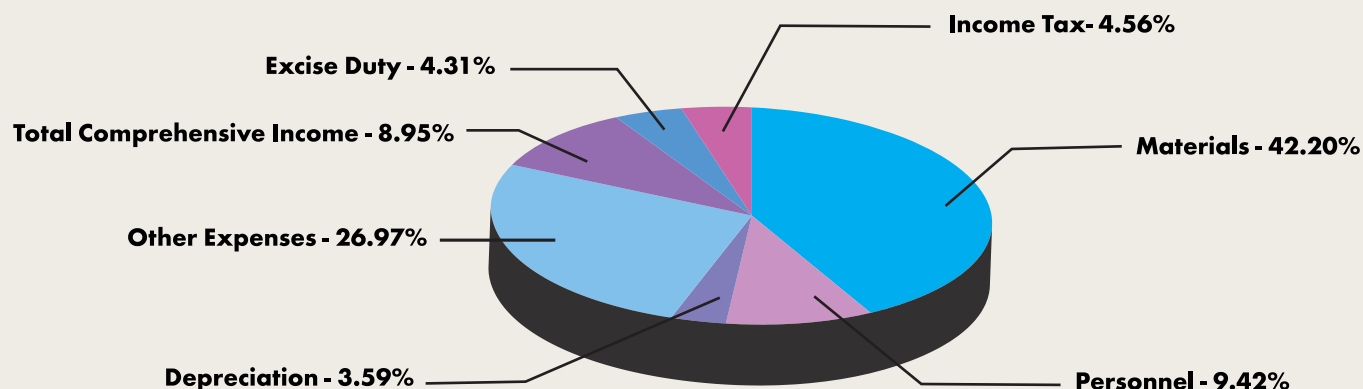
# Financial Highlights Trends



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

# Financial Highlights

## Revenue Distribution



(Rs. Lakhs)

PARTICULARS	2018-19*	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>CAPITAL EMPLOYED</b>										
Property, Plant and Equipment (including Capital Work-in-Progress, Investment property and Intangible Assets)	67983	65001	68709	72434	71393	71694	71887	67443	47387	31896
Investments	114267	89516	50006	39588	32238	35529	31853	35833	32314	19485
Other Assets (net)	11703	18955	47504	50719	51634	32052	31172	21016	21797	26823
Deferred Tax Assets (net)	—	—	180	1186	1653	973	—	752	79	—
Total	193953	173472	166399	163927	156918	140248	134912	125044	101577	78204
<b>FINANCED BY</b>										
Shareholders' Funds	189627	170728	159183	150964	129262	116370	104172	92091	79025	66652
Borrowings	4118	2672	7216	12963	27656	23878	30356	32953	22552	11455
Deferred Tax Liabilities (net)	208	72	—	—	—	—	384	—	—	97
Total	193953	173472	166399	163927	156918	140248	134912	125044	101577	78204
<b>OPERATING PERFORMANCE</b>										
Gross Revenue	267103	293027	444281	429876	448589	422067	367282	341858	310838	267292
Excise Duty	11499	56509	200923	195922	196897	171653	157777	146058	146768	121386
Depreciation	9592	9565	9413	10220	10226	8655	8800	6263	4000	3391
Profit Before Taxation	36264	23429	19777	24562	27140	25468	23690	25723	24147	16740
Profit After Taxation	24097	16076	13635	17166	18308	17064	16948	18136	16603	11839
Total Comprehensive Income**	23914	16551	13226	16947	—	—	—	—	—	—
Proposed Dividend	5199	4159	4159	4159	4159	4159	4159	4159	3640	2600
Corporate Dividend Tax	1069	855	847	847	847	707	707	675	590	432
<b>INVESTORS' DATA</b>										
Earning Per Equity Share (Rs)***	46.35	30.92	26.22	33.02	35.21	32.82	32.60	34.88	31.93	22.77
Dividend Per Equity Share (%)	500	400	400	400	400	400	400	400	350	250
Number of Shareholders	19079	21707	20000	16825	16169	11137	10839	11125	11242	11364

\* The figures reported are Ind AS compliant.

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

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



## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the 82<sup>nd</sup> Annual Report on the business and operations along with the Audited Financial Statements of the Company for the financial year ended March 31, 2019.

### ECONOMIC ENVIRONMENT

The global economy which registered a robust growth across all major countries in the year 2017, saw the momentum continuing in the first half of 2018. However, during the second half of 2018, the economic activity started to slow down due to escalation of the US-China trade tensions, financial crisis in Argentina and Turkey, auto sector slowdown in Germany due to the introduction of new emission norms and tighter credit policies in China. Federal Reserve's tighter monetary policy with multiple interest rates hikes added further pressure on all the major economies. The combination of these factors has resulted in a weaker consumer and business sentiments leading to decelerated industrial production and lower trade between countries. Global economic woes added downward pressure on oil prices whereas consumer price inflation remained muted across advanced economies due to a decline in commodity prices.

Amidst these challenging market conditions, global economic growth declined from 3.8% in 2017 to 3.6% in 2018. The downturn is expected to continue in 2019 and global growth is projected to decline to 3.3%. However, the second half of 2019 is expected to pick up owing to the policy accommodations made by major economies. The US Federal Reserve has paused interest rate increases. The European Central Bank, the Bank of Japan, and the Bank of England have all shifted to a more accommodative stance. The US-China trade tensions have eased as prospects of a trade agreement take shape, although it is an uneasy truce and tensions could flare up at anytime.

Despite a challenging global macroeconomic environment, India continued to emerge as one of the fastest growing economies in the world, registering GDP growth of 7.1% in 2018. This clearly reflects the macroeconomic strength of the Indian economy which was well supported with prudent fiscal and monetary policies. However, the last year was challenging due to overall economic slowdown which was further impacted by the non-banking financial sector crisis leading to lower private investment and muted exports due to select US trade sanctions.

A stable government coupled with a reform-focused policy framework is expected to provide a conducive business environment. As per the International Monetary Fund, India is projected to register a GDP growth of 7.3% in 2019 and 7.5% in 2020 underpinned by recovery of investments, strong consumption and favourable monetary and fiscal reforms.

### TOBACCO INDUSTRY

According to Euromonitor, the global cigarettes industry is estimated at 5.3 trillion sticks worth US\$ 714 billion. In volume terms the industry has declined by 0.7% in 2018 whereas in value terms, the industry has grown by 3.0%. While the smoking rate has declined in developed countries over the years, the sales of cigarettes continue to rise in developing markets such as China.

After four consecutive years of decline, Indian cigarette industry reported an increase of 1.5% in 2018. Cigarette taxes in India are among the highest in the world. Therefore, high tax rates make cigarettes unaffordable to a large section of consumers and in turn the overall tobacco market experiences slow growth. The cigarette industry in India has declined from 100.9 billion sticks in 2013 to 82.5 billion in 2018. During the same period, retail sales value has increased from Rs. 568 billion to Rs. 831 billion.

High level of taxation relative to other tobacco products and stringent regulations have also led to the rise in illicit cigarette trade and consequent loss of revenue to the government. Trade of illicit cigarettes has grown from about 21.8 billion sticks in 2013 to 26.5 billion in 2018. During 2013-2018 period, while legitimate cigarette market has declined by 3.9%, illicit cigarette has grown at a similar rate. India is now the fourth largest illicit cigarette market in the world.

Your Company operates in the tobacco segment which is an extremely important crop providing livelihood to over 45 million people. India is the third largest producer and third largest exporter of tobacco in the world. Tobacco and tobacco products are one of the major contributors to the government revenue. Despite just a 10% share of tobacco consumption, legal cigarettes contribute to 86% of the total tax revenue from tobacco products. Cigarette is manufactured using Flue Cured Virginia (FCV) tobacco in India, which is grown across the states of Andhra Pradesh, Telangana, Karnataka and Gujarat. Increase in illicit cigarettes and influx of non-duty paid international brands have resulted in a decline in demand of FCV tobacco in India. It is estimated that since FY2014, the earnings of FCV tobacco farmers have declined cumulatively by more than Rs. 4,000 Crore. To curb this, various industry bodies and corporates have urged the government to consider bringing the taxation on cigarettes to pre-GST levels.

# DIRECTORS' REPORT



GODFREY PHILLIPS  
—INDIA LIMITED—

Over the past decade, the government has initiated several tobacco control measures but the rate at which smoking prevalence is dropping has remained low. Globally, electronic cigarettes or Electronic Nicotine Delivery Systems (ENDS) have emerged as a viable solution to reduce the harmful effect of traditional cigarettes. Recently, an industry association has requested the government to set up a panel to independently review the existing global regulations, supporting evidence showcasing relative less harmful impact of ENDS and the potential of these products to supplement tobacco control measures in India.

## CONSUMER AND RETAIL INDUSTRY

India has emerged as one of the most attractive investment destinations in the world with increasing disposable incomes, rapid industrialization and a favourable demographic profile. Consumer sector is one of the best performing sectors due to inherent strengths of the Indian economy. Nearly, 60% of India's GDP is driven by consumption. With a median age of 28 years, India has a large young population which will lead to rise in workforce, increase in household incomes and ultimately leading to higher consumption. Technology is also playing a pivotal role in the rise of consumerism in India. Cheaper availability of smartphones, deeper internet penetration, emergence of plastic money, wallets have all resulted in a radical shift in consumer behaviour further driving consumer spending.

India's Retail segment is expected to reach US\$ 1.2 trillion by 2021 as it continues to expand at a CAGR of 10.8%. India's robust economic growth and rising household incomes are expected to increase consumer spending with the maximum consumer spend likely to occur in the food, household, transport and communication segments. India's share of global consumption is also forecasted to expand to more than twice its current levels by 2020. The growth over the next 5 years will also be driven by organised brick-and-mortar retail and ecommerce.

Notwithstanding the significant growth in consumption, critical societal challenges will need to be addressed, including skills development and employment of the future workforce, socio-economic inclusion of rural India, and creating a healthy and sustainable future for its citizens.

The consumer & retail industry in India is quickly emerging as one of the largest sectors in the economy. However, the traditional unorganized retail sector is predominant but the shift towards organized retail sector is evident and is expected to grow further in the coming years. Godfrey Phillips with its established chain of 24seven convenience stores is well positioned to meet the growing demand of new age consumers and deliver an international shopping experience.

## SEGMENTWISE PERFORMANCE IN 2018-19

### Cigarettes

After several years of high tax increases, the year under report saw stability of tax and the consequential price stability has led to a modest recovery in cigarette industry volumes. However, the threat of illicit and tax-evaded cigarettes continues to loom large.

Your Company was able to show a significant improvement in its volumes and profits. Strong brand health and some geographical expansion led to the growth in market share as well. Our main brands led by Four Square continued to perform strongly, especially in our core markets. Improvement in margins was also achieved by driving mix improvement, effective sourcing strategies and process innovations.

Your Company is committed to further fueling its growth through efforts in sharpening consumer insights, improving capabilities for faster product development and innovations, driving supply chain efficiencies and implementing cost optimization measures.

### Chewing Products

This year the Company carried out tremendous work on value engineering to improve profitability situation of the chewing business by bringing about some positive changes in gross marginal contribution and product mix.

Various initiatives and innovations in business processes were undertaken which resulted in improved product quality and consumer satisfaction. Pan Vilas, your Company's flagship brand in the premium category continued to grow on the backing of innovations and consumer acquisition programs and strategies that has led to a growth of 6% in volumes. New initiatives and innovative product lines are planned for the upcoming years to further strengthen this brand. Similarly in the less profitable mid-premium segment, your Company's brand Raag continued to hold onto its market share in important markets and consumer satisfactions scores though the topline showed the declining trend on overall basis.

Your Company also showcased continued growth of 21% in gross sales revenue in the confectionary segment backed by launch of highly innovative Imli Candy. Through product innovation and leveraging strength in distribution, your Company aims to accelerate this growth momentum further.

## Exports

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

	2017-18	2018-19
Commodity/Product	Value (Rs. in crores)	Value (Rs. in crores)
Cigarette	145.07	178.85
Unmanufactured tobacco	189.43	266.01
Cut tobacco/CLB	36.07	46.19
Tea	34.18	0.66
Candy	1.86	1.88

Overall exports of your Company were at Rs. 494 crores as against Rs. 407 crores in the last financial year and there was improvement in gross margins as well.

This growth has primarily been due to increase in business from major customers of unmanufactured tobacco and good cigarette volumes across all Regions. This is also attributed to our focus on high margin business for both cigarettes and cut tobacco and some competitive cost advantage availed by the Company.

All out efforts are being made to develop new customers and new markets across various geographies for cigarette and tobacco exports. Your Company has been focusing on growth of own brands and has been successful in seeding brands such as Stellar, Originals, Time 7 and Business Kings in markets of Latin America / EEMA and South East Asia. Some new initiatives are planned in a few markets of Latin America with our flagship brand Jaisalmer. Also, plans are to introduce innovative products in new formats such as Super slims.

## Retail

The 24Seven chain of convenience stores had shown a rapid growth during FY 19 and opened 43 new stores. In 2018-19, gross sales value increased by 61% to Rs.308 crores from Rs.191 crores during previous year and number of stores increased from 61 to 104.

It has built a set of unique assets critical to success in this business and is now focusing on building sustainable, scalable model for profitable growth and expansion.

## HUMAN RESOURCE DEVELOPMENT

Your Company has been recognized as one of India's Best Places to Work primarily on the strength of its people processes, culture and the positivity built on the foundation of trust, pride & camaraderie among its workforce. Riding on the back of right strategic focus on people and performance, various initiatives have led to marked increase in energy level, morale & enthusiasm of employees resulting in superlative individual and organizational performance. Empowerment of Line Managers on a number of initiatives taken is ensuring prevalence of right beliefs & behaviours, winning mind-sets, employee engagement and long-term positive business outcomes.

## CORPORATE DEVELOPMENT (GROWTH OFFICE)

Growth Office continues to play a pivotal role in executing the growth strategy of your Company. It holds end to end ownership along with the business teams, for designing and tracking the strategic growth projects across the organization. The external and internal risks are also identified to ensure suitable mitigation actions are initiated and the growth plan remains sacrosanct. Within this process, stakeholder management is a critical role undertaken by this team towards development of the envisioned growth strategy. It is imperative that the strategy is cascaded to everyone in the organization; the Growth Office continues to support cross functional communication on this aspect as well.

## INFORMATION TECHNOLOGY (IT)

The world of information technology is changing fast and we are continuously working on increasing efficiency while reducing cost within various businesses using latest technology. We continue to leverage secure cloud based solutions like mailing and other business solutions. Last year we implemented a first of its kind cloud-based analytics automation. This gives us graphical visibility into all available data and helps us take decisions based on data.

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Our goal remains efficiency improvement. We have implemented robotics on some of our processes which has resulted in faster and error free results. We have experimented with IoT at factory level which has given good results. These technologies will be expanded to other processes / factories to ensure we get benefits at scale. All this while security remains our highest priority and we will continue to invest in state of the art security solutions.

## TREASURY OPERATIONS

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

## FINANCIAL RESULTS

	<b>2018-19 Rs. In Lakhs</b>	2017-18 Rs. in lakhs
Profit before Depreciation, Exceptional Items and Tax	<b>45855.55</b>	30993.53
Less : Depreciation and amortization	<b>9591.82</b>	9564.73
Profit before exceptional items and tax	<b>36263.73</b>	21428.80
Exceptional items	-	2000.00
Profit before tax	<b>36263.73</b>	23428.80
Less : Provision for tax		
- current tax	<b>12030.75</b>	7100.69
- deferred tax	<b>136.25</b>	251.87
Profit after tax for the year	<b>24096.73</b>	16076.24
Add: Other comprehensive income/(loss)-net of tax	<b>(182.62)</b>	474.84
<b>Total comprehensive income</b>	<b>23914.11</b>	16551.08

During the year, the gross sales value registered a growth of 6.74% by reaching the level of Rs. 6194 crores from Rs. 5803 crores last year. Similarly, the profit after tax jumped to Rs. 240.97 crores from Rs. 160.76 crores last year.

## DIVIDEND

Your Directors are pleased to recommend the dividend of 500% i.e. Rs.10/- per equity share of face value of Rs.2/- each. The proposed dividend (including tax thereon) will absorb Rs. 6268.14 lakhs.

## DEPOSITS

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

## EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as on 31<sup>st</sup> March, 2019 is attached as 'Annexure - 1' to this Report.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on 31<sup>st</sup> March, 2019, your Company had seven subsidiaries apart from one other subsidiary which is an AOP and three associate companies. The basic details of these companies form part of the extract of Annual Return given in 'Annexure - 1'.

Form AOC-1 containing the salient features of financial statements of the Company's subsidiaries and associates is attached as 'Annexure - 2'. Note 46 of the consolidated financial statements shows the share of each subsidiary and associate company in the consolidated net assets and profits of the Company. The audited financial statements of these entities will be available for inspection during business hours at the Registered Office of the Company.

During the year the Company's subsidiary Unique Space Developers Limited divested its stake in step-down subsidiary Gopal Krishna Infrastructure & Real Estate Limited. Also, the Company divested its stake in its associate Success Principles India Limited.

## **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **INTERNAL CONTROL SYSTEMS**

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

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

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

## **CORPORATE SOCIAL RESPONSIBILITY**

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

This year we touched 65 villages under the above program. As the community and beneficiaries are directly associated with the industry, the impact of the program has been positive and at a faster rate. The program was recognised by the office of District Magistrate, Andhra Pradesh Govt., and through awards like Greentech Foundation CSR Gold Award 2019, CSR Leadership Award 2019 and 8<sup>th</sup> Asia's Best CSR Practices Award 2018.

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

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

## **DIRECTORS**

Mr. Samir Modi (DIN 00029554) and Mr. Ruchir Kumar Modi (DIN 07174133) will retire by rotation at the ensuing Annual General Meeting, in accordance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, offer themselves for re-appointment.

Mrs. Nirmla Bagri (DIN 01081867) was appointed as Additional Director w.e.f. 1<sup>st</sup> April, 2019 to serve as Woman Independent Director and holds office upto the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from one of its members proposing her candidature for appointment as a Director.

# DIRECTORS' REPORT



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As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing re-appointment of Dr. Lalit Bhasin (DIN 00001607) and Mr. Anup N. Kothari (DIN 00294737) as Independent Directors of the Company for another term of five years form part of the Notice of the ensuing Annual General Meeting.

The Securities and Exchange Board of India ("SEBI") vide its notification dated 9<sup>th</sup> May, 2018 inserted Regulation 17(1A) to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') with effect from 1<sup>st</sup> April, 2019 whereby the listed Company shall not appoint or continue the directorship of a person who has attained the age of 75 years unless special resolution is passed to that effect.

Therefore, the appointment of Mrs. Nirmala Bagri who would attain the age of 75 years during her proposed term as an Independent Director and re-appointment of Dr. Lalit Bhasin and Mr. Anup N. Kothari, as an Independent Director who have already attained the age of 75 years, is recommended to be approved by passing special resolutions at the ensuing AGM.

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

The Board has recommended approval from shareholders by way of special resolution for payment of remuneration to Mr. Ruchir Kumar Modi (DIN 07174133) for a further period of three years effective from 1<sup>st</sup> July, 2019.

## **PERFORMANCE EVALUATION OF THE BOARD, ETC.**

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

## **KEY MANAGERIAL PERSONNEL**

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

## **BOARD MEETINGS**

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

## **AUDIT COMMITTEE**

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

## **RISK MANAGEMENT**

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

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

Details regarding constitution of Risk Management Committee, its role & responsibility, form part of the Corporate Governance Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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



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

The above statements were noted by the Audit Committee at its meeting held on 10<sup>th</sup> August, 2019.

## **RELATED PARTY TRANSACTIONS**

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

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

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

## **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

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

## **REMUNERATION AND NOMINATION POLICY**

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

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

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

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

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

The remuneration payable to Directors shall be governed by the ceiling limits specified under section 197 of the Companies Act, 2013.

The remuneration policy for other senior management employees including key managerial personnel aims at attracting, retaining and motivating high calibre talent and ensures equity, fairness and consistency in

# DIRECTORS' REPORT



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rewarding the employees. The remuneration to management grade employees involves a blend of fixed and variable component with performance forming the core. The components of total remuneration vary for different employee grades and are governed by industry practices, qualifications and experience of the employees, responsibilities handled by them, their potentials, etc. Remuneration of senior management employees is also being looked at by the Nomination and Remuneration Committee.

## **DIVIDEND DISTRIBUTION POLICY**

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

## **KEY FINANCIAL RATIOS**

Key Financial Ratios for the financial year 2018-19 with comparatives for the year 2017-18, are disclosed in 'Annexure - 9'.

## **BUSINESS RESPONSIBILITY REPORT**

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

## **UNCLAIMED SHARE CERTIFICATES**

Status of the unclaimed shares as on 31<sup>st</sup> March, 2019 has been mentioned in the Report on Corporate Governance.

## **CORPORATE GOVERNANCE**

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

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

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

## **STATUTORY AUDITORS**

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

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

## **COST AUDIT**

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

## **SECRETARIAL AUDIT**

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



# DIRECTORS' REPORT

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

## **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETING**

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

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

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

## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

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

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

The particulars prescribed under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached as 'Annexure - 7'.

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

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

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

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

## **THE FUTURE**

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

## **ACKNOWLEDGEMENT**

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

**Respectfully submitted on behalf of the Board**

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

**New Delhi**  
**Dated: 10<sup>th</sup> August, 2019**

# DIRECTORS' REPORT

## Annexure - 1

### Annual Return Extracts in MGT 9

#### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

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

### I. REGISTRATION AND OTHER DETAILS :

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

### 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	70.02%



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## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of the Companies Act, 2013
1.	International Tobacco Company Limited 'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra 400033	U16000MH1964PLC013915	Subsidiary	100	2(87)(ii)
2.	Chase Investments Limited Omaxe Square, Plot No. 14, 5 <sup>th</sup> Floor Jasola District Centre, Jasola, New Delhi - 110025	U74899DL1984PLC017448	Subsidiary	100	2(87)(ii)
3.	Unique Space Developers Limited Marcopolo Building, Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug Mumbai, Mumbai City - 400033	U70100MH1988PLC046854	Subsidiary	Chase Investments holds 51.44% International Tobacco holds 15.23%	2(87)(ii)
4.	Gopal Krishna Infrastructure & Real Estate Limited* Omaxe Square, Plot No. 14, 5 <sup>th</sup> Floor Jasola District Centre, Jasola, New Delhi - 110025	U45200DL2006PLC156875	Subsidiary	Unique Space Developers holds 100%	2(87)(ii)
5.	Friendly Reality Projects Limited Omaxe Square, Plot No. 14, 5 <sup>th</sup> Floor Jasola District Centre, Jasola, New Delhi - 110025	U74899DL1973PLC006528	Subsidiary	Company holds 60.21% and Chase Investments holds 26.36%	2(87)(ii)
6.	Rajputana Infrastructure Corporate Limited Omaxe Square, Plot No. 14, 5 <sup>th</sup> Floor Jasola District Centre, Jasola, New Delhi - 110025	U45200DL2006PLC156832	Subsidiary	Friendly Reality Projects holds 100%	2(87)(ii)
7.	Godfrey Phillips Middle East DMCC Gold Tower (AU), Plot No: JLT-PH1-13A, Jumeirah Lake Tower , Dubai, United Arab Emirates	-	Subsidiary	100	2(87)(ii)
8.	Flavors And More, Inc. Unit No: AU-11-B, 2711 Centerville Road, Suite 400, in the City of Wilmington, Country of New Castle, Delaware 19808	-	Subsidiary	100	2(87)(ii)

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9.	Success Principles India Limited** C/O Gupta Jaiswani & Co., Dal Bazar Tiraha, Lashkar, Gwalior, Madhya Pradesh- 474009	U17118MP1989PLC005568	Associate	48.89	2(6)
10.	IPM India Wholesale Trading Private Limited Unit No. 20, Ground Floor, Plot No.D-1 Salcon Rasvilas, Saket District Centre, Saket New Delhi-110017	U51909DL2009PTC189517	Associate	24.80	2(6)
11.	KKM Management Centre Private Limited Omaxe Square, Plot No. 14, 5 <sup>th</sup> Floor Jasola District Centre, Jasola, New Delhi - 110025	U74999DL1996PTC080090	Associate	36.75	2(6)
12.	KKM Management Centre Middle East FZC, SAIF Desk R4 -27/A, P.O. Box 124310 Sharjah- UAE	-	Associate through Subsidiary Companies	36.00	2(6)

\* Was a subsidiary of the Company till 25<sup>th</sup> February, 2019

\*\* Was an associate of the Company till 15<sup>th</sup> March, 2019

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

### (i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year (01.04.2018)				No. of shares held at the end of the year (31.03.2019)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	22950	0	22950	0.04	22950	0	22950	0.04	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	22659981	0	22659981	43.58	22659981	0	22659981	43.58	0
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other (Trusts)	1756380	45000	1801380	3.46	1756380	45000	1801380	3.46	0
<b>Sub-total (A)(1)</b>	<b>24439311</b>	<b>45000</b>	<b>24484311</b>	<b>47.09</b>	<b>24439311</b>	<b>45000</b>	<b>24484311</b>	<b>47.09</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	13050475	0	13050475	25.10	13050475	0	13050475	25.10	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>13050475</b>	<b>0</b>	<b>13050475</b>	<b>25.10</b>	<b>13050475</b>	<b>0</b>	<b>13050475</b>	<b>25.10</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>37489786</b>	<b>45000</b>	<b>37534786</b>	<b>72.19</b>	<b>37489786</b>	<b>45000</b>	<b>37534786</b>	<b>72.19</b>	<b>0</b>



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<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	748962	0	748962	1.44	927057	0	927057	1.78	0.34
b) Banks/ FI	35939	21970	57909	0.11	89044	21970	111014	0.21	0.10
c) Central Govt/State Govt(s)	0	24000	24000	0.05	0	24000	24000	0.05	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Alternate Investment Funds	0	0	0	0	1095	0	1095	0.01	0.01
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs / FPI	6200126	0	6200126	11.92	6424899	0	6424899	12.36	0.43
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others Foreign Bank	1500	0	1500	0	1500	0	1500	0	0
<b>Sub-total (B)(1)</b>	<b>6986527</b>	<b>45970</b>	<b>7032497</b>	<b>13.53</b>	<b>7443595</b>	<b>45970</b>	<b>7489565</b>	<b>14.41</b>	<b>0.88</b>
<b>(2) Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	469524	0	469524	0.90	321647	0	321647	0.62	(0.28)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4374994	977591	5352585	10.30	4013104	791571	4804675	9.24	(1.06)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	771500	0	771500	1.48	956139	0	956139	1.84	0.36
c) Others									
IEPF	178090	0	178090	0.34	212726	0	212726	0.41	0.07
HUF	174043	0	174043	0.34	161072	0	161072	0.31	(0.03)
Other Directors and relatives	28000	0	28000	0.05	28000	0	28000	0.05	0
Foreign Individuals	2432	0	2432	0	24	0	24	0	0
Non-Resident Individuals	162640	4525	167165	0.32	127660	4525	132185	0.25	(0.07)
Trusts	485	15000	15485	0.03	340	15000	15340	0.03	0
NBFCs registered with RBI	0	0	0	0	10165	0	10165	0.02	0.02
Unclaimed Shares	190595	20955	211550	0.41	196480	0	196480	0.38	(0.03)
Clearing Members	56263	0	56263	0.11	131116	0	131116	0.25	0.14
<b>Sub-total (B)(2)</b>	<b>6408566</b>	<b>1018071</b>	<b>7426637</b>	<b>14.28</b>	<b>6158473</b>	<b>811096</b>	<b>6969569</b>	<b>13.40</b>	<b>(0.88)</b>
<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	<b>13395093</b>	<b>1064041</b>	<b>14459134</b>	<b>27.81</b>	<b>13602068</b>	<b>857066</b>	<b>14459134</b>	<b>27.81</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>50884879</b>	<b>1109041</b>	<b>51993920</b>	<b>100</b>	<b>51091854</b>	<b>902066</b>	<b>51993920</b>	<b>100</b>	<b>0</b>

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## (ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% of change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	K K Modi Investment And Financial Services Pvt Ltd	15196660	29.23	0	15196660	29.23	0	0
2.	Philip Morris Global Brands INC	13050475	25.10	0	13050475	25.10	0	0
3.	Good Investment (India) Ltd	4309220	8.29	0	4309220	8.29	0	0
4.	Quick Investment (India) Ltd	2235800	4.30	0	2235800	4.30	0	0
5.	Super Investment (India) Limited	527260	1.01	0	527260	1.01	0	0
6.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives Officers Welfare Trust)	386280	0.74	0	386280	0.74	0	0
7.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Factory) Welfare Trust)	380000.	0.73	0	380000.	0.73	0	0
8.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Offices) Welfare Trust)	308560	0.59	0	308560	0.59	0	0
9.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives (Factory) Welfare Trust)	308560	0.59	0	308560	0.59	0	0
10.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives (Factory) Benefit Trust)	141360	0.27	0	141360	0.27	0	0
11.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Offices) Benefit Trust)	108220	0.21	0	108220	0.21	0	0
12.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Factory) Benefit Trust)	100560	0.19	0	100560	0.19	0	0
13.	Spicebolls Investments Ltd.	83591	0.16	0	83591	0.16	0	0
14.	Longwell Investment Pvt Ltd	80000	0.15	0	80000	0.15	0	0
15.	Swasth Investment Pvt Ltd	80000	0.15	0	80000	0.15	0	0
16.	Motto Investment Private Limited	79000	0.15	0	79000	0.15	0	0
17.	HMA Udyog Private Limited	68000	0.13	0	68000	0.13	0	0
18.	Kedarnath Modi (Trustee) Modi Spg & Wvg Mills Co. Ltd Head office Employees Welfare Trust	45000	0.09	0	45000	0.09	0	0
19.	K K Modi & Bina Modi (Trustees- Indofil Senior Executives (Offices) Benefit Trust)	22840	0.04	0	22840	0.04	0	0
20.	Divya Tongya (Formerly Divya Modi)	11500	0.02	0	11500	0.02	0	0
21.	Ritika N Rungta	5440	0.01	0	5440	0.01	0	0
22.	Samir Modi	2000	0	0	2000	0	0	0
23.	Krishan Kumar Modi	2000	0	0	2000	0	0	0
24.	Upasana Investment Pvt Ltd	450	0	0	450	0	0	0
25.	Ruchir Kumar Lalit Modi	2000	0	0	2000	0	0	0
26.	Charu Modi	10	0	0	10	0	0	0



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## (iii) Change in Promoters' Shareholding

There were no changes in the Promoters' shareholding during the Financial Year 2018-19.

## (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 (01.04.2018)		Cumulative Shareholding during the year (31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>National Westminster Bank PLC as Trustee of The Jupiter India Fund</b>				
	At the beginning of the year	3667722	7.05		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	06.04.2018	41838	0.08	3709560	7.13
	16.11.2018	64704	0.13	3774264	7.26
	31.12.2018	26629	0.05	3800893	7.31
	04.01.2019	27987	0.05	3828880	7.36
	22.02.2019	141459	0.27	3970339	7.63
	15.03.2019	88095	0.17	4058434	7.80
	At the End of the year			4058434	7.80
<b>2.</b>	<b>Jupiter South Asia Investment Company Limited - South Asia Access Fund</b>				
	At the beginning of the year	953409	1.83		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	06.04.2018	(35220)	(0.07)	918189	1.76
	22.06.2018	14200	0.03	932389	1.79
	30.06.2018	32135	0.06	964524	1.85
	02.11.2018	(20522)	(0.04)	944002	1.81
	16.11.2018	(32066)	(0.06)	911936	1.75
	31.12.2018	6603	0.01	918539	1.76
	04.01.2019	6836	0.01	925375	1.77
	At the End of the year			925375	1.77
<b>3.</b>	<b>APMS Investment Fund Ltd</b>				
	At the beginning of the year	488275	0.94		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			488275	0.94
<b>4.</b>	<b>Kavitha Jain</b>				
	At the beginning of the year	400000	0.77		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	22.06.2018	(6000)	(0.01)	394000	0.76
	27.07.2018	(600)	0	393400	0.76
	03.08.2018	(2000)	(0.01)	391400	0.75
	10.08.2018	(500)	0	390900	0.75
	17.08.2018	(500)	0	390400	0.75
	31.08.2018	(1400)	0	389000	0.75
	At the End of the year			389000	0.75

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<b>5.</b>	<b>Sundaram Mutual Fund</b>				
	At the beginning of the year	339712	0.65		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	23.11.2018	(13678)	(0.03)	326034	0.62
	14.12.2018	(8939)	(0.02)	317095	0.60
	28.12.2018	(7525)	(0.01)	309570	0.59
	01.02.2019	(950)	0	308620	0.59
	01.03.2019	(5170)	(0.01)	303450	0.58
	29.03.2019	(46952)	(0.09)	256498	0.49
	At the End of the year			256498	0.49
<b>6.</b>	<b>Kotak Equity Arbitrage Fund</b>				
	At the beginning of the year	238500	0.46		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	06.04.2018	(500)	0	238000	0.46
	13.04.2018	1000	0	239000	0.46
	04.05.2018	14768	0.03	253768	0.49
	11.05.2018	232	0	254000	0.49
	01.06.2018	(25500)	(0.05)	228500	0.44
	08.06.2018	500	0	229000	0.44
	30.06.2018	(300)	0	228700	0.44
	13.07.2018	(1458)	0	227242	0.44
	20.07.2018	(1342)	0	225900	0.44
	10.08.2018	2100	0	228000	0.44
	31.08.2018	(31500)	(0.06)	196500	0.38
	07.09.2018	(2800)	(0.01)	193700	0.37
	14.09.2018	700	0	194400	0.37
	21.09.2018	2800	0.01	197200	0.38
	29.09.2018	(21000)	(0.04)	176200	0.34
	05.10.2018	7700	0.01	183900	0.35
	12.10.2018	(8400)	(0.02)	175500	0.33
	19.10.2018	(2100)	0	173400	0.33
	02.11.2018	(8574)	(0.01)	164826	0.32
	09.11.2018	174	0	165000	0.32
	16.11.2018	(2000)	0	163000	0.31
	30.11.2018	14700	0.03	177700	0.34
	14.12.2018	3500	0.01	181200	0.35
	21.12.2018	(543)	0	180657	0.35
	28.12.2018	543	0	181200	0.35
	31.12.2018	9377	0.02	190577	0.37
	04.01.2019	1123	0	191700	0.37
	01.02.2019	(21700)	(0.04)	170000	0.33
	08.02.2019	(32200)	(0.06)	137800	0.27
	15.02.2019	6300	0.01	144100	0.28
	01.03.2019	(1700)	0	142400	0.28
	08.03.2019	(28700)	(0.06)	113700	0.22
	15.03.2019	(29400)	(0.06)	84300	0.16
	22.03.2019	(2100)	0	82200	0.16
	29.03.2019	11200	0.02	93400	0.18
	At the End of the year			93400	0.18





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<b>7.</b>	<b>Sonia Jain</b>				
	At the beginning of the year	204500	0.39		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	13.07.2018	(2000)	0	202500	0.39
	At the End of the year			202500	0.39
<b>8.</b>	<b>National Westminster Bank PLC as Trustee of The Jupiter Asian Fund</b>				
	At the beginning of the year	170000	0.33		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.12.2018	(108778)	(0.21)	61222	0.12
	28.12.2018	(61222)	(0.12)	0	0
	At the End of the year			0	0
<b>9.</b>	<b>MV SCIF MAURITIUS</b>				
	At the beginning of the year	118747	0.23		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	06.04.2018	(1096)	(0.01)	117651	0.22
	27.04.2018	(17536)	(0.03)	100115	0.19
	04.05.2018	(673)	0	99442	0.19
	15.06.2018	(2174)	0	97268	0.19
	22.06.2018	(351)	0	96917	0.19
	30.06.2018	(4328)	(0.01)	92589	0.18
	27.07.2018	1080	0	93669	0.18
	29.09.2018	(13336)	(0.03)	80333	0.15
	16.11.2018	(250)	0	80083	0.15
	23.11.2018	1858	0.01	81941	0.16
	28.12.2018	1574	0	83515	0.16
	15.03.2019	(951)	0	82564	0.16
	22.03.2019	(9804)	(0.02)	72760	0.14
	29.03.2019	(487)	0	73247	0.14
	At the End of the year			73247	0.14
<b>10.</b>	<b>Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG)</b>				
	At the beginning of the year	108645	0.21		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	11.05.2018	2637	0.01	111282	0.21
	10.08.2018	2767	0.01	114049	0.22
	17.08.2018	9490	0.02	123539	0.24
	24.08.2018	4140	0.01	127679	0.25
	12.10.2018	11290	0.02	138969	0.27
	At the End of the year			138969	0.27
<b>11.</b>	<b>Geeti Jain</b>				
	At the beginning of the year	100000	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			100000	0.19

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

Sl. No		Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year (31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Mr. R. A. Shah</b>				
	At the beginning of the year	20000	0.04		
	Increase / Decrease in Shareholding during the year and reasons	0	0	20000	0.04
	At the End of the year			20000	0.04
<b>2.</b>	<b>Mr. K. K. Modi</b>				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
<b>3.</b>	<b>Mr. Sharad Aggarwal</b>				
	At the beginning of the year	0	0	0	0
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			0	0
<b>4.</b>	<b>Dr. Lalit Bhasin</b>				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
<b>5.</b>	<b>Mr. Anup N. Kothari</b>				
	At the beginning of the year	6000	0.01		
	Increase / Decrease in Shareholding during the year and reasons	0	0	6000	0.01
	At the End of the year			6000	0.01
<b>6.</b>	<b>Mr. Samir Modi</b>				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
<b>7.</b>	<b>Mrs. Bina Modi</b>				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			0	0
<b>8.</b>	<b>Mr. Atul Kumar Gupta</b>				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			0	0
<b>9.</b>	<b>Mr. Ruchir Kumar Modi</b>				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
<b>10.</b>	<b>Mr. Sunil Agrawal (jointly with wife)</b>				
	At the beginning of the year	500	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	500	0
	At the End of the year			500	0



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<b>11.</b>	<b>Mr. Sanjay Gupta</b>				
	At the beginning of the year	200*	0		
	Increase / Decrease in Shareholding during the year and reasons				
	13.07.2018	150*	0	350*	0
	19.10.2018	50	0	400	0
	At the End of the year			400**	0

\*Held jointly with wife.

\*\* Out of 400 shares, 350 shares are held jointly with wife and balance in own name.

## V. INDEBTEDNESS

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

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount	2,671.94	-	-	2,671.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.74	-	-	1.74
<b>Total (i+ii+iii)</b>	<b>2,673.68</b>	<b>-</b>	<b>-</b>	<b>2,673.68</b>
<b>Change in indebtedness during the Financial year</b>				
Addition	1445.45	-	-	1445.45
(Reduction)	-	-	-	-
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	4,117.86	-	-	4,117.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.27	-	-	1.27
<b>Total (i+ii+iii)</b>	<b>4,119.13</b>	<b>-</b>	<b>-</b>	<b>4,119.13</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Modi	Mr. Sharad Aggarwal	Mr. Samir Modi	
<b>1.</b>	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	137.47	240.00	377.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	52.74	224.62	277.36
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
<b>2.</b>	Stock Option	0	0	0	0
<b>3.</b>	Sweat Equity	0	0	0	0
<b>4.</b>	Commission				
	- as % of profit	0	0	1298.25	1298.25
	- others	0	0	0	0
<b>5.</b>	Others	0	0	0	0
	<b>Total (A)</b>	<b>0</b>	<b>190.21</b>	<b>1762.87</b>	<b>1953.08</b>
	Ceiling as per the Act Rs. 3525.76 lacs (being 10% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)				

# DIRECTORS' REPORT



GODFREY PHILLIPS  
—INDIA LIMITED—

## B. Remuneration to other Directors:

(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Name of Director						Total Amount
		Dr. Lalit Bhasin	Mr. Anup N. Kothari	Mr. Atul Kumar Gupta				
1.	Independent Directors							
	• Fee for attending board / committee meetings	13.00	13.00	11.00				37.00
	• Commission	0	0	0				0
	• Others	0	0	0				0
	<b>Total (1)</b>	<b>13.00</b>	<b>13.00</b>	<b>11.00</b>				<b>37.00</b>
2.	<b>Other Non-Executive Directors</b>				<b>Mr. R.A. Shah</b>	<b>Mrs. Bina Modi</b>	<b>Mr. Ruchir Kumar Modi</b>	
	• Fee for attending board / committee meetings				12.00	8.00	0	20.00
	• Commission				0	0	150.00	150.00
	• Others				0	0	0	0
	<b>Total (2)</b>				<b>12.00</b>	<b>8.00</b>	<b>150.00</b>	<b>170.00</b>
	<b>Total (B) = (1+2)</b>							<b>207.00</b>
	Total Managerial Remuneration							<b>2160.08</b>
Ceiling as per the Act Rs. 352.58 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 lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		<b>Mr. Sunil Agrawal (CFO)</b>	<b>Mr. Sanjay Gupta (Company Secretary)</b>	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	133.50	92.58	<b>226.08</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	54.75	32.05	<b>86.80</b>
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	<b>0</b>
2.	Stock Option	0	0	<b>0</b>
3.	Sweat Equity	0	0	<b>0</b>
4.	Commission			
	- as % of profit	0	0	<b>0</b>
	- others	0	0	<b>0</b>
5.	Others	0	0	<b>0</b>
	<b>Total</b>	<b>188.25</b>	<b>124.63</b>	<b>312.88</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : None

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

## Annexure - 2

### Form AOC - 1

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

#### Part A : Subsidiaries

Rupees in Lakhs

Particulars	International Tobacco Company Limited	Chase Investments Limited	Friendly Reality projects Limited	Unique Space Developers Limited	Rajputana Infrastructure Corporate Limited	Rajputana Developers Project	Flavors and More, Inc., USA	Godfrey Phillips middle east, DMCC
Date since when subsidiary was acquired	30-Jun-69	1-Feb-94	31-Jan-91	12-Aug-94	10-Jan-07	8-Jan-08	26-Jun-15	22-Mar-15
Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	US Dollars USD 1 = INR 69.73	US Dollars USD 1 = INR 69.73
Share Capital	300.00	280.46	19.35	81.96	9.00	6,779.82	1,508.49	35.50
Reserves and Surplus	4,470.98	13,052.95	4,001.96	(24.14)	1,627.07	(110.93)	(1,461.18)	87.14
Other Liabilities	1,302.24	2,981.27	2.38	0.32	2,592.07	1.64	2.57	3,114.72
Total Liabilities	6,073.22	16,314.68	4,023.69	58.15	4,228.14	6,670.53	49.88	3,237.36
Total Assets	6,073.22	16,314.68	4,023.69	58.15	4,228.14	6,670.53	49.88	3,237.36
Investments (other than in subsidiaries/fellow subsidiaries)	-	16,032.90	20.27	-	-	-	-	-
Turnover/Total Income	5,704.45	501.46	1.46	1.97	26.31	0.16	14.02	15,985.58
Profit/(loss) before taxation	120.62	491.08	1.11	(6.13)	22.85	(22.23)	(196.71)	130.80
Provision for taxation	46.35	60.86	0.24	-	6.08	-	-	-
Profit/(loss) after taxation	74.27	430.22	0.87	(6.13)	16.78	(22.23)	(196.71)	130.80
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	86.56%	66.67%	86.56%	58.86%	100.00%	100.00%

#### Remarks

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

# DIRECTORS' REPORT



GODFREY PHILLIPS  
—INDIA LIMITED—

## Part B : Associates and Joint Ventures

Rupees in Lakhs

Particulars	KKM Management Centre Pvt. Limited	IPM India Wholesale Trading Pvt. Limited	KKM Management Centre Middle East (FZC)
Latest audited Balance Sheet Date	31-Mar-19	31-Mar-19	31-Mar-19
<b>Shares of Associate/ Joint Venture held by the Company on the year end</b>			
Number of shares	1,102,500	4,960,000	144
Amount of Investment	110.25	496.00*	25.89
Extent of Holding %	36.75	24.80	36.00
Description of how there is significant influence	Since the Company holds more than 20% of voting power in these associates		
Reason why the associate is not consolidated	Not Applicable		
Networth attributable to Shareholding as per latest audited Balance Sheet#	357.97	..**	54.30
Profit / (Loss) for the year	64.02	9195.46	57.61
Considered in consolidation	23.53	..**	20.74
Not considered in consolidation	40.49	9,195.46	36.87

\*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.

- There are no subsidiaries/associates/joint ventures which are yet to commence operations.
- There are no subsidiaries/associates/joint ventures which have been liquidated or sold during the year except as mentioned below:
  - The Group has sold it's investment in Gopal Krishna Infrastructure & Real Estate Limited, a 100% subsidiary of Unique Space Developers Limited.
  - The Group has sold it's investment in Success Principles India Limited, an associate.

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

BHISHAM WADHERA  
Chief Executive Officer

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

RA SHAH  
(DIN 00009851)  
Chairman

SUNIL AGRAWAL  
Chief Financial Officer

SAMIR MODI  
(DIN 00029554)  
Executive Director

BINA MODI  
(DIN 00048606)  
DR. LALIT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

SANJAY GUPTA  
Company Secretary

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

Place : New Delhi  
Date : May 30, 2019

## Annexure - 3

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) Activities

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

The CSR Policy of the Company was approved by the Board of Directors at its meeting held on July 5, 2014 and was further amended and approved by the Board in its meeting held on 29<sup>th</sup> May, 2018 and the same can be viewed at <http://www.godfreyphillips.com/social-consciousness>.

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

2. The Composition of the CSR Committee:

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

3. Average net profit of the Company for last three financial years: Rs. 19802.59 lakhs.
4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : Rs. 396.05 lakhs.
5. Details of CSR expenditure during the financial year:
  - (a) Total amount to be spent for the financial year : Rs. 396.05 lakhs
  - (b) Amount unspent, if any : Nil
  - (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity	Sector in which the project or activity is covered	Location of the project or activity	Amount outlay (budget) (Rs. Lakhs)	Amount spent on the project or activity Sub heads: (Rs. Lakhs)		Cumulative expenditure up to the reporting period (Rs. Lakhs)	Amount spent: Direct or through Implementing Agency
					Direct expenditure on projects/ activities	Project Overheads		
1.	Promotion of education & healthcare	Education & Healthcare improvement	Khwabgah, Ambassadors of Change, Partners in Change, New Delhi and Noida	230.00	230.00	-	230.00	Implementing Agency - Modicare Foundation
2.	Community Development Initiative	Livelihood Improvement	Guntur/ Ongole (Andhra Pradesh)	320.00	311.48	-	311.48	Implementing Agency - Assist
3.		Others (including 5% of the CSR expenditure towards Administrative expenditure)		28.00	-	27.07	27.07	Direct
	<b>Total amount spent</b>			<b>578.00</b>	<b>541.48</b>	<b>27.07</b>	<b>568.55</b>	

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

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

K.K. Modi  
Managing Director

R.A. Shah  
Chairman of the CSR Committee

Date: 10<sup>th</sup> August, 2019

# DIRECTORS' REPORT

## Annexure - 4

### Form No. AOC-2

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

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

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

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

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

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

Date: 10<sup>th</sup> August, 2019

**R.A. Shah**  
Chairman of the Board



## Annexure - 5

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

The Members  
Godfrey Phillips India Limited  
Macropolo Building, Ground Floor,  
Dr. Babasaheb Ambedkar Road,  
Lalbaug Mumbai-400033

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (including erstwhile Regulation);
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (including erstwhile Regulation); Not Applicable

# DIRECTORS' REPORT

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

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

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

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

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

We further report that

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

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

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

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

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

For Chandrasekaran Associates  
Company Secretaries

Rupesh Agarwal  
Managing Partner  
Membership No. 16302  
Certificate of Practice No. 5673

Date : 16<sup>th</sup> July, 2019  
Place : New Delhi

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

## SECRETARIAL AUDIT REPORT Annexure-A

The Members  
Godfrey Phillips India Limited  
Macropolo Building, Ground Floor,  
Dr. Babasaheb Ambedkar Road,  
Lalbaug Mumbai-400033

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

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

For Chandrasekaran Associates  
Company Secretaries

Rupesh Agarwal  
Managing Partner  
Membership No. 16302  
Certificate of Practice No. 5673

Date : 16<sup>th</sup> July, 2019  
Place : New Delhi

# DIRECTORS' REPORT

Annexure - 6

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

- (i) Ratio of remuneration of each Director to the median remuneration of all employees of your Company for the financial year ended 2018-19 is as follows:

Mr. K.K. Modi	N.A.
Mr. Samir Modi	272.51:1
Mrs. Bina Modi*	1.24:1
Mr. R.A. Shah*	1.85:1
Dr. Lalit Bhasin*	2.01:1
Mr. Anup N. Kothari*	2.01:1
Mr. Atul Kumar Gupta*	1.70:1
Mr. Sharad Aggarwal	29.40:1
Mr. Ruchir Kumar Modi	23.19:1

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

- (ii) Percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2018-19 is as follows:

<u>DIRECTORS</u>	<u>DESIGNATION</u>	
Mr. K. K. Modi	Managing Director (MD)	N.A.
Mr. Samir Modi	Executive Director (ED)	65.98
Mrs. Bina Modi	Non-Independent and Non-executive Director	166.67
Mr. R. A. Shah	Non-Independent and Non-executive Director	(7.69)
Dr. Lalit Bhasin	Independent Director	(23.53)
Mr. Anup N. Kothari	Independent Director	0.00
Mr. Atul Kumar Gupta	Independent Director	(15.38)
Mr. Ruchir Kumar Modi	Non-Independent and Non-executive Director	0.00
Mr. Sharad Aggarwal*	Whole-time Director (WTD)	163.85

\*appointed WTD w.e.f. 1<sup>st</sup> October, 2017

KEY MANAGERIAL PERSONNEL (other than Directors)

Mr. Sunil Agrawal	Chief Financial Officer	13.00
Mr. Sanjay Gupta	Company Secretary	15.20

- (iii) The Percentage decrease in the median remuneration of all employees in the financial year 2018-19 was 6.46.
- (iv) The Company had 989 permanent employees on its rolls as on 31<sup>st</sup> March, 2019.
- (v) The average percentile increase in salaries of employees other than managerial personnel in the financial year 2018-19 was 1.87% in comparison with 61.20% increase in total managerial remuneration.
- (vi) The Company confirms that remuneration paid during the year 2018-19, is as per the Remuneration Policy of the Company.

## Annexure - 7

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

#### **(A) CONSERVATION OF ENERGY**

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

1. Installed Variable frequency drives (VFD) on motors for Chillers resulting in energy saving of 210000 Units/annum.
2. Installed Intelligent Flow Control System (IFC) to control the flow of air and pressure thus allowing the compressors to run on reduced load, which has resulted saving of 40000 Units/annum.
3. Installed screw vacuum pump in-replacement of old water ring pumps which has resulted in saving of 225000 Units/annum and reduced water consumption.
4. Installed energy efficient UPS which has reduced switching losses by 18% in the inverters and transformers and thus resulted in saving of 6496 Units/annum.
5. Replaced medium of fuel for fluidized bed dryers from HSD to PNG in the chewing products factory.

#### **(B) TECHNOLOGICAL ABSORPTION, ADOPTION AND INNOVATION**

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

1. Developed shrink wrap kit for Focke packing machine to improve wrapping quality for 20s cigarette packs.
2. Designed camera base detection system for GDX6 packing machine to ensure presence of coupon in the cigarette packs.
3. Fitted on-line camera on Focke packing machine to detect 'Flip-top Miss' defect.
4. Designed, developed and installed the on-line laser perforation and weight control unit for Mark-9 cigarette making machine to improve quality and flexibility.
5. Converted square-tin seaming machine to round-tin seaming machine for chewing products factory.
6. Developed a six-track packing machine for PVSD and replaced existing 3 machines, keeping the same output but with improved packing quality.
7. Initiated printing system in-line with dried supari weighing machine for authentication of weighment as per recipe.
8. Developed and installed online VQI navigator raw/packing material non-conformity portal for the ease of evaluating performance.

#### **(C) RESEARCH & DEVELOPMENT**

##### **(i) New Product Development:**

1. Work continues for cigarette smoke improvement by enhancing sensory profile to give superior smoking experience to existing as well as new consumers.
2. New methods have been developed in analytical testing to measure various tobacco smoke specific parameters. Some of these are estimation of the HPHC "Tobacco specific Nitrosamines" in mainstream cigarette smoke and tobacco, detection of heavy metals in cigarette smoke and tobacco and estimation of total alkaloids.

# DIRECTORS' REPORT

3. R & D facility has been upgraded with capability for new test parameters and ISO 17025:2017 certification.
4. Development activities have been carried out to create new and differentiated products in the category of premium and mid-premium pan masala, zarda, confectioneries as well as mouth-fresheners, apart from developing alternative blends for the purpose of cost control and ensuring steady supply of these products to be able to quickly respond to changing consumer preferences.

## **(ii) Benefits derived as result of these developments:**

1. Attained competency to turn out cutting edge business solutions and faster reach to the markets.
2. Achieved product cost optimization.
3. Achieved process improvement and reduction in generation of waste.
4. Delivered almost defect – free products thus enhanced level of customer satisfaction.
5. Created differentiated products in all categories.

## **(iii) Future plan of action:**

1. To further strengthen innovation in design and development by going for 'Manufacturing 4.0'.
2. To continue endeavors for creating innovative and differentiated products under all categories, thereby maintaining a healthy offer pipeline.
3. To equip the cigarette R & D with the capability to test new components / ingredients for meeting the future regulatory requirements.
4. To work on developing range of alternative and new generation products and automation solutions with reduced risk products.

<b>(iv) Expenditure incurred on Research &amp; Development</b>	<b>(Rs. Lakhs)</b>	
	<b>2018-19</b>	2017-18
(a) Revenue Expenditure	<b>961.44</b>	965.63
(b) Capital Expenditure	<b>226.73</b>	24.54
Total	<b><u>1118.17</u></b>	<u>990.17</u>

## **AWARDS AND RECOGNITION**

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

- Rabale cigarette factory received Green Tech Safety "Gold Award" for outstanding achievement in safety management. Green Tech 'Platinum Award for Safety Performance' for exceptional achievement in environment management and Excellence Award from "INSAAN" society.
- Ghaziabad chewing factory has been certified on Environment Management System ISO 14001:2015 by TUV SUD South Asia Private Limited in March 2019.

## **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. 493 crores (previous year Rs. 407 crores) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 181 crores (previous year Rs. 224 crores).

## Annexure - 8

### DIVIDEND DISTRIBUTION POLICY

#### Background

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

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

Factors considered while declaring Dividend :

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

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

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

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

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

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

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

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

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

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

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



# DIRECTORS' REPORT

## ANNEXURE - 9

### KEY FINANCIAL RATIOS

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

Consequent to the introduction of the Goods and Services Tax (GST) w.e.f. 1<sup>st</sup> July, 2017, Gross Revenue from sale of products and services for the year ended 31<sup>st</sup> March, 2019 is not comparable with the previous year.

Hence, Debtors Turnover ratio, Inventory Turnover ratio, Operating Profit margin and Net Profit margin for the year ended 31<sup>st</sup> March, 2019 are not comparable with the previous year.

In order to facilitate like for like comparison:

- Debtors Turnover ratio** has been computed for both years on the basis of Gross Sales Value inclusive of all applicable taxes instead of Gross Revenue, and
- Inventory Turnover, Operating Profit Margin and Net Profit Margin ratios** have been computed on the basis of annualized Gross Revenue for the nine months' period from 1<sup>st</sup> July, 2018 to 31<sup>st</sup> March, 2019 and corresponding period in the previous year.

	Description	2018-19	2017-18
(i)	Operating Profit Margin <sup>1</sup> (%)	11.3	6.6
(ii)	Net Profit Margin <sup>1</sup> (%)	9.0	6.8
(iii)	Debtors Turnover Ratio <sup>2</sup> – Based on Gross Value	80.2	44.2
(iv)	Inventory Turnover Ratio	4.9	4.4
(v)	Current Ratio	1.4	1.6
(vi)	Return on net worth <sup>1</sup> (%)	13.3	10.0

#### Notes :

- Net Profit Margin** and **Return on Net worth ratios** have been computed based on Total Comprehensive Income.

**Operating Profit Margin, Net Profit Margin and Return on Net Worth** is higher for the year ended 31<sup>st</sup> March, 2019 due to higher rate of growth in Gross Profit Margins and overall improved profitability.

- Improvement in Debtors Turnover Ratio for the year ended 31<sup>st</sup> March, 2019 is largely attributed to efficiency in realization of outstanding dues from the customers.
- Interest Coverage Ratio** and **Debt Equity ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

R. A. SHAH  
Chairman of the Board

Date : 10<sup>th</sup> August, 2019

# REPORT ON CORPORATE GOVERNANCE

for the year ended March 31, 2019

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

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

Corporate Governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. It is imperative that our Company affairs are managed in a fair and transparent manner. We, therefore, ensure that we evolve and follow the Corporate Governance guidelines and best practices.

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

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

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI Listing Regulations, 2015, as applicable, with regard to corporate governance.

## **2. BOARD OF DIRECTORS**

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

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

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

As at 31<sup>st</sup> March, 2019, the Board comprised three independent directors, three executive directors and three non-executive & non-independent directors (including a woman director).

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

The independent directors of the Company, have already submitted their declarations affirming their status as independent directors as on March 31, 2019.

**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, 2019	Membership/ Chairmanship of other Board Committees** as at March 31, 2019
1.	Mr. R.A. Shah DIN 00009851	Non-Executive & Non-Independent	5	Yes	7 (includes 2 as Chairman and 1 as Vice- Chairman)	5 (includes 3 as Chairman)
2.	Mr. K.K. Modi DIN 00029407	Executive	5	Yes	6	1 (as Chairman)
3.	Mr. Sharad Aggarwal DIN 07438861	Executive	4	Yes	1	Nil
4.	Dr. Lalit Bhasin DIN 00001607	Non-Executive & Independent	5	Yes	7	5 (includes 3 as Chairman)
5.	Mr. Anup N. Kothari DIN 00294737	Non-Executive & Independent	5	Yes	2	Nil
6.	Mr. Samir Modi@ DIN 00029554	Executive	3	Yes	5	Nil
7.	Mrs. Bina Modi@@ DIN 00048606	Non-Executive & Non-Independent	5	No	1	Nil
8.	Mr. Atul Kumar Gupta DIN 01734070	Non-Executive & Independent	5	Yes	1	1
9.	Mr. Ruchir Kumar Modi DIN 07174133	Non-Executive & Non-Independent	4	No	4	Nil

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

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

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

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

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

S.No.	Name of the Director	Name of the Listed entity	Category of directorship
1.	Mr. R.A Shah	Godfrey Phillips India Limited The Bombay Dyeing & Manufacturing Company Limited Lupin Limited Colgate-Palmolive (India) Limited Pfizer Limited Procter & Gamble Hygiene and Healthcare Limited BASF India Limited Atul Limited	Non - Executive & Non – Independent Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent Non - Executive & Non – Independent
2.	Mr. K.K Modi	Godfrey Phillips India Limited Premium Merchants Limited	Executive & Non – Independent Non – Executive & Non - Independent
3.	Mr. Sharad Aggarwal	Godfrey Phillips India Limited	Executive & Non - Independent



S.No.	Name of the Director	Name of the Listed entity	Category of directorship
4.	Dr. Lalit Bhasin	Godfrey Phillips India Limited Asian Hotels North Ltd. Ansal Properties and Infrastructure Ltd. Asian Hotels West Ltd.	Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent Non – Executive & Independent
5.	Mr. Anup N. Kothari	Godfrey Phillips India Limited	Non – Executive & Independent
6.	Mr. Samir Modi	Godfrey Phillips India Limited	Executive & Non - Independent
7.	Mrs. Bina Modi	Godfrey Phillips India Limited	Non - Executive & Non - Independent
8.	Mr. Atul Kumar Gupta	Godfrey Phillips India Limited Yash Papers Limited	Non – Executive & Independent Non – Executive & Independent
9.	Mr. Ruchir Kumar Modi	Godfrey Phillips India Limited	Non - Executive & Non - Independent

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

5 (Five) Board Meetings were held during the financial year 2018-19. They were held on 29<sup>th</sup> May, 2018, 11<sup>th</sup> August, 2018, 25<sup>th</sup> September, 2018, 3<sup>rd</sup> November, 2018 and 2<sup>nd</sup> February, 2019. The necessary quorum was present at all the meetings.

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

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

S. No.	Name(s) of the director	Amount involved (Rs. in lakhs)	Nature of transactions
1	Mr. R.A. Shah (Senior Partner of Crawford Bayley & Co.)	41.25	Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates
2	Dr. Lalit Bhasin (Proprietor of Bhasin & Co.)	13.79	Payment for professional services to Bhasin & Co., Advocates

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

In pursuance of the provisions of Section 149 of the Companies Act, 2013 Dr. Lalit Bhasin and Mr. Anup N. Kothari were appointed as an Independent Directors of the Company at the AGM held on 23<sup>rd</sup> September, 2014 to hold office for a term of 5 (five) consecutive years upto the conclusion of Annual General Meeting to be held in the calendar year 2019. Further, the Board of Directors has recommended reappointment of the both the Directors for a further term of 5 (five) consecutive years upto the conclusion of Annual General Meeting to be held in the calendar year 2024.

Mrs. Nirmla Bagri was appointed as an Additional Director to serve as a Woman Independent Director on the Board of your Company w.e.f. April 1, 2019 in terms of Section 161 of the Companies Act, 2013 and holds office up to the date of the ensuing Annual General Meeting. Further, the Board of Directors has recommended her appointment as an Independent Director of the Company for a term of 5 (five) consecutive years upto 31<sup>st</sup> March, 2024. Her appointment is in line with the provisions of Section 149 of the Companies Act, 2013.

Mr. Samir Modi and Mr. Ruchir Kumar Modi, 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:

<b>Name of the Director</b>	<b>Mr. Samir Modi</b>
Director Identification Number	00029554
Date of joining the Board	11 <sup>th</sup> January, 1994
Qualification	B.A. from Hindu College, Delhi University Executive MBA from Harvard University, USA
Profile of the Director	During initial years of career, worked with Phillip Morris Inc. for 2 years. Associated with the Company as Wholetime/ Executive Director since January 1994. Apart from guiding various initiatives of the Company, has been instrumental in setting up 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 and empowerment of marginalized sections of the Society. Known for innovative, leadership and marketing skills. Mr. Samir Modi has been recently appointed as the President of Provaine, France. Provaine is a leading and cutting edge innovation company with patents and Bespoke cosmetics through the use of robotics and smart machines.
Directorships and Committee memberships in other companies*	1. Success Principles India Limited 2. Indofil Industries Limited 3. Modern Home Care Products Limited 4. Modicare Limited 5. Indian Cricket League Limited
Number of Shares held in the Company	2000
Mr. Samir Modi is the Son of Mr. K.K. Modi and Mrs. Bina Modi.	
<b>Name of the Director</b>	<b>Mr. Ruchir Kumar Modi</b>
Director Identification Number	07174133
Date of joining the Board	19 <sup>th</sup> March, 2016
Qualification	Bachelor's Degree in Global Business Management from the Regent University, London
Profile of the Director	Founded Modi Ventures in the year 2014 in order to bring the most innovative technology projects to the Indian Market. As a pilot, Modi Ventures has established two joint-ventures, the first being with U-First S.r.l. Italy, which has created a mass scale digital application that prioritizes users in queues at a range of public and private locations and institutions, including airports, stations and other establishments where customer queuing is necessary. The second being a joint venture with an established NBFC, to provide an on-line loan service for business and private consumers and contractors. Modi Ventures closed an investment in the food and beverages sector in the United Kingdom. In addition Modi Ventures is also advising luxury restaurants newly opened in the United Kingdom.  Founded ION Care in 2016, in collaboration with the Chanpalimaud Centre of the Unknown in Lisbon, to bring revolutionary world class cancer curing radiation treatment to India, UAE, Singapore and the UK.
Directorships and Committee memberships in other companies*	1. Success Principles India Limited 2. Modern Home Care Products Limited 3. Modicare Limited 4. Indian Cricket League Limited
Number of Shares held in the Company	2000



<b>Name of the Director</b>	<b>Dr. Lalit Bhasin</b>
Director Identification Number	00001607
Date of joining the Board	31/03/1986
Qualification	B.A.(Hons.), LL.B., FCI Arb
Profile of the Director	<ul style="list-style-type: none"> <li>- A distinguished lawyer with over five decades of law practice.</li> <li>- Heads the law firm of Bhasin &amp; Co. having its offices at Delhi &amp; Mumbai.</li> <li>- Former Chairman, Film Certification Appellate Tribunal.</li> <li>- President, Society of Indian Law Firms.</li> <li>- Past President, Inter Pacific Bar Association.</li> <li>- Chairman, Chartered Institute of Arbitrators, India Chapter.</li> <li>- Former Chairman, Services Export Promotion Council.</li> <li>- President, The Bar Association of India.</li> <li>- President, India Law Foundation.</li> <li>- President, Indian Society for Afro Asian Studies.</li> <li>- Honorary Life Member, International Bar Association.</li> <li>- Chairman, PHD Chamber of Commerce &amp; Industry's Law and Justice Committee.</li> <li>- Former Chairman, Delhi Bar Council.</li> <li>- Was awarded Doctor of Laws (LL.D.) Honoris Causa by Amity Jaipur University in 2013.</li> <li>- Received several awards including the Indira Gandhi National Unity Award, Award for excellence in Professionalism by Institute of Marketing and Management, Indira Gandhi Priyadarshini Award, Award of distinction by International Bar Association, National Award for excellence by All India Lawyers Forum for Civil Liberties, Award of Honour from the Prime Minister of India for services to the Legal Profession and Commitment to the Rule of Law in December 2001 and National Law Day Award 2007 given by the President of India for "Outstanding contribution in the development of the Bar in India and for deep involvement and conscientious engagement in the maintenance of the highest standards at the Bar".</li> <li>- Authored several books on diverse subjects.</li> </ul>
Directorships and Committee memberships in other companies*	1) Ansal Properties and Infrastructure Ltd. (also Chairman of Audit Committee) 2) Asian Hotels (North) Ltd. (also Chairman of Audit Committee) 3) Asian Hotels (West) Ltd. 4) Leading Hotels Limited (also Chairman of Audit Committee) 5) Football Sports Development Limited (also Member of Audit Committee) 6) IMG Reliance Limited (also Member of Audit Committee) 7) Prime Meiden Limited
Number of Shares held in Company	2000
<b>Name of the Director</b>	<b>Mr. Anup N. Kothari</b>
Director Identification Number	00294737
Date of joining the Board	15/03/1989
Qualification	B.Arch., F.I.I.A

Profile of the Director -	<ul style="list-style-type: none"> <li>- Graduated in Architecture from Baroda University in 1965.</li> <li>- Worked in Sweden on Hospital and various projects.</li> <li>- On return to India, joined a leading firm of Architects and has since been closely associated with various projects relating to multiplex, cinema halls, universities, embassies, etc.</li> <li>- Is a member of Council of Architecture and Indian Institute of Architects.</li> </ul>
Directorships and Committee memberships in other companies*	1) International Research Park Laboratories Ltd. 2) Samkap Chemicals Ltd.
Number of Shares held in Company	6000
<b>Name of the Director</b>	<b>Mrs. Nirmala Bagri</b>
Director Identification Number	01081867
Date of joining the Board	1 <sup>st</sup> April, 2019
Qualification	Graduated with Bachelor of Arts in 1967 from Kolkata University, West Bengal
Profile of the Director	Mrs. Nirmala Bagri has a work experience of over 40 years. She is the CEO of Clear Water Ltd and is currently heading finance, accounts and human resources operations. She also supports senior management in fulfilment of Company's business strategy and also leads key decision making efforts in conjunction with senior management.
Directorships and Committee memberships in other companies*	1) Clear Water Limited 2) APM Finvest Limited
Number of Shares held in the Company	Nil

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

## **vii) Legal Compliances**

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

## **viii) Familiarisation Programme for Directors**

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

In case of newly appointed Directors, the Chairman of the Board and Managing Director of the Company have one to one discussion with them in order to familiarize the new inductees with the Company's business operations. Upon appointment, Directors also receive a formal communication describing their roles, functions, duties and responsibilities as a Director and the same is uploaded on the Company's website at <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>.

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

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

## **ix) Code of Conduct**

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



All the directors and senior management team personnel who are associated with the Company as on the date of this report, have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2019. 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.

**x) Key Board qualifications, expertise and attributes**

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

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

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

\*Appointed w.e.f. 1<sup>st</sup> April, 2019

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

**3. AUDIT COMMITTEE**

**i) Composition and Terms of Reference**

The Audit Committee of the Company has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.

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

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

Dr. Lalit Bhasin, Chairman of the Committee, was present at the Annual General Meeting held on 25<sup>th</sup> September, 2018 to answer the shareholders' queries.

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

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

Audit Committee met 4 (four) times during the financial year 2018-19 i.e. on 29<sup>th</sup> May, 2018, 11<sup>th</sup> August, 2018, 3<sup>rd</sup> November, 2018 and 2<sup>nd</sup> February, 2019.

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. A. Shah	Non-Executive & Non-Independent	4
4	Mr. Atul Kumar Gupta	Non-Executive & Independent	4

**4. SUBSIDIARY COMPANIES**

- The Company has formulated a policy on material subsidiaries and updated the same on the website of the Company with web link: <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>.
- Since the Company does not have any material unlisted subsidiary, the requirement for appointment of an independent director on the Board of such subsidiary is not applicable.
- The Audit Committee of the Company has reviewed the financial statements in respect of the investments made by its unlisted subsidiaries at its meeting held on 30<sup>th</sup> May, 2019.
- Copies of the minutes of the board meetings of all the unlisted subsidiaries held during the year 2018-19 were placed at the board meeting of the Company held on 30<sup>th</sup> May, 2019.
- The requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiaries are placed before the Board from time to time.
- Since none of the subsidiaries of the Company are material, hence requirement of Secretarial Audit does not apply to any of them. However, Secretarial Audit of the Company was carried out by M/s Chandrasekaran Associates for the financial year ended 31<sup>st</sup> March, 2019 and their report is annexed to the Directors' report.

**5. DISCLOSURES**

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

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

Transactions with the related parties disclosed in note 45 to the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meetings held on 11<sup>th</sup> August, 2018, 3<sup>rd</sup> November, 2018, 2<sup>nd</sup> February, 2019 and 30<sup>th</sup> May, 2019. 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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019, whose terms and conditions are not on an arm's length basis.

**iv) Policy on dealing with related party transactions:**

The Company has formulated a policy on dealing with related party transactions and the same is available on the website of the Company at web link : <https://www.godfreyphillips.com/company/investor-relation/corporate-governance/policies/>.

**(B) Disclosure of accounting treatment**

The financial results for the year have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

### **(C) Risk management**

The Company being an old established organization, has in place built-in internal control systems for assessing the risk environment and taking the necessary steps to effectively mitigate the identified risks. The functional heads are reasonably alive to this aspect in their day to day functioning. However, with a view to apprise the Board of Directors of the risk management procedures and the steps initiated to shift/reduce/eliminate the same in a structured manner, the Company has formulated a Risk Profile and Risk Register for listing out various risks, risk mitigating factors and risk mitigation plans and the same is periodically reviewed by respective businesses and put up before the Board.

The Company follows a policy of natural hedging to take care of any forex risk as forex inflows are more than outflows. Further, it is clarified that SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dt. 15<sup>th</sup> November, 2018 with regard to disclosures regarding commodity risks by listed entities is not applicable on the Company since the company doesn't trade in commodity market.

In accordance with the provisions of Regulation 21 of SEBI Listing Regulations, 2015 amended vide SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018 w.e.f 1<sup>st</sup> April, 2019, the Board of Directors, at its meeting held on 30<sup>th</sup> May, 2019, constituted the Risk Management Committee comprising of Dr. Lalit Bhasin a Non – Executive Director, as its Chairman and Mr. Atul Kumar Gupta, Mr. K.K. Modi, Mr. Sharad Aggarwal and Mr. Bhisham Wadhera as its members.

The terms of reference of this committee are as under:

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

### **(D) Whistle Blower Policy**

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

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

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

### **(F) Strictures and penalties**

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

### **(G) Certificate from Company Secretary in Practice**

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

- (H) There is no instance during the financial year 2018-19 where the Board has not accepted any recommendation of any committee of the board which is mandatorily required to be accepted.

**(I) Details of Total fees paid to statutory auditors**

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

Type of service	Amount (Rs. in lakhs)
Audit and Related Services Fees (Audit & Review of Financial Statements and Certification)	182.82
Tax Audit Fees	23.64
Non-Audit Fees	20.60
Reimbursement of Out of Pocket Expenses	19.18
<b>Total</b>	<b>246.24</b>

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

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

**(K) Adoption of discretionary requirements**

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

**(L) Annual Secretarial Compliance Report**

The Company has undergone an audit for the financial year 2018-19 for all applicable compliances as per SEBI Listing Regulations, 2015 and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

**6. REMUNERATION TO DIRECTORS**

**i) Remuneration policy**

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

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

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

The Company does not have any stock option scheme.

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

(Amount in Rs.)

Name of the Director	Salary and Other Allowances *	Perquisites	Commission	Sitting Fees for Board/ Committee Meetings \$	Total
Mr. R.A. Shah	Nil	Nil	Nil	12,00,000	12,00,000
Mr. K.K. Modi <sup>1</sup>	Nil	Nil	Nil	Nil	Nil
Mr. Sharad Aggarwal <sup>2</sup>	1,37,46,696	52,73,594	Nil	Nil	1,90,20,290
Dr. Lalit Bhasin	Nil	Nil	Nil	13,00,000	13,00,000
Mr. Anup N. Kothari	Nil	Nil	Nil	13,00,000	13,00,000
Mr. Atul Kumar Gupta	Nil	Nil	Nil	11,00,000	11,00,000
Mr. Samir Modi <sup>3</sup>	2,40,00,000	2,24,62,332	12,98,25,000	Nil	17,62,87,332
Mrs. Bina Modi	Nil	Nil	Nil	8,00,000	8,00,000
Mr. Ruchir Kumar Modi <sup>4</sup>	Nil	Nil	1,50,00,000	Nil	1,50,00,000
<b>Total</b>	<b>3,77,46,696</b>	<b>2,77,35,926</b>	<b>14,48,25,000</b>	<b>57,00,000</b>	<b>21,60,07,622</b>

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

\$ Excluding service tax/GST paid under reverse charge.

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

<sup>1</sup> The Company has service contract with Mr. K.K. Modi, Managing Director for a period of three years with effect from 14<sup>th</sup> August, 2018. The notice period is six calendar months by either party. No severance fees is payable to him

<sup>2</sup> The Company has service contract with Mr. Sharad Aggarwal, Whole-time Director for a period of five years with effect from 1<sup>st</sup> October, 2017. The notice period is three calendar months by either party. No severance fees is payable to him.

<sup>3</sup> The Company has service contract with Mr. Samir Modi, Executive Director for a period of three years with effect from 1<sup>st</sup> October, 2018. The notice period is three calendar months by either party. No severance fees is payable to him. Mr. Samir Modi is the son of Mr. K.K. Modi and Mrs. Bina Modi.

<sup>4</sup> Mr. Ruchir Kumar Modi is entitled to a remuneration by way of commission of Rs. 1,50,00,000/- (Rupees One crore fifty lakhs only) per annum (payable quarterly) for 3 years w.e.f. 1<sup>st</sup> July, 2016 in accordance with provisions of Section 197 of the Companies Act, 2013. Further, the Board has approved his remuneration for a further period of three years with effect from 1<sup>st</sup> July, 2019 subject to approval of the shareholders.

## 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, 2019
1.	Mr. R. A. Shah	20000
2.	Dr. Lalit Bhasin	2000
3.	Mr. Anup N Kothari	6000
4.	Mrs. Bina Modi	Nil
5.	Mr. Atul Kumar Gupta	Nil
6.	Mr. Ruchir Kumar Modi	2000

## v) Performance evaluation

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

The Nomination and Remuneration Committee in its meeting held on 2<sup>nd</sup> February, 2019 and Independent Directors in their separate meeting held on 30<sup>th</sup> March, 2019 evaluated the replies/feedbacks received in response to the questionnaire circulated and expressed their satisfaction with the evaluation process.

## **7. MANAGEMENT**

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

The senior management team comprising of top executives of the Company and who have been associated with the Company as on the date of this report, have disclosed to the Board of Directors about all the material financial and commercial transactions that have taken place during the financial year ended 31<sup>st</sup> March, 2019 in which they had personal interest. These include dealing in/holding of shares of the Company by them/their relatives, transactions entered into by them/their relatives with the Company, transactions entered into by the Company with the companies in which they/their relatives are Directors or Members and transactions entered into by them/their relatives with the subsidiary companies of the Company and these were placed at the Board Meeting held on 10<sup>th</sup> August, 2019.

## **8. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of Dr. Lalit Bhasin, as its Chairman and Mr. R.A. Shah, Mr. Anup N. Kothari and Mrs. Bina Modi 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) To recommend to the Board, all remuneration, in whatever form, payable to senior management.
- vi) Any other matter as may be assigned by the Board from time to time.

The Committee met two times during the financial year 2018-19 i.e. on 11<sup>th</sup> August, 2018 and 2<sup>nd</sup> February, 2019.

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

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

## **9. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee comprises of Dr. Lalit Bhasin, as its Chairman and Mr. K.K. Modi, Mr. Atul Kumar Gupta and Mrs. Bina Modi as its members.

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

During the year, the Committee met once i.e. on 3<sup>rd</sup> November, 2018 and the meeting was attended by Dr. Lalit Bhasin, Mr. K.K. Modi, Mr. Atul Kumar Gupta and Mrs. Bina Modi.



9 (Nine) complaints were received during the year from the shareholders/investors and all were redressed to their satisfaction. No complaint was pending for redressal as on 31<sup>st</sup> March, 2019.

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

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

The terms of reference of the Committee are as under:

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

During the year, the Committee met once i.e. on 29<sup>th</sup> May, 2018 and the meeting was attended by Mr. R.A. Shah, Mr. K.K. Modi and Mr. Anup N. Kothari.

## **11. INDEPENDENT DIRECTORS' MEETING**

All the Independent Directors met on 30<sup>th</sup> March, 2019, 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:

<b>Financial year</b>	<b>Date of the AGM</b>	<b>Time</b>	<b>Location</b>	<b>Particulars of special resolutions passed</b>
2015-16	26 <sup>th</sup> September, 2016	3:00 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	For keeping the Register of Members of the Company and the respective Register of Debenture holders and other security holders, if any, maintained under Section 88 of the Companies Act, 2013 together with the Index of Members and/ or Debenture holders/ other security holders, and copies of Annual Returns of the Company filed under Section 92 of the Companies Act, 2013, at the office of the Registrar and Share Transfer Agents of the Company, viz., LINK INTIME INDIA PVT. LTD.
2016-17	15 <sup>th</sup> September, 2017	3:30 PM	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate Mumbai - 400 020	Alteration in the terms and conditions relating to payment of remuneration to Mr. K.K. Modi with effect from 1 <sup>st</sup> April, 2017 for the remaining period of his current tenure i.e. upto 13 <sup>th</sup> August, 2018.





Financial year	Date of the AGM	Time	Location	Particulars of special resolutions passed
2017-18	25 <sup>th</sup> September, 2018	3:15 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	(1) Re-appointment of Mr. K.K. Modi (00029407) as Managing Director for a period of three years effective from 14 <sup>th</sup> August, 2018. (2) Re-appointment of Mr. Samir Modi (DIN 00029554) as an Executive Director and approving remuneration for a period of three years effective from 1 <sup>st</sup> October, 2018. (3) Approval for continuing the directorship of Mr. R.A. Shah (DIN 00009851) as Non-Executive Director of the Company. (4) Approval for continuing the directorship of Dr. Lalit Bhasin (DIN 00001607) as Non-Executive and Independent Director of the Company. (5) Approval for continuing the directorship of Mr. Anup N. Kothari (DIN 00294737) as Non-Executive and Independent Director of the Company. (6) Approval for continuing the directorship of Mrs. Bina Modi (DIN 00048606) as Non-Executive Director of the Company. (7) Approval for continuation of remuneration to be paid to Mr. Ruchir Kumar Modi (DIN 07174133) till the expiry of his tenure of remuneration i.e. till 30 <sup>th</sup> June, 2019.

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

No resolution was put through postal ballot during the financial year 2018-19.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 23<sup>rd</sup> September, 2019.

### 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](http://www.godfreyphillips.com) as well as on Bombay Stock Exchange and National Stock Exchange websites : [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com). The half-yearly results are not sent to household of the shareholders.

Earnings Presentations relating to the Quarters ended on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December, 2018 and 31<sup>st</sup> March, 2019 were submitted to the Stock Exchange(s) and are also available on the Company's website.

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

### 14. GENERAL SHAREHOLDER INFORMATION

#### i) Annual General Meeting

Date and Time	: 23 <sup>rd</sup> September, 2019 at 3:15 P.M.
Venue	: Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021

#### ii) Financial Calendar for 2019-20

First Quarter Results	: 10 <sup>th</sup> August, 2019
Second Quarter Results	: Latest by 14 <sup>th</sup> November, 2019
Third Quarter Results	: Latest by 14 <sup>th</sup> February, 2020
Annual Results	: Latest by 30 <sup>th</sup> May, 2020

- iii) **Date of Book Closure** : 17<sup>th</sup> September, 2019 to 23<sup>rd</sup> September, 2019- (both days inclusive).
- iv) **Dividend Payment Date** : Dividend payment shall be made from 27<sup>th</sup> September, 2019 to those shareholders whose names shall appear on the Members' Register as on 23<sup>rd</sup> September, 2019.

v) **Listing on the Stock Exchanges:**

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

**National Stock Exchange of India Limited**

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

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

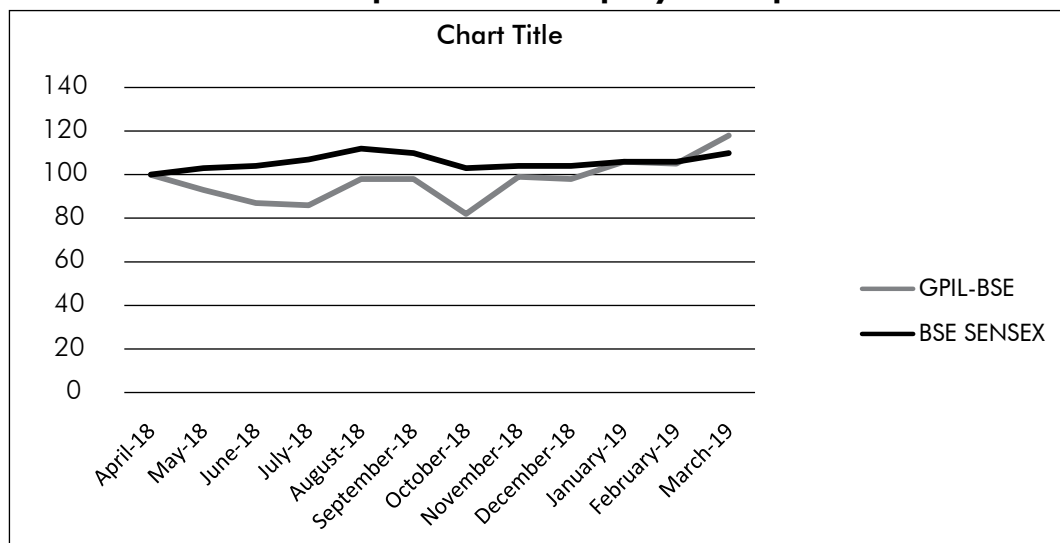
The Company has paid the listing fees to the above Stock Exchange(s) for the financial year 2019-20.

iv) **Market Price Data of equity shares of the Company**

The High and Low prices of the equity shares of the Company at BSE Limited (BSE) and National Stock Exchange (NSE) for the year ended 31<sup>st</sup> March, 2019 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
Apr-18	928.75	817.45	929.70	816.75
May-18	881.55	736.95	890.95	736.60
Jun-18	815.00	704.85	785.55	702.25
Jul-18	824.40	671.00	824.40	670.95
Aug-18	909.00	797.25	907.95	794.95
Sep-18	998.00	713.25	998.00	712.35
Oct-18	793.80	640.45	794.00	640.25
Nov-18	953.85	767.70	955.00	765.45
Dec-18	940.00	762.90	940.00	766.55
Jan-19	1,000.00	850.10	996.70	850.00
Feb-19	978.90	847.00	975.00	845.95
Mar-19	1,176.50	885.00	1,117.45	883.85

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 2018-19.

### viii) Registrar and Share Transfer Agents

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

### ix) Share Transfer System

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

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

### x) Distribution of shareholding as on March 31, 2019

Range of Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1-5000	18897	99.05	46,49,319	8.94
5001-10000	94	0.49	6,39,209	1.23
10001-20000	25	0.13	3,40,919	0.66
20001-30000	13	0.07	3,03,045	0.58
30001-40000	7	0.03	2,35,053	0.45
40001-50000	3	0.02	1,35,506	0.26
50001-100000	18	0.09	12,70,707	2.44
100001 and above	22	0.12	4,44,20,162	85.44
<b>TOTAL</b>	<b>19079</b>	<b>100.00</b>	<b>5,19,93,920</b>	<b>100.00</b>

### xi) Categories of shareholding as on March 31, 2019

Category of Shareholder	Number of Shares	Percentage of Shares
<b>A. Promoter and Promoter Group</b>	3,75,34,786	72.19
<b>B. Public Shareholding</b>		
Foreign Institutional Investors	0	0.00
Foreign Banks	1,500	0.00
Foreign Portfolio Investors – Corp.	64,24,899	12.36
Mutual Funds/UTI	9,27,057	1.78
Financial Institutions/Banks	1,11,014	0.21
Bodies Corporate	3,21,647	0.62
Individuals	57,60,814	11.08
Central Government/ State Government(s)	2,36,726	0.46
NRIs and OCBs	1,32,209	0.25
Other Directors & Relatives	28,000	0.05
Unclaimed Suspense Account	1,96,480	0.38
Others	3,18,788	0.61
<b>Total Public Shareholding</b>	<b>1,44,59,134</b>	<b>27.81</b>
<b>Total Shareholding (A+B)</b>	<b>5,19,93,920</b>	<b>100.00</b>

## **xii) Dematerialisation of shares**

The shares of the Company are compulsorily traded in the dematerialised form and are available for trading under both the Depository Systems- NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd). As on March 31, 2019, a total of 5,10,91,854 equity shares of the Company, which forms 98.26% of the share capital, stood dematerialised.

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

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

The Company has no outstanding GDRs/ADRs/Warrants or other Convertible Instruments.

## **xiv) Plant Locations**

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

<b>Guldhar (Cigarette)</b>	International Tobacco Company Limited, Delhi - Meerut Road, Guldhar, <b>Ghaziabad</b> - 201 001.
<b>Rabale (Cigarette)</b>	Plot No. 19, MIDC, TTC Industrial Area, Rabale, <b>Navi Mumbai</b> - 400 701.
<b>Ghaziabad (Chewing Products)</b>	B-19, Meerut Road, Site No. 3, <b>Ghaziabad</b> .
<b>Faridabad (Chewing Products)</b>	Industrial Plot No. 120, Sector-59, Industrial Estate, Tehsil Ballabgarh, District Faridabad, <b>Haryana</b> .
<b>Ongole (Reconstituted Tobacco)</b>	Plot No. 289 to 300, APIIC Growth Centre, Gundlapally Ongole, <b>Prakasam</b> Dist., <b>Andhra Pradesh</b> - 523 001.

## **xv) Address for Correspondence**

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

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

Or at

Link Intime India Private Limited  
Unit: Godfrey Phillips India Limited  
Noble Heights, 1st Floor, Plot NH2  
C-1 Block LSC Near Savitri Market, Janakpuri, New Delhi 110058  
Phone – 011-41410592  
Fax No : 011- 41410591  
E-mail : [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

## **xvi) Credit Ratings**

The Company has obtained rating from CRISIL ratings on the bank facilities of the company during the year ended 31<sup>st</sup> March, 2019 which was as specified below:

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

**xvii) Corporate Identity Number (CIN):** L16004MH1936PLC008587

## 15. DETAILS OF UNCLAIMED SHARES

### Equity Shares in the Suspense Account

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

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 <sup>st</sup> April, 2018	284*	211,550*
Number of shareholders and the outstanding shares are transferred to suspense account during the reporting period	9	1120
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	4	1045
Shareholders to whom shares were transferred from the suspense account during the year	5	1190**
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	45	15,000
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2019	243	196,480

\* This includes 19 folios comprising 20,955 shares transferred to Company's Unclaimed Suspense Account physically on 19<sup>th</sup> March, 2018 and were submitted for Demat on 24<sup>th</sup> March, 2018 but demated by the DP in the month of April 2018.

\*\* This includes 145 shares belonging to a shareholder whose request was received in March 2018 but the shares were transferred during the current financial year 2018-2019.

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

## 16. CEO/CFO CERTIFICATION

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

## 17. REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Report forms part of the Annual Report.

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

## 18. COMPLIANCE

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

For and on behalf of the Board

Place : New Delhi  
Date : 10<sup>th</sup> August, 2019

R.A. SHAH  
Chairman

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

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

I, K.K. Modi, Managing Director being the Chief Executive Officer (CEO) of Godfrey Phillips India Limited do hereby declare that all the members of the Board of Directors and the members of the Senior Management Team of the Company have affirmed compliance with the Code of Business Conduct of the Company during the financial year ended March 31, 2019.

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

Place : New Delhi  
Date : May 30, 2019

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

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

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

- a. We have reviewed the financial statements for the year ended March 31, 2019 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, 2019 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, 2019 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)  
Place : New Delhi  
Date : May 30, 2019

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

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

SR. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
1.	Mr. Krishan Kumar Modi	00029407	05/11/1979
2.	Dr. Lalit Bhasin	00001607	31/03/1986
3.	Mr. Rajendra Ambalal Shah	00009851	07/06/1969
4.	Mr. Samir Modi	00029554	11/01/1994
5.	Mrs. Bina Modi	00048606	07/04/2014
6.	Mr. Anup Narendra Kothari	00294737	15/03/1989
7.	Mr. Atul Kumar Gupta	01734070	20/06/2015
8.	Mr. Ruchir Kumar Modi	07174133	19/03/2016
9.	Mr. Sharad Aggarwal	07438861	01/10/2017

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

For Chandrasekaran Associates  
Company Secretaries

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

Date : May 28, 2019  
Place : New Delhi



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

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

1. The Corporate Governance Report prepared by Godfrey Phillips India Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2019 as required by the Company for annual submission to the Stock exchange.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with conditions of Corporate Governance as specified in the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2019 and verified that at-least one woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings held April 1, 2018 to March 31, 2019:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM);
    - (d) Nomination and Remuneration Committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Independent directors meeting; and
    - (g) Corporate Social Responsibility (CSR) committee;

- v. Obtained necessary representations and declarations from directors of the Company including the independent directors.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### **Opinion**

9. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

### **Other matters and Restriction on Use**

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Co. LLP  
Firm Registration No.: 301003E/E300005  
Chartered Accountants

per Atul Seksaria  
Partner  
Membership No.: 086370  
UDIN: 19086370AAAAAY7754

Place : New Delhi  
Date : August 10, 2019

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

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L16004MH1936PLC008587
2.	Name of the Company	GODFREY PHILLIPS INDIA LIMITED
3.	Registered address	'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra – 400033
4.	Website	<a href="http://www.godfreyphillips.com">www.godfreyphillips.com</a>
5.	E-mail id	<a href="mailto:isc-gpi@modi.com">isc-gpi@modi.com</a>
6.	Financial Year reported	2018-19
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Cigarettes (12003) and Pan Masala (12008) and trading of Unmanufactured tobacco (46202)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	(a) Cigarettes (b) Unmanufactured tobacco (c) Retail
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	International: Thru subsidiary company/ branch :United Arab Emirates, United States of America and Singapore National: Across the country. Details of the office & plant locations are disclosed under the corporate information page of Annual Report.
10.	Markets served by the Company – Local/ State/National/International	National & International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital	Rs. 1039.88 Lakhs
2.	Total turnover	Rs. 259203.25 Lakhs
3.	Total profit after taxes	Rs. 24096.73 Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	2 %
5.	List of activities in which expenditure in 4 above has been incurred	(a) Promoting education, healthcare and women empowerment. (b) Undertaking community development initiatives.

## SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary company/ companies.	Yes
2.	Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Yes, All of them are aligned to the parent to ensure efficient conduct of business.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company.	Not directly

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

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

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

#### (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	-
2	Name	Mr. Bhisham Wadhwa
3	Designation	Chief Executive Officer
4	Telephone number	011-26832155
5	e-mail id	<a href="mailto:bhisham-gpi@modi.com">bhisham-gpi@modi.com</a>

### 2.

The operating principles adopted by the Company to supplement the requirements under the National Voluntary Guidelines (NVGs)	<p>The National Voluntary Guidelines provide for the following nine principles:</p> <p>Principle 1: Ethics, Transparency and Accountability (P1)</p> <p>Principle 2: Products Lifecycle Sustainability (P2)</p> <p>Principle 3: Employees Well-being (P3)</p> <p>Principle 4: Stakeholders Engagement (P4)</p> <p>Principle 5: Human Rights (P5)</p> <p>Principle 6: Environment (P6)</p> <p>Principle 7: Policy Advocacy (P7)</p> <p>Principle 8: Inclusive Growth (P8)</p> <p>Principle 9: Customer Value (P9)</p>
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### 3. Principle-wise (as per NVGs) BR Policy/policies

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3	Does the policy conform to any national / international standards? If yes, specify?	Yes. The policies conform to the relevant standards as per the national /international legal requirements.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Policies that are mandated under the Companies Act/SEBI Regulations are approved/ noted by the Board from time to time. Other policies are approved / reviewed by the senior management of the Company.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation of relevant policies covering various principles is the responsibility of respective functions in the Company. There may be more than one principle which may be a part of a policy and various functions join hands to ensure their implementation. There are specific committees of the Board to oversee implementation of CSR policies, Stakeholder relationships and Senior Management employees nomination & remuneration.								
6	Indicate the link for the policy to be viewed online?	Internal policies which are available on the Company's internal network, Other policies are available on the website of the company ( <a href="http://www.godfreyphillips.com">www.godfreyphillips.com</a> ) through various web links.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the Company have in-house structure to implement the policy/ policies.	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The assessment of working of these policies and principles is within the framework of internal control system of the Company.								

4. Governance related to BR	As a statutory requirement, this report has been compiled and is annexed to the duly approved report of the Board of Directors. Various policies are disclosed on the Company's website <a href="http://www.godfreyphillips.com">www.godfreyphillips.com</a> . Various policies and procedures are already aligned to this endeavor on continuous basis.
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## **SECTION E: PRINCIPLE-WISE PERFORMANCE**

### Principle 1 – Ethics, Transparency & Accountability

The Code of Business Conduct of your Company outlines the values and expected behavior which is required to be followed by its Board of Directors and senior management personnel and their subordinates while dealing with internal or external customers. There are laid down structures, procedures and practices to promote this principle across the value chain. By virtue of the direct responsibilities associated with all major subsidiaries/associates, this principle is expected to be followed in relation to the subsidiaries/associates also. Employees involved in potential conflict of interests are subjected to appropriate action by the Company. The Company is committed to provide full, fair, accurate, timely and understandable disclosure in reports and documents required to be filed / submitted to the regulatory authorities while protecting and maintaining confidentiality and disclosure of price sensitive information as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted 'Whistle Blower Policy' which provides mechanism to highlight any unethical behavior through protected disclosures to competent authority. Code on Insider Trading restricts possibility of any unethical dealing in Company's securities by any insider or connected person whether inside the Company or outside.

Consumer grievance cell addresses complaints related to product and all logical complaints are addressed in the same financial year. All statutory and local body compliances are done within the statutory timelines. There were 9 complaints received during the year from the shareholders/investors and all were redressed to their satisfaction. No complaint was pending for redressal as on March 31, 2019.

### Principle 2 – Sustainable Services

The Company has adopted life cycle approach in order to ensure product sustainability across its value chain. Your Company is committed to provide goods that address social and environmental concerns which lead to sustainability. Accordingly, it focuses on controlling quality of air emissions, maximizing re use of treated water and optimizing utilization of natural resources. All out efforts are made at the manufacturing plants to improve efficiency and productivity and reduce wastage. Environmental friendly practices are adopted and product integrity and quality are of prime importance. Tobacco contained in rejected cigarettes is retrieved and used back, plastic core bobbins, shipper cases, wooden pallets, C-48 boxes, filter rod boxes and filter trays are reused and rejected pouches are ripped and recycled to conserve resources. Your Company introduced use of recyclable paper-based laminate for packing of chewing products and implemented strip color-coded packaging to maintain product integrity & hence consumer safety. Various measures are taken to save energy at factory locations.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Vendors operating from the close vicinity to the plant location are given preference as it helps saving on transportation and inventory carrying costs. Suppliers and service providers are encouraged to follow applicable laws, rules and regulations as well as the standards relevant to their business and fair work practices. Systematic documentation and records are maintained. Non-conformities are identified & addressed through appropriate process controls. Regular vendor audits are done and vendors are guided on different improvement areas on a regular basis. The endeavor is to make local suppliers to meet international specifications for imported spare parts and we help them in developing these spare parts locally.

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

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

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

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

The Company has started procuring supari from agro co-operatives also, apart from traders; this varies basis availability and requirement for processing. Also, we have opened a local procurement center in the vicinity of supari growing area in Shimoga for better sourcing.

### Principle 3 – Employees Well being

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

1. Total number of employees: 989
2. Total number of employees hired on temporary/contractual/casual basis: 732
3. The Number of permanent women employees: 55
4. The Number of permanent employees with disabilities: None
5. Any employee association that is recognized by management: Yes, Tambakoo Janya Padarth Mazdoor Union
6. Percentage of permanent employees being members of this recognized employee association: 14.34%
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	Number of complaints filed during the financial year	Number of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	None	None
2.	Sexual harassment	None	None
3.	Discriminatory employment	None	None

8. Percentage of under mentioned employees were given safety & skill up-gradation training in the last year.
  - (a) Permanent employees : 63%
  - (b) Permanent women employees : 29%
  - (c) Casual/Temporary/Contractual employees : 75%
  - (d) Employees with disabilities : Not Applicable

There are established procedures aimed at accidents and injuries at workplaces. The Company ensures fair treatment to contract workers and there are checks and balances to ensure their statutory contributions and provision of safe working environment. The Company provides welfare facilities like subsidized food,



medical checkup, medical facilities including medical insurance, yoga and other wellness sessions to its on-roll employees. Welfare and development of employees at all levels in the organization remains one of the key agenda in the functioning of the organization.

Recently, the Company has qualified the survey titled “Great Place to Work” conducted by a reputed external agency. As part of this survey, employees shared their views on various aspects of their experience during the tenure of working in the Company.

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

#### Principle 4 – Responsiveness to Stakeholders

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

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

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

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

#### Principle 5 – Respect for Human Rights

The Code of Business Conduct of the Company not only covers the employees but also the others who are directly or indirectly working with it. Similarly, the policy on Prohibition of Sexual Harassment at Work Place is applicable to all employees, suppliers, contractors and vendors working with it. The said Policy and its implementation is directed towards adherence to applicable laws and upholding the spirit of human rights. No complaints of sexual harassment, gender or caste based discrimination or child labour were received in the financial year under the report. Company is committed to the manufacture and supply of quality and safe products to the entire satisfaction of customer and will continually strive to improve the effectiveness as well as implementation of the established quality & food safety management systems and practices.

#### Principle 6 – Environmental Responsibility

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

In terms of environment-friendly manufacturing, Company’s facilities comply with some of the highest international quality standards like ISO 22000:2005, ISO 14000(2015), ISO 50000 (energy), ISO 14001, ISO 50001 (EnMS) certification of the plants is further proof of the Company’s commitment towards the

environment. The manufacturing facility at Rabale is a IGBC certified Gold rated green factory building. The manufacturing unit at Guldhar has received Greentech Platinum Awards during the year.

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

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

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

#### Principle 7 – Public Policy Advocacy

The Company is a member of various trade bodies and chamber of associations for the advancement of public good. We do not engage in lobbying activities but actively participate in forums that impact the interest of stakeholders in general in the broad areas of governance and administration, economic reforms, environmental safety, public health, education, inclusive development policies, energy security, sustainable business principles, taxes, water and food security, etc. Some of the trade associations with which we are associated are; Federation of Indian Chambers of Commerce and Industry, Ghaziabad Management Association, Confederation of Indian Industry, Central Ground Water Authority (CGWA), Indian Chamber of Commerce and Industry (ICCI), PHDCCI, ASSOCHAM, Tobacco Institute of India, Thane Belapur Industrial Association, and Trans Thane Creek Waste Management Association.

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

#### Principle 8 – Support for Inclusive Growth

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

#### Principle 9 – Engagement with Customers

There is a proper mechanism in place to receive and resolve customer complaints as quickly as possible. Consumer surveys and regular engagement with them is part and parcel of the normal business. Your Company ensures to display all the requisite information on product labels as is mandatory as per applicable laws governing product packaging and labelling. The Company undertakes a number of surveys in order to assess consumer satisfaction with reference to product formulation, packaging and advertising. Customers are the centric part of the Company's business hence all necessary policies are framed around customer satisfaction. A structured customer complaint redressal system is in place to address all issues related to customer. All complaints received from the customers are acknowledged, investigated and responded to as per the Standard Operating Procedures. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. There are no cases pending against the Company regarding any unfair trade practice or anti-competitive behavior. Your Company adheres to all applicable rules and regulations with responsibility.

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

## **Report on the Audit of the Standalone Ind AS Financial Statements**

### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of **Godfrey Phillips India Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>Recoverability of carrying value of property, plant and equipment, leasehold land under operating lease and capital work in progress relating to retail and chewing business (as described in note 5 (c) (i) &amp; (ii) of the standalone Ind AS financial statements)</b>	
<p>As at March 31, 2019, the carrying value of property, plant and equipment including leasehold land under operating lease and capital work in progress relating to retail and chewing business was Rs. 7,451.70 lakhs and Rs. 7,271.23 lakhs respectively.</p> <p>Recoverability of carrying value of assets relating to retail and chewing business have been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>- The significance of the carrying value of assets being assessed.</li> <li>- Significant losses being incurred in the retail business despite increase in the number of stores in the current year and continuing losses in the chewing business.</li> <li>- The assessment of the recoverable amount of the Company's Cash Generating Units (CGUs) involves significant judgements and estimates.</li> </ul> <p>The key judgements and estimates centred on identification of indicators of impairment and future projections relating to the aforesaid business.</p>	<p>Our procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>-Obtained and assessed management analysis of internal and external factors impacting the Company's retail and chewing business in line with Ind AS 36.</li> <li>-In relation to the retail business where impairment indicators were identified by the management, obtained and evaluated the valuation report of management appointed expert for the purpose of testing the key assumptions and methodologies used to determine the recoverable amount by engaging valuation specialists. In case of chewing business, critically evaluated the management basis of concluding with no indicators of impairment as at March 31, 2019 which require further analysis for determination of the recoverable amount by obtaining the business projections, holding discussions with the business heads and corroborating the explanations provided by the management in respect of the current year performance of the said business.</li> <li>-Assessed the independence, competence and objectivity of the management experts used for determining the recoverable amount.</li> <li>-Compared the recoverable amount of the assets relating to retail business to the carrying value in books.</li> <li>-Assessed the disclosures made in the financial statements by the Company in this regard.</li> </ul>
<b>Impairment of investments in one of the subsidiaries Flavors &amp; More Inc. (as described in note 9 and note 48 of the standalone Ind AS financial statements)</b>	
<p>As at March 31, 2019, the carrying value of Company's investment in subsidiaries amounted to Rs. 7,459.65 lakhs. Management reviews on a periodical basis whether there are any indicators of impairment of any of its investments.</p> <p>For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. Significant judgements are required to determine the key assumptions used in determination of fair value / value in use. As the impairment assessment involves significant assumptions and judgement, we regard this as a key audit matter.</p> <p>We focused our effort on those investments where there are impairment indicators. The Company identified impairment in carrying value of investment in one of its subsidiary 'Flavors &amp; More Inc.' owing to its decision for closure of business operations of the said subsidiary. Impairment charge of Rs. 1,508.50 lakhs has been recorded in the current year.</p>	<p>Our procedures in assessing the impairment of investments included the following:</p> <ul style="list-style-type: none"> <li>-Obtained and assessed management analysis of impairment of investment in subsidiaries. Assessed factors considered by the management as impacting such analysis of impairment assessment in line with Ind AS 36.</li> <li>-Specifically, in relation to those investments where impairment indicators were identified, tested the methodologies used by the management to determine the recoverable amount of such investments.</li> <li>-Compared the recoverable amount of the subject investment to the carrying value in books.</li> <li>-Assessed the disclosures made in the financial statements by the Company regarding such investments.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition (as described in note 4.1.1 and note 26 of the standalone Ind AS financial statements)</b>	
<p>For the year ended March 31, 2019 the Company has recognized revenue from operations of Rs. 259,203.25 lakhs.</p> <p>Revenue recognition has been recognized as a key audit matter due to the following consideration:</p> <ul style="list-style-type: none"> <li>- Cut-off: The variety of terms that define when control is transferred to the customer. Further the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control is transferred. This give rise to the risk that revenue is not recognized in the correct period.</li> <li>- Measurement: Revenue is measured net of pricing allowances, other trade discounts, and price promotions to customers (collectively 'trade spend'). There is a risk that trade spend accruals are incorrectly recorded as its also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual.</li> </ul>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>- Read and assessed the Company's revenue recognition accounting policies including the recognition and classification criteria for trade spend in accordance with the requirements of Ind AS 115.</li> <li>- Performed walkthroughs and test of controls, assisted by our IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls.</li> <li>- Selected a sample of transactions taking place at either side of the balance sheet date to evaluate whether revenue was recognised in the correct period by agreeing the date of revenue recognition to third party supports such as bill of lading, lorry receipts etc.</li> <li>- Tested the provision calculations related to trade spend by agreeing a sample of amounts recognised to underlying arrangements and other supporting documents. Compared the year end rebate provisions and rebate costs in the year to prior year amounts and expectations in order to identify unusual trends.</li> </ul>
<b>Accuracy and completeness of related party transactions (as described in note 45 of the standalone Ind AS financial statements)</b>	
<p>The Company has undertaken transactions with its related parties. These include sale of goods to related parties, purchase of goods and services from related parties.</p> <p>We identified accuracy and completeness of the said related party transactions as a key audit matter due to significance of related party transactions, risk of transactions entered not transacted on an arm's length basis and risk of such transactions remaining undisclosed.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>- Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosing related party transactions.</li> <li>- Read minutes of shareholder meetings, board meetings and audit committee minutes regarding Company's assessment of related party transactions being in the ordinary course of business at arm's length.</li> <li>- Tested, on a sample basis, related party transactions with the underlying contracts, confirmation letters and other supporting documents.</li> <li>- Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.</li> <li>- Assessed the related party disclosures in the financial statements through review of statutory information, books and records and other documents obtained during the course of our audit.</li> </ul>

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

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

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

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

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

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

## **Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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



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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 37 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Atul Seksaria  
Partner  
Membership Number: 086370

Place of Signature: New Delhi  
Date: May 30, 2019

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provision of section 186 of the Companies Act 2013 in respect of investments and guarantees made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company and hence not commented upon.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, service tax, sales-tax, custom duty, value added tax, goods and service tax, duty of excise, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income tax, excise duty, goods and service tax, sales tax, value added tax and service tax which have not been deposited on account of any dispute and where the Company is in appeal are as follows:

<b>Nature of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (Rs. In Lakhs)</b>	<b>Amount Deposited (Rs. In Lakhs)</b>	<b>Financial Years to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Sales Tax Act, 1956	Sales Tax	37.72	18.86	2006-07	Sales Tax Tribunal
Madhya Pradesh VAT Act, 2002	Value Added Tax	2.13	0.23	2014-15	Sales Tax Tribunal
		21.50	6.06	2012-13	Upto Commissioner (Appeals) Level
Goa VAT Act, 2005	Value Added Tax	0.99	-	2009-10	Upto Commissioner (Appeals) Level
Rajasthan VAT Act, 2003	Value Added Tax	205.50	64.53	2008-09 to 2013-14	Upto Commissioner (Appeals) Level
Uttar Pradesh (UP) VAT Act, 2008	Value Added Tax	222.40	151.97	2007-08 & 2012-13	Sales Tax Tribunal
		18.36	12.52	2006-07	High Court
		197.88	106.06	2014-15 & 2015-16	Upto Commissioner (Appeals) Level
Central Excise Act, 1944	Excise Duty	6.47	-	2015-16 & 2016-17	Upto Commissioner (Appeals) Level
		1,316.08	195.05	2008-09 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal
		918.08	244.09	2007-08 to 2011-12	High Court
The State Goods and Services Tax Act, 2017	Goods and Services Tax	49.70	-	2017-18	Upto Commissioner (Appeals) Level
Finance Act, 1994	Service Tax	34.94	11.70	2008-09 to 2012-13	Upto Commissioner (Appeals) Level
Income Tax Act, 1961	Income Tax	244.00	244.00	1979-80 to 1982-83, 1995-96 to 1997-98	High Court
		128.45	127.16	2009-10 & 2010-11	Income Tax Appellate Tribunal
		314.03	106.86	2012-13 to 2014-15	Commissioner of Income Tax (Appeals)
		169.21	153.50	1999-2000, 2005-06 to 2008-09	Matters have been referred back to the Assessing officer

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

<b>Nature of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (Rs. In Lakhs)</b>	<b>Financial Years to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax	340.54	1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
Income Tax Act, 1961	Income Tax	63.21	2011-12	Income Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	10.40	2007-08	High Court
Central Excise Act, 1944	Excise Duty	130.83	2009-10, 2010-11 & 2012-13	Customs, Excise and Service Tax Appellate Tribunal

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

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

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

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

Place of Signature: New Delhi  
Date: May 30, 2019

per Atul Seksaria  
Partner  
Membership Number: 086370

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

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

We have audited the internal financial controls over financial reporting of Godfrey Phillips India Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements.

**Meaning of Internal Financial Controls over Financial Reporting**

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



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Atul Seksaria  
Partner  
Membership Number: 086370

Place of Signature: New Delhi  
Date: May 30, 2019



GODFREY PHILLIPS  
—INDIA LIMITED—

# BALANCE SHEET

as at March 31, 2019

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2019	As at 31.3.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	65329.38	61057.31
Capital work-in-progress	6	1431.64	1761.42
Investment property	7	849.46	853.95
Intangible assets	8	315.41	432.81
Financial assets			
- Investments	9	90354.35	72483.19
- Loans	10	610.53	627.91
- Other financial assets	15	1713.43	1249.16
Income tax assets (Net)	24	2655.67	2056.20
Other non-current assets	16	2334.79	3037.87
<b>Total non-current assets</b>		<b>165594.66</b>	<b>143559.82</b>
<b>Current assets</b>			
Inventories	12	56899.68	51101.31
Financial assets			
- Investments	9	23913.33	17032.91
- Trade receivables	13	6697.41	8750.61
- Cash and cash equivalents	14	1445.13	1460.04
- Other bank balances	14	1363.77	2211.91
- Loans	10	126.30	120.35
- Other financial assets	15	761.86	285.48
Other current assets	16	7603.69	7058.20
<b>Total current assets</b>		<b>98811.17</b>	<b>88020.81</b>
<b>Total assets</b>		<b>264405.83</b>	<b>231580.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1039.88	1039.88
Other equity	19	188587.52	169687.92
<b>Total equity</b>		<b>189627.40</b>	<b>170727.80</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Other financial liabilities	21	85.80	86.53
Provisions	22	2041.83	4725.09
Deferred tax liabilities (Net)	11	208.22	71.99
<b>Total non-current liabilities</b>		<b>2335.85</b>	<b>4883.61</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	20	4117.86	2671.94
- Trade payables	23		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		1020.85	5.94
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		28070.40	17413.01
- Other financial liabilities	21	3260.22	2528.12
Other current liabilities	25	34433.83	31039.90
Provisions	22	1054.33	1589.37
Income tax liabilities (Net)	24	485.09	720.94
<b>Total current liabilities</b>		<b>72442.58</b>	<b>55969.22</b>
<b>Total liabilities</b>		<b>74778.43</b>	<b>60852.83</b>
<b>Total equity and liabilities</b>		<b>264405.83</b>	<b>231580.63</b>
<b>Notes forming part of the financial statements</b>	1-53		

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E/E300005  
Chartered Accountants  
Per Atul Seksaria  
Partner  
Membership No.: 086370

BHISHAM WADHERA  
Chief Executive Officer  
  
SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

K.K. MODI  
(DIN 00029407)  
President & Managing Director  
SAMIR MODI  
(DIN 00029554)  
Executive Director

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

RA SHAH  
(DIN 00009851)  
Chairman  
BINA MODI  
(DIN 00048606)  
DR. LAJUT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

# STATEMENT OF PROFIT AND LOSS

## for the year ended March 31, 2019



GODFREY PHILLIPS  
—INDIA LIMITED—

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2019	Year ended 31.3.2018
<b>I</b> Revenue from operations	26	<b>259203.25</b>	287666.74
<b>II</b> Other income	27	<b>7899.45</b>	5360.67
<b>III Total income (I+II)</b>		<b>267102.70</b>	293027.41
<b>IV Expenses</b>			
Cost of materials consumed	28	<b>65470.89</b>	67133.12
Purchases of traded goods	29	<b>43025.23</b>	39145.25
Changes in inventories of finished goods, traded goods and work-in-process	30	<b>(1448.61)</b>	12845.06
Excise duty		<b>11499.05</b>	56509.40
Employee benefits expenses	31	<b>25160.16</b>	20939.56
Finance costs	32	<b>85.84</b>	151.24
Depreciation and amortisation expenses	6,7 & 8	<b>9591.82</b>	9564.73
Provision made for decline in the value of non-current investments	48	<b>1508.50</b>	-
Other expenses	33	<b>75946.09</b>	65310.25
<b>Total expenses</b>		<b>230838.97</b>	271598.61
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>36263.73</b>	21428.80
<b>VI</b> Exceptional items	50	-	2000.00
<b>VII Profit before tax (V+VI)</b>		<b>36263.73</b>	23428.80
<b>VIII Tax expense:</b>	11		
- Current tax		<b>12030.75</b>	7100.69
- Deferred tax charge		<b>136.25</b>	251.87
		<b>12167.00</b>	7352.56
<b>IX Profit for the year (VII-VIII)</b>		<b>24096.73</b>	16076.24
<b>X Other comprehensive income</b>			
Items that will not to be reclassified to profit or loss			
(i) (Loss)/Profit on remeasurements of the defined benefit plans		<b>(280.72)</b>	726.15
(ii) Tax relating to items that will not be reclassified to profit or loss		<b>98.10</b>	(251.31)
<b>Total other comprehensive income, net of tax (i+ii)</b>		<b>(182.62)</b>	474.84
<b>XI Total comprehensive income for the year (IX+X)</b>		<b>23914.11</b>	16551.08
<b>Basic and Diluted Earnings per share after tax and exceptional items</b> (Face value of share - Rs. 2 each)	35	<b>Rs.46.35</b>	Rs. 30.92
<b>Basic and Diluted Earnings per share after tax but before exceptional items</b> (Face value of share - Rs. 2 each)	35	<b>Rs.46.35</b>	Rs. 28.40
<b>Notes forming part of the financial statements</b>	1-53		

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E/E300005  
Chartered Accountants  
Per Atul Seksaria  
Partner  
Membership No.: 086370

BHISHAM WADHERA  
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SUNIL AGRAWAL  
Chief Financial Officer

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For and on behalf of the Board of Directors  
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NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Rupees in Lakhs

(a) Equity share capital	Amount
<b>Balance at April 1, 2017</b>	<b>1039.88</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2018</b>	<b>1039.88</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2019</b>	<b>1039.88</b>

### (b) Other equity

	Reserves and surplus			
	General reserves	Capital redemption reserve	Retained earnings	Total
<b>Balance at April 01, 2017</b>	<b>31930.72</b>	<b>30.00</b>	<b>126182.41</b>	<b>158143.13</b>
Profit for the year	-	-	16076.24	16076.24
Other comprehensive income for the year, net of income-tax	-	-	474.84	474.84
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>16551.08</b>	<b>16551.08</b>
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	(4159.51)
Dividend distribution tax	-	-	(846.78)	(846.78)
Transfer to general reserve from retained earnings	2500.00	-	(2500.00)	-
<b>Balance at March 31, 2018</b>	<b>34430.72</b>	<b>30.00</b>	<b>135227.20</b>	<b>169687.92</b>
Profit for the year	-	-	24096.73	24096.73
Other comprehensive income for the year, net of income-tax	-	-	(182.62)	(182.62)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>23914.11</b>	<b>23914.11</b>
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	(4159.51)
Dividend distribution tax	-	-	(855.00)	(855.00)
Transfer to general reserve from retained earnings	3000.00	-	(3000.00)	-
<b>Balance at March 31, 2019</b>	<b>37430.72</b>	<b>30.00</b>	<b>151126.80</b>	<b>188587.52</b>

**Notes forming part of the financial statements 1-53**

As per our report of even date  
For S.R. Batliboi & Co. LLP  
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Per Atul Seksaria  
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For and on behalf of the Board of Directors  
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NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

# CASH FLOW STATEMENT

## for the year ended March 31, 2019



GODFREY PHILLIPS  
—INDIA LIMITED—

Rupees in Lakhs

Particulars	For the year ended 31.3.2019	For the year ended 31.3.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	36263.73	23428.80
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	9591.82	9564.73
Interest income from:		
- Debts, deposits, loans and advances, etc.	(237.28)	(184.17)
- Non-current investments	(35.57)	(35.57)
Dividend received	(240.95)	(271.76)
Net gain on sale/redemption/fair value of long term investments	(4674.74)	(3605.35)
Net gain on sale/redemption/fair value of short term investments	(1443.14)	(397.04)
Exchange (gain)/loss on foreign currency bank balance	(0.43)	1.01
Interest expenses		
- On borrowings	28.66	43.15
- Others	39.36	74.50
Bad debts and advances written off	33.76	122.41
Provision for doubtful debts and advances	218.18	186.20
Liabilities written back	(142.43)	(129.04)
Provision made for decline in the value of non-current investments	1508.50	-
Property, plant and equipment written off	89.93	37.00
Loss on sale of property, plant and equipment (net)	24.82	196.39
Write down in the value of assets classified as held for sale	-	215.45
	<b>4760.49</b>	<b>5817.91</b>
<b>Operating profit before working capital changes</b>	<b>41024.22</b>	<b>29246.71</b>
<b>Adjustments for:</b>		
Decrease in Trade receivables, loans, other financial assets and other assets	262.16	5930.99
(Increase)/Decrease in Inventories	(5798.37)	6630.42
Increase in Trade payables, other financial liabilities, other liabilities and provisions	12433.79	16741.57
	<b>6897.58</b>	<b>29302.98</b>
<b>Cash generated from operating activities</b>	<b>47921.80</b>	<b>58549.69</b>
Income taxes paid (net)	(12767.97)	(7167.66)
<b>Net cash generated by operating activities</b>	<b>35153.83</b>	<b>51382.03</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, capital work in progress, investment property & intangible assets	(12539.08)	(6000.87)
Proceeds from sale of property, plant and equipment, capital work in progress, investment property & intangible assets	162.30	259.34
Investment made in subsidiaries	(609.60)	(730.65)
Purchase of other current and non-current investments	(398097.13)	(399569.78)
Proceeds for sale of investment in associate	61.62	-
Proceeds from sale of other current and non-current investments	378502.92	364793.02
Dividend received	240.95	271.76
Interest received	201.90	154.09
Fixed deposits released/(made)	884.07	(60.80)
<b>Net cash (used in) investing activities</b>	<b>(31192.05)</b>	<b>(40883.89)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of non-current borrowings	-	(2594.00)
Proceeds from/(repayment of) current borrowings (Net)	1445.92	(1949.99)
Interest paid	(408.53)	(73.84)
Dividend paid	(4123.58)	(4143.10)
Dividend distribution tax paid	(855.00)	(846.78)
<b>Net cash (used in) financing activities</b>	<b>(3941.19)</b>	<b>(9607.71)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>20.59</b>	<b>890.43</b>
Cash and cash equivalents at the beginning of the year (Refer Note 1 below)	1670.68	781.26
	<b>1691.27</b>	<b>1671.69</b>
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	0.43	(1.01)
<b>Cash and cash equivalents at the end of the year (Refer Note 1 below)</b>	<b>1691.70</b>	<b>1670.68</b>
<b>Note 1:</b>		
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
Cash and cash equivalents (Refer Note No.14)	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
Earmarked unpaid dividend accounts* (Refer Note No.14)	1445.13	1460.04
<b>Total</b>	<b>246.57</b>	<b>210.64</b>
*Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend	<b>1691.70</b>	<b>1670.68</b>

### Note 2:

The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements

### Notes forming part of the financial statements 1-53

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E/E300005

Chartered Accountants

Per Atul Seksaria

Partner

Membership No.: 086370

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(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

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

## 1. Corporate information

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

The address of its registered office is 'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai - 400033 and the address of its corporate office is Omaxe Square, Plot No.14, Jasola District Centre, Jasola, New Delhi - 110025. The financial statements were approved for issue by the Board of Directors on May 30, 2019.

## 2. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended. The financial statements are presented in rupees lakhs except when otherwise indicated.

## 3. Basis of preparation and presentation

### 3.1. Basis of preparation and presentation

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

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

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

### 3.2. Use of estimates

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

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

## 4. Significant accounting policies

### 4.1.1. Revenue Recognition

#### Revenue from Contracts with Customers

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

#### Sale of Products

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

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

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

**(i) Variable consideration**

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

**-Rebates and discounts**

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

**(ii) Significant financing component**

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

**Contract balances****Trade receivables**

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

**Contract liabilities**

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

**Cost to obtain a contract**

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

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

**4.1.2. Dividend and interest income**

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

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



#### **4.1.3. Rental income**

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

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

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

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

#### **4.3. Leases**

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

##### **4.3.1. Operating lease**

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

##### **4.3.2. Finance lease**

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

#### **4.4. Finance costs**

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

#### **4.5. Foreign currencies**

##### **4.5.1. Functional and presentational currency**

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

##### **4.5.2. Transactions and balances**

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

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

## **4.6. Taxation**

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

### **4.6.1. Current tax**

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

### **4.6.2. Deferred tax**

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

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

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

### **4.6.3. Current and deferred tax for the year**

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

## **4.7. Employee benefits**

### **4.7.1. Short term employee benefits**

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

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

### **4.7.2. Long term employee benefits**

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

### **4.7.3. Defined contribution plan**

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

#### 4.7.4. **Defined benefit plan**

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

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

#### 4.7.5. **Termination benefits**

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

### 4.8. **Property, plant and equipment**

#### 4.8.1. **Recognition and measurement**

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

#### 4.8.2. **Capital work in progress**

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

#### 4.8.3. **Depreciation**

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

Depreciation on tangible fixed assets (other than freehold land and properties under construction) is recognised on straight-line method, taking into account their nature, their estimated usage, their operating conditions, past history of their replacement and maintenance support etc.

Estimated useful lives of the assets based on technical estimates are as under:

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

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

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

Freehold land is not amortised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the

disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **4.9. Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

No depreciation is charged in case of freehold land being designated as an investment property.

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

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

#### **4.10. Intangible assets**

##### **4.10.1. Recognition and measurement of intangible assets acquired separately**

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

##### **4.10.2. Derecognition of intangible asset**

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

##### **4.10.3. Amortisation method and useful life**

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

Computer software – 5 years

#### **4.11. Impairment of non-financial assets**

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows



after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

#### **4.12. Inventories**

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

Net realisable value is the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

#### **4.13. Provisions and contingencies**

##### **4.13.1. Provisions**

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

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

##### **4.13.2. Contingent liabilities**

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

#### **4.14. Financial instruments**

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

##### **4.14.1. Financial assets**

##### **4.14.1.1. Initial recognition and measurement**

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **4.14.1.2. Classification of financial assets**

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

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

##### **Financial assets at amortised cost:**

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

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

##### **Financial assets at FVTOCI:**

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

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

##### **Financial assets at FVTPL:**

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

#### **4.14.1.3. Equity investment in subsidiaries and associates**

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

#### **4.14.1.4. Derecognition**

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

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

#### **4.14.1.5. Impairment of financial assets**

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

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

#### **4.14.2. Financial liabilities**

##### **4.14.2.1. Initial recognition and measurement**

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

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

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

##### **4.14.2.2. Subsequent measurement**

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

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

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

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

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

##### **4.14.2.3. Loans and borrowings**

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

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

##### **4.14.2.4. Financial guarantee contracts**

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

##### **4.14.2.5. Derecognition**

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



**4.15. Offsetting financial instruments**

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

**4.16. Cash and cash equivalents**

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

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

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

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

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

**4.18. Derivative financial instruments**

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

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

**4.19. Embedded derivatives**

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

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

**4.20. Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

#### **4.21. Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

#### **4.22. Dividend distribution to equity holders of the Company**

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

#### **4.23. Application of new Standards**

The Company has adopted Ind AS 115 Revenue from contracts with Customers with effect from April 1, 2018 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most of the current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue when the control of the goods and services is transferred to the customer as against the transfer of

risk and rewards. As per the Company's current revenue recognition practices, transfer of control happens at the same point as transfer of risk and rewards thus not effecting the revenue recognition. The amount of revenue recognised reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The Company has adopted the modified transitional approach as permitted by the standard under which the comparative financial information is not restated. The accounting changes required by the standard are not having any impact on the recognition or measurement of revenues and no transitional adjustment is recognised in retained earnings at April 1, 2018. Additional disclosures as required by Ind AS 115 have been included in these financial statements.

### **Previous period Accounting Policy:**

#### **Revenue recognition**

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

#### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

#### **Income from services**

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

## **5. Significant accounting judgements, estimates and assumptions**

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

### **Judgements and estimates**

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

#### **a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note No.43 for further disclosures.

#### **b) Provisions and contingent liabilities**

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



## c) Assessment of carrying value of retail and chewing business

### i) Retail business

In view of the continuing operating losses despite increased business operations, the Company has reviewed the carrying value of its assets relating to retail business and estimated the recoverable amount of the assets in accordance with the requirements of Ind AS 36 for which an external professional agency has been engaged. Based on the said assessment, it has been concluded that the recoverable value of the retail business is higher than its carrying value as at 31 March 2019 and therefore, no impairment was required to be recorded in these financial statements. The Company has used a level 2 valuation technique for estimating the recoverable value and key inputs centred around the forecasted revenue, market multiple and transaction multiple.

The carrying value of property, plant and equipment, capital work in progress & intangible assets of retail business as at 31 March 2019 is Rs. 7451.70 lakhs (31 March 2018: Rs. 3001.28 lakhs).

### ii) Chewing business

Company has been incurring operating losses in its chewing business in the past years though the losses in the current year have been contained. In light of the same, the management has reviewed the business projections for next 4 years and analysed the potential impact of some of the key initiatives around increasing its geographic footprint, strengthening its presence in the existing markets and exiting from less profitable product segments. Based on the said analysis and future projections, there did not exist any indication that the assets of chewing business should be impaired. Hence, detailed impairment analysis has not been carried out in the current financial year.

The carrying value of property, plant and equipment, capital work in progress and leasehold land under operating lease of chewing business as at 31 March 2019 is Rs. 7271.23 lakhs (31 March 2018: Rs. 7896.79 lakhs).

Rupees in Lakhs

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

	As at 31.3.2019	As at 31.3.2018							
<b>Carrying amount of:</b>									
Property, plant and equipment	<b>65329.38</b>	61057.31							
Capital work-in-progress	<b>1761.42</b>	1761.42							
	Land-freehold	Buildings*	Leasehold building improvements	Plant and machinery	Electrical installation and equipments	Computers & information technology equipments	Furniture, fixtures and office equipments	Motor vehicles	Total
<b>Cost</b>									
<b>Balance at April 1, 2017</b>	<b>959.11</b>	<b>21379.78</b>	<b>1931.81</b>	<b>52789.58</b>	<b>582.12</b>	<b>2056.26</b>	<b>2718.01</b>	<b>2659.12</b>	<b>85075.79</b>
Additions	-	115.57	824.00	2455.98	173.97	223.78	673.41	720.29	<b>5187.00</b>
Transfer out**	-	(420.51)	-	-	-	-	-	-	<b>(420.51)</b>
Disposals	-	-	-	(490.11)	(2.46)	(13.92)	(146.79)	(233.12)	<b>(886.40)</b>
<b>Balance at March 31, 2018</b>	<b>959.11</b>	<b>21074.84</b>	<b>2755.81</b>	<b>54755.45</b>	<b>753.63</b>	<b>2266.12</b>	<b>3244.63</b>	<b>3146.29</b>	<b>88955.88</b>
Additions	-	3041.06	3074.00	5216.66	454.35	574.35	1150.56	480.95	<b>13991.93</b>
Disposals	-	-	-	(206.43)	(17.71)	(81.15)	(71.33)	(213.96)	<b>(590.58)</b>
<b>Balance at March 31, 2019</b>	<b>959.11</b>	<b>24115.90</b>	<b>5829.81</b>	<b>59765.68</b>	<b>1190.27</b>	<b>2759.32</b>	<b>4323.86</b>	<b>3413.28</b>	<b>102357.23</b>
<b>Accumulated depreciation</b>									
<b>Balance at April 1, 2017</b>	-	<b>1911.65</b>	<b>160.86</b>	<b>14322.82</b>	<b>122.31</b>	<b>875.26</b>	<b>833.22</b>	<b>755.08</b>	<b>18981.20</b>
Depreciation expense	-	701.51	196.21	7127.70	75.68	442.50	400.18	390.85	<b>9334.63</b>
Transfer out**	-	(23.57)	-	-	-	-	-	-	<b>(23.57)</b>
Eliminated on disposals of assets	-	-	-	(186.98)	(0.80)	(5.41)	(66.81)	(133.69)	<b>(393.69)</b>
<b>Balance at March 31, 2018</b>	-	<b>2589.59</b>	<b>357.07</b>	<b>21263.54</b>	<b>197.19</b>	<b>1312.35</b>	<b>1166.59</b>	<b>1012.24</b>	<b>27898.57</b>
Depreciation expense	-	709.24	598.91	6710.51	128.68	382.39	492.37	420.91	<b>9443.01</b>
Eliminated on disposals of assets	-	-	-	(77.02)	(5.66)	(53.87)	(36.09)	(141.09)	<b>(313.73)</b>
<b>Balance at March 31, 2019</b>	-	<b>3298.83</b>	<b>955.98</b>	<b>27897.03</b>	<b>320.21</b>	<b>1640.87</b>	<b>1622.87</b>	<b>1292.06</b>	<b>37027.85</b>
<b>Net book value</b>									
<b>Balance at March 31, 2019</b>	<b>959.11</b>	<b>20817.07</b>	<b>4873.83</b>	<b>31868.65</b>	<b>870.06</b>	<b>1118.45</b>	<b>2700.99</b>	<b>2121.22</b>	<b>65329.38</b>
Balance at March 31, 2018	959.11	18485.25	2398.74	33491.91	556.44	953.77	2078.04	2134.05	61057.31

#### Notes:

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

\*\* In previous year, due to closure of tea business, buildings at Bazpur, Uttarakhand having gross block of Rs. 420.51 lakhs and accumulated depreciation of Rs. 23.57 lakhs were transferred to Investment Property (Refer Note No. 7).

Rupees in Lakhs

7. Investment Property			
	Freehold Land	Building	Total
<b>Cost</b>			
<b>Balance as at April 1, 2017</b>	<b>1.60</b>	<b>506.29</b>	<b>507.89</b>
Transfer in (Refer Note No.6)	-	420.51	420.51
<b>Balance as at March 31, 2018</b>	<b>1.60</b>	<b>926.80</b>	<b>928.40</b>
Additions	-	25.02	25.02
Disposals	-	(0.26)	(0.26)
<b>Balance as at March 31, 2019</b>	<b>1.60</b>	<b>951.56</b>	<b>953.16</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at April 1, 2017</b>	-	<b>23.76</b>	<b>23.76</b>
Depreciation expense	-	27.12	27.12
Transfer in (Refer Note No.6)	-	23.57	23.57
<b>Balance as at March 31, 2018</b>	-	<b>74.45</b>	<b>74.45</b>
Depreciation expense	-	29.31	29.31
Disposals	-	(0.06)	(0.06)
<b>Balance as at March 31, 2019</b>	-	<b>103.70</b>	<b>103.70</b>
<b>Carrying amount</b>			
<b>Balance at March 31, 2019</b>	<b>1.60</b>	<b>847.86</b>	<b>849.46</b>
Balance at March 31, 2018	1.60	852.35	853.95

#### Information regarding income and expenditure of investment property

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

#### Fair valuation of the properties

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

Fair Valuation of the properties	As at 31.3.2019	As at 31.3.2018
Located in Maharashtra	<b>35699.01</b>	29177.43
Located in Uttarakhand	<b>627.68</b>	629.34
	<b>36326.69</b>	29806.77

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

The Company has earned rental income of Rs. 75.87 lakhs (previous year Rs. 44.15 lakhs) from investment properties.

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

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

#### Description of valuation technique

	Valuation technique	Significant unobservable inputs	Assumption used	
			As on March 31, 2019	As on March 31, 2018
<b>Located in Maharashtra</b>				
Factory Land and Building (including Godown)	Market Value Method	Industrial/Residential rate for sales (Rs./Sq.Ft.)	15000 to 17500	15000 to 17500
Office Building	Market Value Method	Fair Market Value (Rs./Sq.Ft.)	35000	35000
<b>Located in Uttarakhand</b>				
Factory Building (including Admin Block)	Market Value Method	Fair Market Value (Rs./Sq.Mt.)	4304 to 9252	4605 to 7136

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



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>8. Intangible assets</b>		
Carrying amount of		
- Computer software	<b>315.41</b>	432.81
	<b>315.41</b>	432.81
	<b>Computer Software</b>	
<b>Cost</b>		
<b>Balance at April 1, 2017</b>	1001.26	
<b>Balance at March 31, 2018</b>	<b>1001.26</b>	
Additions	2.09	
<b>Balance at March 31, 2019</b>	<b>1003.35</b>	
<b>Accumulated amortisation</b>		
<b>Balance at April 1, 2017</b>	365.47	
Amortisation expense	202.98	
<b>Balance at March 31, 2018</b>	<b>568.45</b>	
Amortisation expense	119.49	
<b>Balance at March 31, 2019</b>	<b>687.94</b>	
<b>Net book value</b>		
<b>Balance at March 31, 2019</b>	<b>315.41</b>	
Balance at March 31, 2018	432.81	
<b>9. Financial assets - Investments</b>		
<b>Non-current</b>		
Investment in equity instruments		
- Subsidiary Companies	<b>7459.65</b>	8358.55
- Associate Companies	<b>110.25</b>	130.22
Investment in mutual funds	<b>80892.03</b>	63359.23
Investment-others	<b>1892.42</b>	635.19
	<b>90354.35</b>	72483.19
<b>Current</b>		
Investment in mutual funds	<b>23548.56</b>	17032.91
Investment-others	<b>364.77</b>	-
	<b>23913.33</b>	17032.91
Aggregate value of unquoted investments non-current	<b>9574.40</b>	8984.77
Aggregate value of quoted investments non-current	<b>82784.45</b>	63994.42
Aggregate value of quoted investments current	<b>23913.33</b>	17032.91
Market value of quoted investments non-current	<b>82819.24</b>	64036.89
Market value of quoted investments current	<b>23913.33</b>	17032.91
Aggregate value of diminution other than temporary in value of investments non-current	<b>2004.50</b>	496.00
<b>Classification of investments as per Ind AS 109</b>		
Investments carried at fair value through profit or loss (FVTPL)	<b>106262.77</b>	80592.32
Investments carried at amortised cost	<b>435.01</b>	435.01
	<b>106697.78</b>	81027.33
<b>9.1 Investment in subsidiaries</b>		
<b>Break-up of investment in subsidiaries (carrying amount at cost)</b>		
<b>Unquoted investment</b>		
International Tobacco Company Limited		
3,00,000 Equity shares of Rs.100 each fully paid up	<b>3250.00</b>	3250.00
Godfrey Phillips Middle East DMCC		
200 Equity shares of AED 1000 each fully paid up	<b>35.50</b>	35.50



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
Flavors And More, Inc. (Refer Note No.48)		
1,130 (Previous year 980) Ordinary shares with no par value	1508.50	1298.90
Less: Provision made for decline in the value	1508.50	-
	-	1298.90
Chase Investments Limited		
2,01,210 Equity shares of Rs.100 each fully paid up	360.26	360.26
1,58,490 Equity shares of Rs.100 each Rs.50 paid up	79.24	79.24
Friendly Reality Projects Limited		
6,650 Equity shares of Rs. 100 each fully paid up	2134.65	2134.65
5,000 Equity Shares of Rs.100 each (Previous year Rs.75 paid up)	1600.00	1200.00
	7459.65	8358.55
<b>9.2 Investment in associates</b>		
<b>Break-up of investment in associates (carrying amount at cost)</b>		
<b>Unquoted investment</b>		
IPM India Wholesale Trading Private Limited		
49,60,000 Equity shares of Rs. 10 each fully paid up	496.00	496.00
Less: Provision made for decline in the value	496.00	496.00
	-	-
KKM Management Centre Private Limited		
11,02,500 Equity shares of Rs.10 each fully paid up	110.25	110.25
Success Principles India Limited		
Nil (Previous year 1,99,673) Units Equity shares of Rs.10 each fully paid up	-	19.97
(Refer Note No.45)	110.25	130.22
	7569.90	8488.77
<b>9.3 Investment in mutual funds</b>		
<b>Non-current investment in mutual funds</b>		
<b>(valued at fair value through profit or loss)</b>	80892.03	63359.23
<b>Current investment in mutual funds</b>		
<b>(valued at fair value through profit or loss)</b>	23548.56	17032.91
<b>Break-up of non-current investment in mutual funds</b>		
<b>Franklin Templeton Mutual Fund</b>		
1,00,00,000 Units of Franklin India Fixed Maturity Plans-Series 2- Plan C (1205 Days)- Direct- Growth of Rs. 10 each	1091.87	1015.72
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 3- Plan C (1132 Days) - Direct-Growth of Rs. 10 each	539.31	502.73
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan C (1098 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	530.81	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan D (1098 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	529.06	-
7,69,483 Units of Franklin India Corporate Debt Fund Plan A Direct of Rs. 10 each (purchased during the year)	533.55	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan D (1238 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	513.54	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan F (1203 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	508.85	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 6- Plan C (1169 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	502.59	-
<b>ICICI Prudential Mutual Fund</b>		
Nil (Previous year 13,88,808) Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each	-	764.56
41,57,762 Units of ICICI Prudential Short Term Fund-Direct Plan-Growth Option of Rs.10 each	1677.44	1559.34
76,48,263 Units (Previous year 75,28,363 units of ICICI Prudential Dynamic Bond Fund Direct Plan-Growth) of ICICI Prudential Banking and PSU Debt Fund-Direct Plan-Growth of Rs.10 each (Earlier scheme merged)	1649.29	1545.55
29,21,824 Units of ICICI Prudential Banking and PSU Debt Fund-Direct Plan-Growth of Rs.10 each	630.07	590.72
75,73,199 Units of ICICI Prudential Medium Term Bond Fund Direct Plan-Growth of Rs. 10 each	2271.39	2142.46
Nil (Previous year 28,01,120) Units of ICICI Prudential Balanced Advantage Fund-Direct Plan-Growth of Rs.10 each	-	985.71
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1275 Days Plan K-Direct Plan of Rs.10 each (purchased during the year)	530.20	-





Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>Break-up of non-current investment in mutual funds (continued)</b>		
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1287 Days Plan I-Direct Plan of Rs.10 each (purchased during the year)	523.91	-
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1245 Days Plan N-Direct Plan of Rs.10 each (purchased during the year)	525.88	-
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1254 Days Plan U-Direct Plan of Rs.10 each (purchased during the year)	515.12	-
1,00,00,000 Units of ICICI Prudential Fixed Maturity Plan Series 84 -1188 Days Plan Z-Direct Plan of Rs. 10 each (purchased during the year)	1025.54	-
50,00,000 Units ICICI Prudential Fixed Maturity Plan Series 85 -1178 Days Plan B-Direct Plan of Rs. 10 each (purchased during the year)	511.17	-
50,00,000 Units ICICI Prudential Fixed Maturity Plan Series 85 -1175 Days Plan D-Direct Plan of Rs. 10 each (purchased during the year)	508.44	-
25,72,969 Units of ICICI Prudential Corporate Bond Fund-Direct Plan -Growth of Rs. 10 each (purchased during the year)	506.01	-
<b>Aditya Birla Sunlife Mutual Fund</b>		
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each	565.91	539.77
Nil (Previous year 19,53,831) Units of Aditya Birla Sun Life Income Fund -Growth-Regular Plan of Rs.10 each	-	1484.73
8,72,520 Units of Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan of Rs. 10 each Nil (Previous year 46,01,340) Units of Aditya Birla Sunlife Medium Term Plan -Growth-Direct Plan of Rs.10 each	629.66	583.02
Nil (Previous year 38,98,939) Units of Aditya Birla Sunlife Credit Risk Fund - Growth-Direct of Rs.10 each	-	1045.39
1,00,00,000 Units of Aditya Birla Sunlife Fixed Term Plan -Series PG (1148 Days) - Direct-Growth of Rs.10 each	-	518.75
Nil (Previous year 61,167) Units of Aditya Birla Sunlife Equity Hybrid 95 Fund Growth-Direct Plan of Rs.10 each	1085.59	1010.68
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QQ (1100 Days) -Direct Growth of Rs. 10 each (Purchased during the year)	-	475.86
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QU (1100 Days) -Direct Growth of Rs. 10 each (Purchased during the year)	521.52	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QO- (1100 Days) -Direct Growth of Rs. 10 each (Purchased during the year)	532.23	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RH (1281 Days) -Direct -Growth of Rs. 10 each (purchased during the period)	534.83	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan -Series QR (1126 Days) -Direct Growth of Rs. 10 each (purchased during the year)	529.15	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RN (1240 Days) -Direct Growth of Rs. 10 each (purchased during the year)	527.02	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RW (1202 Days) -Direct Growth of Rs. 10 each (purchased during the year)	525.47	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SG (1155 DAYS)-Direct Growth of Rs. 10 each (Purchased during the year)	517.34	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SJ (1135 DAYS)-Direct Growth of Rs. 10 each (Purchased during the year)	509.10	-
<b>IDFC Mutual Fund</b>	504.50	-
Nil (Previous year 52,81,572) Units of IDFC Super Saver Income Fund-Investment Plan -Growth -(Direct Plan) of Rs.10 each	-	2275.24
12,82,926 Units of IDFC Bond Fund-Short Term Plan-Growth -Direct Plan of Rs. 10 each (Purchased during the year)	507.33	-
78,77,427 Units of IDFC Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	1013.07	-
50,00,000 Units of IDFC Fixed Term Plan Series 176 Direct Plan -Growth (1170 Days) of Rs. 10 each (Purchased during the year)	508.99	-
50,00,000 Units of IDFC Fixed Term Plan Series 177 Direct Plan -Growth (1160 Days) of Rs. 10 each (Purchased during the year)	504.93	-
31,47,920 Units of IDFC Banking & PSU Debt Fund-Direct Plan -Growth of Rs. 10 each (Purchased during the year)	510.80	-
<b>HDFC Mutual Fund</b>		
60,89,466 Units of HDFC Corporate Bond Fund-Direct Plan-Growth Option of Rs.10 each	1274.87	1181.83
2,60,51,855 Units of HDFC Banking and PSU Debt Fund Direct Growth Option of Rs. 10 each	3969.57	3696.39
68,09,948 Units of HDFC Credit Risk Debt Fund-Direct -Growth of Rs.10 each	1084.04	1016.98



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>Break-up of non-current investment in mutual funds (continued)</b>		
50,00,000 Units of HDFC FMP 1177D March, 2018(1)		
- Direct-Growth-Series 39 of Rs.10 each	<b>534.77</b>	500.00
Nil (Previous year 3,20,842) Units of HDFC Hybrid Equity Fund		
-Direct Plan-Growth Option of Rs.10 each	-	489.96
1,00,00,000 Units of HDFC FMP 1141D August 2018(1) -Direct-Growth-Series 42 of Rs.10 each (Purchased during the year)	<b>1047.59</b>	-
1,00,00,000 Units of HDFC FMP 1344D October 2018(1)		
-Direct-Growth-Series 43 of Rs.10 each (purchased during the quarter)	<b>1050.57</b>	-
50,00,000 Units of HDFC FMP 1274D October 2018(1)		
-Direct-Growth-Series 43 of Rs.10 each (purchased during the year)	<b>532.05</b>	-
50,00,000 Units of HDFC FMP 1154D February 2019 (1)-Direct-Growth Series 43 of Rs.10 each (purchased during the year)	<b>508.89</b>	-
50,00,000 Units of HDFC FMP 1126D March 2019 (1)-Direct-Growth Series 44 of Rs.10 each (purchased during the year)	<b>504.96</b>	-
<b>SBI Mutual Fund</b>		
Nil (Previous year 1,06,10,005) Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	-	2257.09
83,68,134 Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs. 10 each.	<b>1844.42</b>	1715.54
36,78,702 Units of SBI Credit Risk Fund-Direct-Growth of Rs.10 each	<b>1140.68</b>	1058.08
50,00,000 Units of SBI Debt Fund Series -C-12-(1122 Days) -Direct-Growth of Rs. 10 each	<b>538.59</b>	502.69
Nil (Previous year 3,81,300) Units of SBI Equity Hybrid Fund -Direct-Growth of Rs. 100 each	-	491.23
1,00,00,000 Units of SBI Debt Fund Series -C-22-(1100 Days)		
-Direct-Growth of Rs. 10 each (Purchased during the year)	<b>1053.98</b>	-
50,00,000 Units of SBI Debt Fund Series -C-25-(1100 Days)		
-Direct-Growth of Rs. 10 each (Purchased during the year)	<b>529.96</b>	-
50,00,000 Units of SBI Debt Fund Series -C-27-(1260 Days)		
-Direct-Growth of Rs. 10 each (purchased during the year)	<b>529.68</b>	-
50,00,000 Units of SBI Debt Fund Series -C-28-(1240 Days)		
-Direct-Growth of Rs. 10 each (purchased during the year)	<b>525.22</b>	-
50,00,000 Units of SBI Debt Fund Series -C-33-(1216 Days)		
-Direct-Growth of Rs. 10 each (purchased during the year)	<b>516.50</b>	-
50,00,000 Units of SBI Debt Fund Series C-40 (1177 Days)		
-Direct Growth of Rs. 10 each (purchased during the year)	<b>512.35</b>	-
50,00,000 Units of SBI Debt Fund Series C-44 (1175 Days)		
-Direct Growth of Rs. 10 each (purchased during the year)	<b>507.71</b>	-
50,00,000 Units of SBI Debt Fund Series C-43 (1176 Days)		
-Direct Growth of Rs. 10 each (purchased during the year)	<b>509.49</b>	-
50,00,000 Units of SBI Debt Fund Series C-48 (1177 Days)		
-Direct Growth of Rs. 10 each (purchased during the year)	<b>503.02</b>	-
<b>AXIS Mutual Fund</b>		
Nil (Previous year 79,97,505) Units of AXIS Dynamic Bond Fund		
-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	-	1492.73
72,29,194 Units of AXIS Credit Risk Fund -Direct-Growth (IO-DG) of Rs.10 each	<b>1110.28</b>	1029.11
50,00,000 Units of AXIS Fixed Term Plan Series-96 (1124 Days)		
-Direct-Growth (WH-DG) of Rs.10 each (purchased during the year)	<b>520.39</b>	-
<b>DSP BlackRock Mutual Fund</b>		
Nil (Previous year 1,08,760) Units of DSP Strategic Bond Fund		
-Direct Plan-Growth of Rs.1000 each	-	2237.55
Nil (Previous year 34,77,511) Units of DSP Credit Risk Fund		
-Direct-Growth of Rs 10 each	-	1024.63
1,00,00,000 Units of DSP FMP- Series 221-40M -Direct-Growth of Rs 10 each	<b>1087.35</b>	1013.21
50,00,000 Units of DSP FMP -S241-36M-		
Direct-Growth of Rs. 10 each (Purchased during the year)	<b>525.42</b>	-
<b>DHFL Pramerica Mutual Fund</b>		
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AC		
-Direct Plan-Growth of Rs. 1000 each	<b>583.59</b>	547.46
Nil (Previous year 63,55,000) Units of DHFL Pramerica Short Maturity Fund		
-Direct Plan-Growth of Rs.10 each	-	2113.13
Nil (Previous year 1,62,327) Units of DHFL Pramerica Insta		
Cash Plus Fund-Bonus of Rs.10 each	-	249.68
Nil (Previous year 35,20,904) Units of DHFL Pramerica Medium		
Term Fund-Direct Plan-Growth of Rs. 10 each	-	532.41
Nil (Previous year 35,80,149) Units of DHFL Pramerica Credit Risk Fund		
-Direct Plan-Growth of Rs. 10 each	-	511.01



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>Break-up of non-current investment in mutual funds (continued)</b>		
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AR		
-Direct Plan-Growth of Rs.1000 each	<b>505.32</b>	502.46
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series BE- Direct Plan-Growth of Rs.1000 each (Purchased during the year)	<b>480.89</b>	-
1,00,000 Units of DHFL Pramerica Fixed Duration Fund-Series BC Direct Plan-Growth of Rs. 1000 each (purchased during the year)	<b>1043.26</b>	-
<b>Reliance Mutual Fund</b>		
Nil (Previous year 33,73,190) Units of Reliance Income Fund	-	553.41
-Direct Growth Plan-Bonus Option of Rs.10 each	<b>1178.36</b>	1100.33
32,66,543 Units of Reliance Short Term Fund-Direct Growth Plan Growth Option of Rs.10 each		
1,00,00,000 Units of Reliance Fixed Horizon Fund XXXIII-Series 5	<b>1179.94</b>	1094.38
-Direct- Growth Plan of Rs.10 each	<b>1134.29</b>	1069.62
73,87,161 Units of Reliance Strategic Debt Fund-Direct-Growth Plan of Rs.10 each		
1,00,00,000 Units of Reliance Fixed Horizon Fund -XXXV-Series 16	<b>1088.55</b>	1019.61
- Direct Growth Plan of Rs.10 each		
50,00,000 Units of Reliance Fixed Horizon Fund -XXXVI-Series 8	<b>536.59</b>	502.23
- Direct Growth Plan of Rs.10 each		
50,00,000 Units of Reliance Fixed Horizon Fund -XXXVII-Series 04	<b>547.00</b>	-
- Direct- Growth Plan of Rs.10 each (purchased during the year)		
1,00,00,000 Units of Reliance Fixed Horizon Fund -XXXVIII-Series 02	<b>1064.20</b>	-
- Direct Growth Plan of Rs.10 each (purchased during the year)		
50,00,000 Units of Reliance Fixed Horizon Fund -XXXIX-Series 9	<b>531.74</b>	-
- Direct -Growth Plan of Rs.10 each (purchased during the year)		
<b>UTI Mutual Fund</b>		
1,51,52,603 Units of UTI- Short Term Income Fund-Direct Growth Plan of Rs. 10 each	<b>3511.54</b>	3278.37
Nil (Previous year 76,42,438) Units of UTI- Dynamic Bond Fund		
- Direct- Growth-Plan of Rs.10 each	-	1582.98
1,52,09,282 Units of UTI Credit Risk Fund-Direct-Growth Plan of Rs. 10 each	<b>2739.21</b>	2567.94
1,00,00,000 Units of UTI Fixed Term Income Fund Series XXX-III-1106 Days		
-Direct-Growth Plan of Rs. 10 each (purchased during the year)	<b>1045.00</b>	-
50,00,000 Units of UTI Fixed Term Income Fund Series XXXII-(1209 Days)		
-Direct-Growth Plan of Rs. 10 each (purchased during the year)	<b>515.95</b>	-
50,00,000 Units of UTI Fixed Term Income Fund Series XXXIII-1174 Days		
-Direct Growth Plan of Rs. 10 each (purchased during the year)	<b>512.08</b>	-
<b>TATA Mutual Fund</b>		
34,85,851 Units of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	<b>1185.84</b>	1168.95
50,00,000 Units of Tata Fixed Maturity Plan Series 53 Scheme A-Direct Plan-Growth of Rs. 10 each	<b>539.81</b>	502.51
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme E		
-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>523.94</b>	-
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme F		
-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>521.52</b>	-
<b>Kotak Mutual Fund</b>		
33,48,603 Units of Kotak Bond (Short Term)-Direct Plan-Growth of Rs. 10 each	<b>1221.36</b>	1127.76
76,74,987 Units of Kotak Credit Risk Fund-Direct Plan-Growth of Rs. 10 each	<b>1652.99</b>	1540.64
50,00,000 Units of Kotak FMP Series 220 - Direct-Growth of Rs. 10 each	<b>539.37</b>	500.00
50,00,000 Units of Kotak FMP Series 234 - Direct-Growth of Rs. 10 each (purchased during the year)	<b>528.63</b>	-
50,00,000 Units of Kotak FMP Series 250 - Direct-Growth of Rs. 10 each (purchased during the year)	<b>529.62</b>	-
50,00,000 Units of Kotak FMP Series 252 - Direct-Growth of Rs. 10 each (purchased during the year)	<b>521.90</b>	-
19,858 Units of Kotak Corporate Bond Fund Direct Growth of Rs. 1000 each (purchased during the year)	<b>501.87</b>	-
<b>Edelweiss Mutual Fund</b>		
Nil (Previous year 74,63,076) Units of Edelweiss Corporate Bond Fund	-	1015.74
-Direct Plan-Growth (CD-D1) of Rs. 10 each	<b>514.36</b>	-
50,000 Units of Edelweiss Alpha Fund Scheme I of Rs. 1,000 each (purchased during the year)		
<b>IIFL Mutual Fund</b>		
35,22,764 Units of IIFL Dynamic Bond Fund -Direct Plan-Growth of Rs. 10 each	<b>536.41</b>	502.48
50,00,000 Units of IIFL Select Series II of Rs. 10 each (purchased during the year)	<b>489.03</b>	-



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>Break-up of non-current investment in mutual funds (continued)</b>		
<b>HSBC Mutual Fund</b>		
1,00,00,000 Units of HSBC FTS 133-Growth-Direct -1134 days of Rs.10 each	<b>1072.05</b>	1000.00
<b>L&amp;T Mutual Fund</b>		
24,92,473 Units of L&T Credit Risk Fund -Direct Plan -Growth of Rs. 10 each	<b>541.47</b>	508.06
27,52,410 Units of L&T Short Term Bond Fund-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>505.41</b>	-
<b>Sundaram Mutual Fund</b>		
1,50,00,000 Units of Sundaram Fixed Term Plan IE Direct -Growth of Rs. 10 each	<b>1622.18</b>	1520.82
50,00,000 Units of Sundaram Fixed Term Plan IK Direct -Growth of Rs. 10 each (purchased during the year)	<b>536.45</b>	-
<b>BOI AXA Mutual Fund</b>		
37,28,783 Units of BOI AXA Credit Risk Fund -Direct Plan of Rs. 10 each (purchased during the year)	<b>496.48</b>	-
<b>Total aggregate non-current investment in mutual funds</b>	<b>80892.03</b>	63359.23
<b>Break-up of current investment in mutual funds</b>		
<b>SBI Mutual Fund</b>		
1,43,44,289 Units of SBI Arbitrage Opportunities Fund Direct Plan Dividend of Rs 10 each (Purchased during the year)	<b>2048.46</b>	-
20,565 Units SBI Magnum Low Duration Fund-Direct-Growth of Rs 10 each (purchased during the year)	<b>500.20</b>	-
<b>ICICI Mutual Fund</b>		
1,40,61,128 Units ICICI Prudential Equity Arbitrage Fund Direct Plan Dividend of Rs.10 each (purchased during the year)	<b>2037.65</b>	-
66,43,408 Units of ICICI Prudential Liquid Fund -Growth of Rs. 100 each	-	17032.91
<b>UTI Mutual Fund</b>		
1,19,80,317 Units of UTI Arbitrage Fund-Direct Dividend Plan Reinvestment of Rs. 10 each (purchased during the year)	<b>2031.05</b>	-
<b>Tata Mutual Fund</b>		
50,00,000 Units of Tata Arbitrage Fund Direct Plan Monthly Dividend of Rs. 10 each (purchased during the year)	<b>508.87</b>	-
<b>Kotak Mutual Fund</b>		
5,37,51,016 Units of Kotak Savings Fund-Direct Plan -Growth of Rs. 10 each (purchased during the year)	<b>16422.33</b>	-
<b>Total aggregate current investment in mutual funds</b>	<b>23548.56</b>	17032.91
<b>9.4 Investment-others-non-current</b>		
<b>Indian Railway Finance Corporation Limited (valued at amortized cost)</b>		
43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up	<b>435.01</b>	435.01
<b>Investment in Alternative Investment Funds (valued at fair value through profit or loss)</b>		
19,96,885 units of IIFL India Housing Fund of Rs. 10 each	<b>207.65</b>	200.18
<b>Investment in Market Lined Debentures (MLD) (valued at fair value through profit or loss)</b>		
500 units of Samasta Micro Finance Limited Rs. 100,000 each (purchased during the year)	<b>538.35</b>	-
50 Units of JM Financial Products Limited of Rs 10,00,000 each (Purchased during the year)	<b>507.71</b>	-
187 Units of IIFL Wealth Finance Limited of Rs. 1,00,000 each (purchased during the year)	<b>203.70</b>	-
	<b>1892.42</b>	635.19
<b>9.5 Investment-others-current</b>		
<b>Investment in Market Linked Debentures (MLD) (valued at fair value through profit or loss)</b>		
35 units of Home Credit India Finance Private Limited Rs. 10,00,000 each (purchased during the year)	<b>364.77</b>	-
	<b>364.77</b>	-
<b>9.6 Other equity instruments</b>		
<b>Investments in equity investments (valued at fair value)</b>		
<b>Unquoted investment</b>		
Molind Engineering Limited		
3,500 Equity shares of Rs.10 each fully paid up	<b>0.25</b>	0.25
Less: Written-off	<b>(0.25)</b>	(0.25)
<b>Investment in other equity instruments</b>	-	-



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>10. Financial assets - Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)</b>		
<b>Non-current</b>		
Loans to related parties (Refer Note No.45)		
- Loan to officers	16.40	21.10
Loans to employees	594.13	606.81
	<u>610.53</u>	<u>627.91</u>
<b>Current</b>		
Loans to related parties (Refer Note No.45)		
- Loan to officers	4.70	4.70
- Loan to subsidiary companies	-	14.28
Loans to employees	121.60	101.37
	<u>126.30</u>	<u>120.35</u>
<b>Total</b>	<u>736.83</u>	<u>748.26</u>

## 11. Income taxes

The major components of Income tax expenses are:

	Year ended 31.3.2019	Year ended 31.3.2018
<b>Statement of profit and loss:</b>		
<b>Current income tax</b>		
In respect of the current year	12277.10	7268.69
In respect of the prior years	(246.35)	(168.00)
<b>Deferred tax</b>		
In respect of the current year	116.15	91.57
In respect of the prior years	20.10	160.30
<b>Total income tax expense recognised in the statement of profit and loss</b>	<u>12167.00</u>	<u>7352.56</u>
<b>Statement of Other Comprehensive Income:</b>		
<b>Current tax related to items recognised in Other Comprehensive Income during the year:</b>		
In respect of the current year	98.10	(251.31)
<b>Income tax charged to OCI</b>	<u>98.10</u>	<u>(251.31)</u>
<b>The income tax expense for the year can be reconciled to the accounting profit multiplied by corporate tax rate as follows:</b>		
<b>Profit before tax</b>	36263.73	23428.80
Income tax expense calculated at corporate tax rate of 34.944% (previous year 34.608%)	12672.00	8108.24
Differential tax rate on long term capital gain on sale of investments and fair value (gain)/loss on investments	(603.93)	(659.58)
Differential tax rate on provision made due to decline in value of non current investments	175.71	-
Effect of expenses that are not deductible in determining taxable profit	240.87	177.86
Effect of exempt non-operating income	(100.42)	(106.06)
Others	(217.23)	(167.90)
<b>At the effective income tax rate of 33.55% (Previous year: 31.38%)</b>	<u>12167.00</u>	<u>7352.56</u>

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.944% (30% + surcharge @12% and cess @ 4%) (Previous year 34.608%) (30% + surcharge @12% and cess @ 3%) payable by corporate entities in India on taxable profits under the Indian tax laws.

**Deferred tax balances along with movement are as follows:**

Rupees in Lakhs

	Opening Balance	Recognised in statement of profit & loss	Closing Balance
<b>For the year ended March 31, 2019</b>			
<b>Deferred tax assets in relation to:</b>			
Provisions for compensated absences	2206.52	(272.83)	1933.69
Accrued expenses deductible on payment basis	968.68	(130.18)	838.50
Foreign exchange difference arising on account of import of Property, plant and equipments	33.95	-	33.95
Provision for decline in value of non current investments	-	351.42	351.42
Other financial assets (Net)	-	8.10	8.10
Provision for doubtful debts	65.07	29.78	94.85
Long term capital loss on investments sold	0.38	(0.38)	-
	<b>3274.60</b>	<b>(14.10)</b>	<b>3260.51</b>
<b>Deferred tax liabilities in relation to:</b>			
Investment in mutual funds and market linked debentures fair valued through profit or loss	(1099.41)	(215.27)	(1314.68)
Other financial assets (Net)	(0.45)	0.45	-
Property, plant and equipments, intangible assets and investment properties	(2246.73)	92.68	(2154.05)
	<b>(3346.59)</b>	<b>(122.15)</b>	<b>(3468.73)</b>
<b>Net deferred tax (liabilities)/assets</b>	<b>(71.99)</b>	<b>(136.25)</b>	<b>(208.22)</b>
<b>For the year ended March 31, 2018</b>			
<b>Deferred tax assets in relation to:</b>			
Provisions for compensated absences	2134.60	71.92	2206.52
Accrued expenses deductible on payment basis	1144.92	(176.24)	968.68
Foreign exchange difference arising on account of import of Property, plant and equipments	71.00	(37.05)	33.95
Voluntary retirement scheme payments deductible in instalments	244.90	(244.90)	-
Provision for doubtful debts	-	65.07	65.07
Long term capital loss on investments sold	154.51	(154.13)	0.38
	<b>3749.93</b>	<b>(475.33)</b>	<b>3274.60</b>
<b>Deferred tax liabilities in relation to:</b>			
Investment in mutual funds fair valued through profit or loss	(1031.13)	(68.28)	(1099.41)
Other financial assets (Net)	(5.18)	4.73	(0.45)
Property, plant and equipments, intangible assets and investment properties	(2533.74)	287.01	(2246.73)
	<b>(3570.05)</b>	<b>223.46</b>	<b>(3346.59)</b>
<b>Net deferred tax (liabilities)/assets</b>	<b>179.88</b>	<b>(251.87)</b>	<b>(71.99)</b>





Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>12. Inventories</b>		
<b>(Lower of cost and net realisable value)</b>		
Raw and packing materials	<b>44999.94</b>	40539.03
Work-in-process	<b>687.88</b>	640.28
Finished goods*		
- Cigarettes	<b>4485.69</b>	3308.40
- Chewing products	<b>283.76</b>	443.97
Traded goods	<b>5159.89</b>	4775.96
Stores and spare parts (Net of provision of Rs.147.32 lakhs (Previous year Rs. 127.07 lakhs))	<b>1282.52</b>	1393.67
	<b>56899.68</b>	51101.31
<b>Inventories include in-transit inventory of:</b>		
Raw and packing materials	<b>2346.38</b>	3117.44
Work-in-process	<b>43.96</b>	-
Finished goods		
- Cigarettes	<b>563.55</b>	581.66
Traded goods	-	21.57
Stores and spare parts	-	0.79
The cost of inventories recognised as an expense include Rs. 22.58 lakhs (Previous year Rs. 70.35 lakhs) in respect of write-downs of inventory to net realisable value.		
* Includes excise duty of Rs. 534.38 lakhs (Previous year Rs. 501.28 lakhs)		

<b>13. Financial assets - Trade receivables (at amortised cost)</b>		
Unsecured - considered good	<b>4876.99</b>	6824.93
Unsecured - considered good - receivable from Subsidiary (Refer Note No.45)	<b>1820.42</b>	1925.68
Unsecured - credit impaired	<b>271.43</b>	186.20
	<b>6968.84</b>	8936.81
Less: Impairment allowance	<b>271.43</b>	186.20
<b>Total</b>	<b>6697.41</b>	8750.61
The average credit period on sale of goods ranges upto 90 days. Generally no interest is charged on trade receivables.		
<b>Age of receivables</b>		
1-30 days past due	<b>1225.63</b>	4716.27
31-45 days past due	<b>169.26</b>	564.91
46-90 days past due	<b>299.06</b>	1016.96
91-180 days past due	<b>120.68</b>	330.19
More than 180 days past due	<b>413.06</b>	266.73





	Rupees in Lakhs	
	As at 31.3.2019	As at 31.3.2018
<b>14. Financial assets - Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	<b>126.35</b>	55.08
Cheques, drafts on hand	-	62.16
Balances with banks		
- In current accounts	<b>1318.78</b>	1342.80
	<b>1445.13</b>	1460.04
<b>Other bank balances:</b>		
In earmarked accounts for		
- Margin money*	<b>1115.18</b>	1999.25
- Unpaid dividend	<b>246.57</b>	210.64
- Fixed deposit receipts lodged with government authorities	<b>2.02</b>	2.02
	<b>1363.77</b>	2211.91
<b>Cash and bank balances</b>	<b>2808.90</b>	3671.95
*The Company has given margin money to fulfill collateral requirements.		
<b>15. Other financial assets (at amortised cost)</b>		
<b>(unsecured considered good unless otherwise stated)</b>		
<b>Non-current</b>		
Security deposits	<b>1713.43</b>	1249.16
	<b>1713.43</b>	1249.16
<b>Current</b>		
Security deposits	<b>107.94</b>	82.41
Interest accrued on bank and other deposits	<b>64.12</b>	68.05
Other receivables	<b>589.80</b>	135.02
	<b>761.86</b>	285.48
<b>16. Other assets</b>		
<b>(unsecured considered good unless otherwise stated)</b>		
<b>Non-current</b>		
Capital advances	<b>56.79</b>	895.21
Prepaid expenses	<b>655.93</b>	483.67
Leasehold land under operating lease	<b>1621.71</b>	1658.63
Others	<b>0.36</b>	0.36
	<b>2334.79</b>	3037.87
<b>Current</b>		
Balance with government authorities	<b>4960.90</b>	4544.19
Prepaid expenses	<b>572.74</b>	496.32
Leasehold land under operating lease	<b>36.92</b>	36.92
Export incentives accrued/available	<b>77.16</b>	273.61
Recoverable from gratuity fund (Refer Note No.42)	-	110.09
Prepayment to suppliers	<b>1707.34</b>	1347.87
Dues from officers	<b>9.73</b>	-
Others	<b>238.90</b>	249.20
	<b>7603.69</b>	7058.20
<b>17. Assets classified as held for sale</b>		
Property, plant and equipment held for sale-carrying value	-	215.45
Less: Write down in the value	-	215.45
	-	-



	Rupees in Lakhs	
	As at 31.3.2019	As at 31.3.2018
<b>18. Equity share capital</b>		
<b>Authorised</b>		
60,000 preference shares of Rs. 100 each	<b>60.00</b>	60.00
12,20,00,000 equity shares of Rs. 2 each	<b>2440.00</b>	2440.00
	<b>2500.00</b>	2500.00
<b>Issued, subscribed and fully paid up</b>		
5,19,93,920 equity shares of Rs. 2 each	<b>1039.88</b>	1039.88

- (i) There has been no movement in the equity shares in the current and previous year.
- (ii) The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
- (iii) Details of shareholders holding more than 5% shares in the company:

Name of the shareholder	As at 31.3.2019		As at 31.3.2018	
	Number of shares	% holding	Number of shares	% holding
a) Philip Morris Global Brands Inc.	<b>13050475</b>	<b>25.10%</b>	13050475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	<b>15196660</b>	<b>29.23%</b>	15196660	29.23%
c) Good Investment (India) Ltd.	<b>4309220</b>	<b>8.29%</b>	4309220	8.29%
d) National Westminster Bank Plc As Trustee of The Jupiter India Fund	<b>4058434</b>	<b>7.81%</b>	3667722	7.05%

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

	Rupees in Lakhs	
	As at 31.3.2019	As at 31.3.2018
<b>19. Other equity</b>		
Capital redemption reserve	<b>30.00</b>	30.00
General reserve	<b>37430.72</b>	34430.72
Retained earnings	<b>151126.80</b>	135227.20
	<b>188587.52</b>	169687.92
<b>General reserve</b>		
Opening balance	<b>34430.72</b>	31930.72
Add: Transfer from retained earnings	<b>3000.00</b>	2500.00
Closing balance	<b>37430.72</b>	34430.72
<b>Retained earnings</b>		
Balance at beginning of year	<b>135227.20</b>	126182.41
Profit for the current year	<b>24096.73</b>	16076.24
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax*	<b>(182.62)</b>	474.84
Payment of dividend on equity shares (Rs.8 per share; previous year Rs.8 per share)	<b>(4159.51)</b>	(4159.51)
Dividend distribution tax	<b>(855.00)</b>	(846.78)
Transfer to general reserve	<b>(3000.00)</b>	(2500.00)
<b>Balance at end of year</b>	<b>151126.80</b>	135227.20

\* Net of income tax of Rs. 98.10 lakhs (Previous year Rs. (251.31) lakhs)

**Capital redemption reserve:**

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

**General reserve:**

The amount transferred to the general reserve is Rs.3000 lakhs (previous year Rs.2500 lakhs). The general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

## 19. Other equity (continued)

### Retained earnings:

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

In respect of the year ended March 31, 2019, the directors have, in the board meeting held on May 30, 2019, proposed a dividend of Rs.10 per fully paid equity share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liability in the financial statements. The proposed equity dividend is payable to all the holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs. 5199.39 lakhs apart from Rs. 1068.75 lakhs towards dividend distribution tax.

	Rupees in Lakhs	
	As at 31.3.2019	As at 31.3.2018
<b>20. Financial liabilities - Borrowings</b>		
<b>Current borrowings-carried at amortised cost</b>		
<b>Secured</b>		
Loans from banks repayable on demand*	<b>4117.86</b>	2671.94
<b>Total current borrowings</b>	<b>4117.86</b>	2671.94

### Details of security and terms of above loans:

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

The above current borrowings carry interest ranging between 8.35% to 9.00% per annum.

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

	Rupees in Lakhs		
Particulars	Borrowing-Non Current	Borrowing-Current	Total
<b>Balance at April 1, 2017</b>	<b>2594.00</b>	<b>4621.93</b>	<b>7215.93</b>
Cash Flow	(2594.00)	(1949.99)	(4543.99)
<b>Balance at March 31, 2018</b>	-	<b>2671.94</b>	<b>2671.94</b>
Cash Flow	-	1445.92	1445.92
<b>Balance at March 31, 2019</b>	-	<b>4117.86</b>	<b>4117.86</b>

	Rupees in Lakhs	
	As at 31.3.2019	As at 31.3.2018
<b>21. Other financial liabilities</b>		
<b>Non-current</b>		
Security deposits - at amortised cost	<b>85.80</b>	86.53
	<b>85.80</b>	86.53
<b>Current</b>		
Interest accrued but not due on borrowings	<b>1.27</b>	1.74
Interest accrued on other than borrowings	<b>417.99</b>	758.03
Unclaimed dividends	<b>246.57</b>	210.64
Payable to gratuity fund (Refer Note No.42)	<b>617.92</b>	-
Liability towards property, plant & equipments	<b>1351.14</b>	1039.38
Security deposits - at amortised cost	<b>14.15</b>	12.47
Book overdrafts	<b>611.18</b>	505.86
	<b>3260.22</b>	2528.12
<b>22. Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits		
- provision for compensated absences (Refer Note No.47)	<b>2041.83</b>	4725.09
	<b>2041.83</b>	4725.09
<b>Current</b>		
Provision for employee benefits		
- provision for compensated absences (Refer Note No.47)	<b>1054.33</b>	1589.37
	<b>1054.33</b>	1589.37
	<b>3096.16</b>	6314.46

Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>23. Financial liabilities - Trade payables</b>		
Micro and small enterprises (Refer Note No.39)	<b>1020.85</b>	5.94
Other than Micro and small enterprises	<b>21248.76</b>	15757.96
Payables to subsidiaries (Refer Note No.45)	<b>979.18</b>	832.09
Employee payables (Refer Note No.47)	<b>5842.46</b>	822.96
	<b>29091.25</b>	17418.95

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

<b>24. Income tax assets and liabilities</b>		
<b>Income tax assets (net)</b>		
Income tax recoverable	<b>2655.67</b>	2056.20
<b>Total income tax assets</b>	<b>2655.67</b>	2056.20
<b>Income tax liabilities (net)</b>		
Income tax payable (net of advance tax and TDS recoverable)	<b>485.09</b>	720.94
<b>Total income tax liabilities</b>	<b>485.09</b>	720.94

<b>25. Other liabilities</b>		
<b>Current</b>		
Statutory dues	<b>31178.98</b>	28768.80
Advances from customers (Contract liabilities)*		
- From subsidiaries	<b>453.23</b>	-
- From others	<b>2772.53</b>	2236.85
Others	<b>29.09</b>	34.25
	<b>34433.83</b>	31039.90

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

	Year ended 31.3.2019	Year ended 31.3.2018
Revenue recognised from amounts included in Advances from customers at beginning of the year	<b>2236.85</b>	1275.63

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

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

### Sources of revenue

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

a) Disaggregated revenue information	Rupees in Lakhs	
	Year ended 31.3.2019	Year ended 31.3.2018
Cigarettes*	<b>179560.93</b>	205650.74
Unmanufactured tobacco**	<b>26726.50</b>	19103.61
Cut tobacco	<b>4619.16</b>	3606.73
Chewing products#	<b>16865.24</b>	26861.89
Other traded goods	<b>28670.41</b>	29401.08
<b>Total (A)</b>	<b>256442.24</b>	284624.05

\*includes incremental revenue of Rs. 7766.44 lakhs (previous year Rs. 5996.72 lakhs) arising from resale of Marlboro cigarettes manufactured by the Company

\*\*transferred from raw and packing materials

#includes chewing tobacco purchased for resale

### Disaggregate revenue information

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

### Revenues by Geography

Particulars	Rupees in Lakhs	
	Year ended 31.3.2019	Year ended 31.3.2018
Within India	<b>207083.09</b>	243964.43
Outside India	<b>49359.15</b>	40659.62
<b>Total</b>	<b>256442.24</b>	284624.05

### Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective transitional approach without using the practical expedients. The Ind AS 115 introduces a five step approach to revenue recognition. Details of the new requirements as well as their impact on the Company's financial statements are described below:-

Ind AS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'unbilled revenue' and 'advance from customers'. However, the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The Company has used the same terminology as used in Ind AS 18 to describe such balances.

The Company's accounting policies for its revenue streams are disclosed in detail in Note 4.1.1. Apart from providing more extensive disclosures on the Company's revenue transactions, the application of Ind AS 115 did not have a significant impact on the balance sheet and/or financial performance of the Company.

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

Rupees in Lakhs

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Revenue as per contract	<b>265860.10</b>	294898.73
Adjustments:		
Sales return	<b>(576.93)</b>	(1187.98)
Discounts, rebates, etc.	<b>(8840.93)</b>	(9086.70)
<b>Revenue from contracts with customers</b>	<b>256442.24</b>	284624.05
<b>ii) Other operating revenues</b>		
Export incentives	<b>77.39</b>	312.75
Contract manufacturing charges-Tea business	-	129.09
Recovery towards services rendered	<b>597.63</b>	601.56
Receipts from sale of scrap and ancillary products	<b>998.45</b>	655.29
Insurance claims	<b>30.24</b>	310.19
Other receipts	<b>1057.30</b>	1033.81
<b>Total (B)</b>	<b>2761.01</b>	3042.69
<b>Total revenue from operations (A+B)</b>	<b>259203.25</b>	287666.74

#Consequent to introduction of Goods and Services Tax (GST) with effect from July 1, 2017, Central Excise [other than National Calamity Contingent Duty (NCCD) on cigarettes and chewing tobacco] and Value Added Tax (VAT) have been subsumed into GST. In accordance with Indian Accounting Standard as applicable and Schedule III of the Companies Act, 2013, levies like GST, GST Compensation Cess and VAT are not included in Revenue from sale of products and services. Accordingly, Revenue from contracts with customers and excise duty for the year ended March 31, 2019 are not comparable with the previous year. Following additional information is being provided to facilitate such comparison:

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Gross Sales Value inclusive of Taxes (A)	<b>619423.24</b>	580321.06
Taxes other than Excise Duty/NCCD (B)	<b>362981.00</b>	295697.01
Revenue from contracts with customers [C=(A-B)]	<b>256442.24</b>	284624.05

<b>27. Other income</b>		
Interest income from:		
- Debts, deposits, loans and advances, etc.*	<b>237.28</b>	184.17
- Non-current investments valued on amortised cost	<b>35.57</b>	35.57
Dividend income	<b>240.95</b>	271.76
Rent and hire charges from:		
- Subsidiary company	<b>4.80</b>	4.80
- Others (Refer Note No. 41)	<b>258.85</b>	235.91
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	<b>4633.09</b>	3605.35
- Long term investments carried at cost	<b>41.65</b>	-
- Short term investments fair valued through profit or loss	<b>1443.14</b>	397.04
Liabilities written back	<b>142.43</b>	129.04
Foreign currency fluctuation (net)	<b>631.74</b>	308.13
Miscellaneous Income	<b>229.95</b>	188.90
	<b>7899.45</b>	5360.67
*includes interest income calculated in relation to financial assets valued on amortised cost basis.	<b>74.88</b>	54.13



Rupees in Lakhs

	Year ended 31.3.2019	Year ended 31.3.2018
<b>28. Cost of materials consumed</b>		
(Raw and packing materials)		
Unmanufactured and blended tobacco	<b>25479.20</b>	23953.62
Cigarette paper	<b>837.20</b>	721.01
Cardboard (shells, slides and others)	<b>8526.00</b>	8123.73
Filter rods	<b>10961.76</b>	8360.75
Aluminium foil/metallised paper	<b>1524.43</b>	1429.30
Cellulose paper	<b>1003.25</b>	911.28
Flavours for chewing products	<b>773.94</b>	1131.35
Betel nut	<b>4649.89</b>	8002.79
Katha, lime and bulking agent	<b>1442.92</b>	2731.64
Paper/Laminate pouches for chewing products	<b>3076.13</b>	3839.75
Miscellaneous	<b>7196.17</b>	7927.90
	<b>65470.89</b>	67133.12
<b>29. Purchases of traded goods</b>		
Unmanufactured tobacco (transferred from raw and packing materials)	<b>19721.43</b>	14856.83
Other goods (including cigarettes purchased for resale)	<b>23303.80</b>	24288.42
	<b>43025.23</b>	39145.25
<b>30. Changes in Inventories of finished goods, traded goods and work-in-process</b>		
<b>Opening stock:</b>		
Work-in-process	<b>640.28</b>	832.43
Finished goods		
- Cigarettes	<b>3308.40</b>	10435.68
- Chewing products	<b>443.97</b>	1726.04
Traded goods	<b>4775.96</b>	9019.52
	<b>9168.61</b>	22013.67
<b>Opening stock</b>		
<b>Closing stock:</b>		
Work-in-process	<b>687.88</b>	640.28
Finished goods		
- Cigarettes	<b>4485.69</b>	3308.40
- Chewing products	<b>283.76</b>	443.97
Traded goods	<b>5159.89</b>	4775.96
	<b>10617.22</b>	9168.61
<b>Closing stock</b>		
<b>(Increase)/Decrease in inventories</b>	<b>(1448.61)</b>	12845.06
<b>31. Employee benefits expenses</b>		
Salaries and wages	<b>21414.55</b>	17333.42
Contribution to provident and other funds	<b>1460.43</b>	1307.38
Workmen and staff welfare expenses	<b>1702.19</b>	1527.60
Contribution to gratuity and superannuation fund (refer Note No.42)	<b>582.99</b>	771.16
	<b>25160.16</b>	20939.56
<b>32. Finance costs</b>		
Interest expenses on:		
- Borrowings	<b>28.66</b>	43.15
- Others*	<b>39.36</b>	74.50
Other borrowing costs	<b>17.82</b>	33.59
	<b>85.84</b>	151.24
*including Rs. 6.93 lakhs (Previous year Rs. 41.58 lakhs) towards interest on entry tax.		





Rupees in Lakhs

	Year ended 31.3.2019	Year ended 31.3.2018
<b>33. Other Expenses</b>		
Manufacturing charges paid to a subsidiary company for cigarette manufactured on our behalf (Refer Note No. 45)	<b>5678.28</b>	5079.58
Consumption of stores and spare parts*	<b>140.34</b>	80.34
Power and fuel	<b>3435.16</b>	2418.15
Rent (Refer Note No. 41)	<b>5063.27</b>	3068.98
Repairs and maintenance		
- Buildings	<b>759.64</b>	689.71
- Plant and machinery	<b>1094.16</b>	961.08
- Others	<b>1374.02</b>	1329.75
Insurance	<b>398.45</b>	475.27
Rates and taxes	<b>1857.16</b>	2269.14
Freight and cartage	<b>4029.91</b>	3865.73
Legal and professional expenses	<b>9166.21</b>	6668.23
Auditors' Remuneration (net of cenvatable indirect tax)		
- Audit fees	<b>90.00</b>	92.00
- For tax audit	<b>21.00</b>	21.00
- For limited review of unaudited financial statements	<b>62.00</b>	53.50
- For consolidated financial statements	<b>7.50</b>	7.50
- For other services and certificates	<b>2.90</b>	4.10
- Reimbursement of expenses and expenses incurred	<b>18.30</b>	19.47
Commission paid to other than sole selling agents	<b>249.26</b>	318.62
Commission paid to non-executive director (Refer Note No.45)	<b>150.00</b>	150.00
Advertising and sales promotion	<b>14554.66</b>	13140.32
Selling and distribution expenses	<b>7285.92</b>	6901.31
Travelling and conveyance	<b>2943.29</b>	3216.11
Donations	<b>777.51</b>	583.67
Contributions/expenses towards Corporate social responsibility (Refer Note No.34)	<b>568.55</b>	434.80
Bad debts and advances written off	<b>33.76</b>	122.41
Provision for doubtful debts and advances**	<b>218.18</b>	186.20
Property, plant and equipment written off	<b>89.93</b>	37.00
Loss on sale of property, plant and equipment (net)	<b>24.82</b>	196.39
Technical services fee and royalty	<b>1329.16</b>	1096.42
Consumer research activity	<b>995.89</b>	600.00
Contract labour for factories and retail stores operations	<b>3039.32</b>	2013.86
Machine and material handling expenses	<b>99.40</b>	110.72
Write down in the value of assets classified as held for sale	-	215.45
Miscellaneous expenses	<b>10388.14</b>	8883.44
	<b>75946.09</b>	65310.25

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

\*\*Net of Rs.132.95 written-off during the year (Previous year Rs.Nil).



Rupees in Lakhs

### 34. Corporate social responsibility (CSR)

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

Gross amount required to be spent by the Company during the year is Rs. 396.00 lakhs (Previous year Rs. 432.00 lakhs) and the details of amount spent are as under:

	Year ended 31.3.2019	Year ended 31.3.2018
a) By way of contribution for the above mentioned activities	<b>541.48</b>	414.10
b) Administrative expenses incurred (restricted to 5%)	<b>27.07</b>	20.70
	<b>568.55</b>	434.80

### 35. Earnings per share

Profit after tax and exceptional items (A)	<b>24096.73</b>	16076.24
Less: Exceptional items (net of tax)	-	(1307.84)
Profit after tax but before exceptional items (B)	<b>24096.73</b>	14768.40
Weighted average number of equity shares for the purpose of basic earning per share and diluted earning per share (C)	<b>51993920</b>	51993920
Basic and Diluted Earnings per share after tax and exceptional items (Rs.) [A/C] (Face value of Rs. 2 each)	<b>46.35</b>	30.92
Basic and Diluted Earnings per share after tax but before exceptional items (Rs.) [B/C] (Face value of Rs. 2 each)	<b>46.35</b>	28.40

### 36. Managerial remuneration

a) Included in expenses are:		
Salaries*	<b>377.47</b>	376.19
Monetary value of benefits	<b>277.36</b>	215.31
Commission**	<b>1448.25</b>	770.00
Sitting fees (excluding service tax /GST paid under reverse charge)	<b>57.00</b>	59.00
	<b>2160.08</b>	1420.50

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

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

b) Computation of directors' remuneration and commission:

Profit before tax	<b>36263.73</b>	23428.80
Add/(less):		
Directors' remuneration	<b>2160.08</b>	1420.50
Net gain on sale/redemption/fair valuation of long term investments	<b>(4674.74)</b>	(3605.35)
Provision made for decline in the value of non-current investments	<b>1508.50</b>	-
	<b>35257.57</b>	21243.95
Maximum remuneration to working directors @ 10% of above	<b>3525.76</b>	2124.40
Restricted to	<b>1953.08</b>	1211.50
Maximum remuneration to non-working directors @ 1% of above	<b>352.58</b>	212.44
Restricted to	<b>150.00</b>	150.00

**Rupees in Lakhs**

**As at 31.3.2019**      **As at 31.3.2018**

### 37. Contingent liabilities not provided for

- |   |                 |          |
|---|-----------------|----------|
| a) Demands from excise, income tax, goods and services tax, sales tax and other authorities not accepted by the Company @ | <b>3304.39*</b> | 4316.57* |
| b) Uncalled liability on shares partly paid (including share premium)   | <b>79.24</b>    | 479.24   |
| c) Guarantee given to a bank on behalf of subsidiary company:   |                 |          |
| – International Tobacco Company Limited   | <b>47.58</b>    | 52.60    |
| – Godfrey Phillips Middle East DMCC (AED 34.36 lakhs)   | <b>647.13@@</b> | 609.89@@ |

\*includes Rs. 322.54 lakhs (Previous year - Rs. 1622.91 lakhs) relating to demands received by the subsidiary company – International Tobacco Company Limited.

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

@@ this is to secure overdraft limit given by the bank. The actual overdrawn balance as on March 31, 2019 Rs. Nil; (Previous year Rs.11.04 lakhs) (AED 0.62 lakhs)

- d) The following are the particulars of dues on account of sales tax, goods and services tax, value added tax, excise duty and income-tax as at March 31, 2019 that have been not accepted by the Company and are in appeals:

Nature of the statute	Nature of the dues	Amount of dues (Rs.)	Amount deposited (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales tax	37.72	18.86	2006-07	Sales Tax Tribunal
Madhya Pradesh VAT Act, 2002	Value Added Tax	2.13	0.23	2014-15	Sales Tax Tribunal
		21.50	6.06	2012-13	Upto Commissioner (Appeals) Level
Goa VAT Act, 2005	Value Added Tax	0.99	-	2009-10	Upto Commissioner (Appeals) Level
Rajasthan VAT Act, 2003	Value Added Tax	205.5	64.53	2008-09 to 2013-14	Upto Commissioner (Appeals) Level
Uttar Pradesh (UP) VAT Act, 2008	Value Added Tax	222.40	151.97	2007-08 & 2012-13	Sales Tax Tribunal
		18.36	12.52	2006-07	High Court
		197.88	106.06	2014-15 & 2015-16	Upto Commissioner (Appeals) Level
Central Excise Act, 1944	Excise duty	6.47	-	2015-16 & 2016-17	Upto Commissioner (Appeals) Level
		1316.08	195.05	2008-09 to 2015-16	Customs, Excise & Service Tax Appellate Tribunal
		918.08	244.09	2007-08 to 2011-12	High Court

**Rupees in Lakhs**

<b>Nature of the statute</b>	<b>Nature of the dues</b>	<b>Amount of dues (Rs.)</b>	<b>Amount deposited (Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
The State Goods and Services Tax Act, 2017	Goods and Service Tax	49.70	-	2017-18	Upto Commissioner Level
Finance Act, 1994	Service Tax	34.94	11.70	2008-09 to 2012-13	Upto Commissioner (Appeals) Level
Income-tax Act, 1961	Income tax	244.00	244.00	1979-80 to 1982-83 & 1995-96 to 1997-98	High Court
		128.45	127.16	2009-10 & 2010-11	Income Tax Appellate Tribunal
		341.03	106.86	2012-13 to 2014-15	Commissioner of Income Tax (Appeals)
		169.21	153.50	1999-2000, 2005-06 to 2008-09	Matters have been referred back to the Assessing officer

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

<b>Name of the statute</b>	<b>Nature</b>	<b>Amount (Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where department has preferred appeal</b>
Income-tax Act, 1961	Income tax	340.54	1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
Income-tax Act, 1961	Income tax	63.21	2011-12	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	130.83	2009-10, 2010-11 & 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales tax	10.40	2007-08	High Court

- e) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the requirements of the Companies Act.
- f) The Company and its contract manufacturers have received various show cause notices from Excise Authorities asking them to explain why certain amounts mentioned in those notices should not be paid. As those notices are in the nature of explanations required, the Company does not consider them to constitute a liability of any kind.

	<b>As at 31.3.2019</b>	As at 31.3.2018
<b>38. Commitments</b>		
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	<b>1640.66</b>	1584.37

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



### 39. Dues to micro and small enterprises

The amount due to micro, small and medium enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED") has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to the micro, small and medium enterprises as at March 31, 2019 are as under:

	As at 31.3.2019	As at 31.3.2018
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of Year are as under:		
-Principal amount	1020.85	5.94
-Interest due thereon	0.04	-
Amount of payments made to suppliers beyond the appointed day during the year are as under:		
-Principal amount	20.92	7.72
-Interest actually paid under section 16 of MSMED	0.01	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED are as under:		
-Interest accrued during the year	0.21	0.03
-Interest remaining unpaid as at the end of the year	2.32	2.08
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961.	0.25	0.03
	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>
<b>40. Expenditure on scientific research and development</b>		
Revenue expenditure	961.44	956.63
Capital expenditure	226.73	24.54

### 41. Operating lease arrangements

#### The Company as a lessee

##### Leasing arrangements

The Company has entered into various operating lease agreements for premises (residential, offices, godowns, etc.). These lease arrangements are mostly cancellable in nature and range between two to three years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. For such cancellable leases, there is no contingent rent in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

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

##### Non-cancellable operating lease commitments

Within one year	1436.75	514.34
Later than one year but not later than five years	3908.51	1565.56
Later than five years	99.90	92.74

#### The Company as a lessor

The Company has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges receivable in respect thereof have been accrued as income in Note No.27.

Rupees in Lakhs

## 42. Employee benefit plans

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

	Year ended 31.3.2019	Year ended 31.3.2018
Contribution towards provident fund (Refer Note No.31)	1460.43	1307.38
Contribution towards superannuation fund	133.55	155.11
Employers' contribution to employee's state insurance scheme	11.28	13.36
	<b>1605.26</b>	<b>1475.85</b>

The Company is examining the ruling of the Supreme Court dated 28th February, 2019 on coverage of allowances under basic wages for calculation of provident fund contributions and will give effect to the same, if required, in due course.

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

	Year ended 31.3.2019	Year ended 31.3.2018
Compensated absences – amount recognized in the Statement of profit and loss	937.98	338.54

### (c) Defined benefit plans

#### Gratuity

The Company makes annual contributions to gratuity fund established as a trust, for the defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per provisions of the Payment of Gratuity Act, 1972 or the Company Scheme, whichever is beneficial.

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

#### Loss of investment risk

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

#### Interest rate risk

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

#### Mortality rate risk

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

#### Salary rate risk

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

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

#### Net employee benefit expense recognized in employee cost:

	Year ended 31.3.2019	Year ended 31.3.2018
Current service cost	462.21	566.39
Past service cost	-	31.72
Net interest cost	(12.81)	52.60
	<b>449.40</b>	<b>650.71</b>
Excess/(Shortfall) of fair value over book value of plan assets	0.04	(34.66)
<b>Net employee benefit expense recognized in employee cost</b>	<b>449.44</b>	<b>616.05</b>



Rupees in Lakhs

Year ended  
**31.3.2019** Year ended  
31.3.2018

**Amount recognised in other comprehensive income:**

Actuarial loss/(gain) on obligations arising from changes in financial assumptions	<b>224.91</b>	(249.41)
Actuarial loss/(gain) on obligations arising from changes in demographic assumptions	<b>0.31</b>	(356.30)
Actuarial loss/(gain) on obligations arising on account of experience adjustments	<b>140.96</b>	(52.63)
Return on plan assets (excluding amounts included in net interest expense)	<b>(85.46)</b>	(67.81)
<b>Net expense/(income) for the year recognized in other comprehensive income</b>	<b>280.72</b>	(726.15)

**(I) Changes in the present value of the defined benefit obligation are as follows:**

<b>Opening defined obligation</b>	<b>8448.64</b>	8576.65
Current service cost	<b>462.21</b>	566.39
Past service cost	-	31.72
Interest cost (gross)	<b>588.82</b>	588.45
Benefits paid	<b>(1107.81)</b>	(656.23)
Actuarial loss/(gain) on obligations arising from changes in financial assumptions	<b>224.91</b>	(249.41)
Actuarial loss/(gain) on obligations arising from changes in demographic assumptions	<b>0.31</b>	(356.30)
Actuarial loss/(gain) on obligations arising on account of experience adjustments	<b>140.96</b>	(52.63)
<b>Closing defined benefit obligation</b>	<b>8758.04</b>	8448.64

**(II) Changes in the fair value of plan assets are as follows:**

<b>Opening fair value of plan assets</b>	<b>8561.81</b>	7361.00
Interest income (gross)	<b>601.63</b>	535.85
Return on plan assets (excluding amounts included in net interest expense)	<b>85.46</b>	67.81
Contribution by employer	<b>2.15</b>	1253.38
Benefits paid	<b>(1107.81)</b>	(656.23)
<b>Closing fair value of plan assets</b>	<b>8143.24</b>	8561.81

**(III) Excess of fair value over book value of plan assets**

<b>(IV) Net liability/(recoverability) recognised in the balance sheet (I - II + III)</b>	<b>3.12</b>	3.08
	<b>617.92</b>	(110.09)

**The major categories of plan assets of the fair value of the total plan assets are as follows:**

	<b>Amount</b>	<b>% of total plan assets</b>
<b>As at March 31, 2019</b>		
Government debt securities	<b>259.56</b>	<b>3.19%</b>
Other debt instruments	<b>93.38</b>	<b>1.16%</b>
Insurer managed funds	<b>7767.41</b>	<b>95.38%</b>
Others	<b>22.89</b>	<b>0.28%</b>
	<b>8143.24</b>	<b>100.00%</b>
<b>As at March 31, 2018</b>		
Government debt securities	548.31	6.40%
Other debt instruments	117.61	1.38%
Insurer managed funds	7954.02	92.90%
Others	(58.13)	-0.68%
	8561.81	100.00%



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

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
Discount rate (in %)	<b>7.40%</b>	7.85%
Salary escalation rate (in %)	<b>8.00%</b>	8.00%
Expected rate of return on plan assets	<b>7.40%</b>	7.50%
Expected average remaining working lives of employees	<b>5.84 years</b>	6.36 years

**A quantitative sensitivity analysis for significant assumption shown above as at March 31, 2019 is as shown below:**

<b>Assumption</b>	<b>Impact on defined benefit obligation</b>	
	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
Impact of increase in 0.5% in discount rate	<b>-2.85%</b>	-2.80%
Impact of decrease in 0.5% in discount rate	<b>3.01%</b>	2.95%
Impact of increase in 0.5% in salary escalation rate	<b>2.97%</b>	2.93%
Impact of decrease in 0.5% in salary escalation rate	<b>-2.84%</b>	-2.80%

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

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

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

	<b>Rupees in Lakhs</b>	
	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>
Within the next 12 months (next annual reporting period)	<b>1877.51</b>	1895.56
Between 2 and 5 years	<b>3682.64</b>	3588.59
Between 6 and 9 years	<b>3323.89</b>	3165.85
10 years and above	<b>6013.19</b>	6156.08
<b>Total expected payments</b>	<b>14897.23</b>	14806.08

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.85 years (Previous year 5.74 years).

### **43. Financial instruments and risk management**

#### **43.1. Fair value measurements**

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

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

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

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

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

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

Level 2: This level hierarchy includes items measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly.

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



### 43.2. Fair value hierarchy

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

As at March 31, 2019	Carrying amount	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets</b>					
<b>Financial instruments at FVTPL:</b>					
Investment in					
- in mutual funds	104644.29	104644.29	104644.29	-	-
- in others	1618.48	1618.48	1618.48	-	-
<b>Financial instruments at amortised cost:</b>					
Investment in					
- others (IRFC Bonds)	435.01	469.80	469.80	-	-
Trade receivables	6697.41	6697.41			
Cash and cash equivalents	1445.13	1445.13			
Other bank balances	1363.77	1363.77			
Loans	736.83	736.83			
Other financial assets					
- Security deposits	1821.37	1821.37			
- Interest accrued on bank and other deposits	64.12	64.12			
- Other recoverables	589.80	589.80			
<b>Total financial assets</b>	<b>119416.21</b>	<b>119451.00</b>	<b>106732.57</b>	-	-
<b>Financial liabilities</b>					
<b>Financial instruments at amortised cost:</b>					
Borrowings	4117.86	4117.86			
Trade payables	29091.25	29091.25			
Other financial liabilities					
- Security deposits	99.95	99.95			
- Interest accrued but not due on borrowings	1.27	1.27			
- Interest accrued on other than borrowings	417.99	417.99			
- Unclaimed dividends	246.57	246.57			
- Payable to gratuity fund	617.92	617.92			
- Liability towards property, plant & equipments	1351.14	1351.14			
- Book overdrafts	611.18	611.18			
<b>Total financial liabilities</b>	<b>36555.13</b>	<b>36555.13</b>			
<b>As at March 31, 2018</b>					
<b>Financial assets</b>					
<b>Financial instruments at FVTPL:</b>					
Investment in					
- in mutual funds	80392.14	80392.14	80392.14	-	-
- in others	200.18	200.18	200.18	-	-
<b>Financial instruments at amortised cost:</b>					
Investment in					
- others (IRFC Bonds)	435.01	477.48	477.48	-	-
Trade receivables	8750.61	8750.61			
Cash and cash equivalents	1460.04	1460.04			
Other bank balances	2211.91	2211.91			
Loans	748.26	748.26			
Other financial assets					
- Security deposits	1331.57	1331.57			
- Interest accrued on bank and other deposits	68.05	68.05			
- Other recoverables	135.02	135.02			
<b>Total financial assets</b>	<b>95732.79</b>	<b>95775.26</b>	<b>81069.80</b>	-	-
<b>Financial liabilities</b>					
<b>Financial instruments at amortised cost:</b>					
Borrowings	2671.94	2671.94			
Trade payables	17418.95	17418.95			
Other financial liabilities					
- Security deposits	99.00	99.00			

**Rupees in Lakhs**

### **43.2. Fair value hierarchy (continued)**

<b>As at March 31, 2018</b>	<b>Carrying amount</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
- Interest accrued but not due on borrowings	1.74	1.74			
- Interest accrued on other than borrowings	758.03	758.03			
- Unclaimed dividends	210.64	210.64			
- Payable to gratuity fund	-	-			
- Liability towards property, plant & equipments	1039.38	1039.38			
- Book overdrafts	505.86	505.86			
<b>Total financial liabilities</b>	<b>22705.54</b>	<b>22705.54</b>			

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

#### **Note for Financial assets**

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

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

### **43.3. Financial risk management objectives and policies**

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

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

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

#### **Interest rate risk**

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

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

#### **Foreign currency risk**

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

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

#### **Credit risk**

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

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the financial statement. The Company's maximum credit exposure to credit risk is Rs.116607.31 lakhs (previous year Rs.92060.84 lakhs). The Company has excluded cash and cash equivalents, other bank balances and investments in subsidiaries and associates as the credit risk associated with them is minimal.

Financial assets are provided for, when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been provided for, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss in the subsequent reporting period. The management believes that there is no significant exposure of credit risk due to the nature of Company's business other than those for which impairment allowance has been recorded. For details of trade receivables those are past due, refer Note No.13.

### **Liquidity risk**

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

### **(A) Maturities of financial liabilities**

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

	Rupees in Lakhs		
<b>Contractual maturities of financial liabilities</b>	<b>Less than 1 Year</b>	<b>More than 1 Year</b>	<b>Total</b>
<b>As at March 31, 2019</b>			
Borrowings	4117.86	-	4117.86
Trade payables	29091.25	-	29091.25
Other financial liabilities	3260.22	85.80	3346.02
	<b>36469.33</b>	<b>85.80</b>	<b>36555.13</b>
<b>As at March 31, 2018</b>			
Borrowings	2671.94	-	2671.94
Trade payables	17418.95	-	17418.95
Other financial liabilities	2528.12	86.53	2614.65
	<b>22619.01</b>	<b>86.53</b>	<b>22705.54</b>

### **(B) Foreign currency risk exposure**

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

Particulars	Currency	As at 31.3.2019		As at 31.3.2018	
		Amount in foreign currency Lakhs	Amount in Rs. Lakhs	Amount in foreign currency Lakhs	Amount in Rs. Lakhs
Trade receivables	USD	54.97	3801.15	83.31	5429.14
	EURO	-	-	1.94	155.95
Current liabilities	USD	30.66	2120.78	7.63	497.67
	EURO	2.20	170.64	1.62	130.94
	GBP	0.53	48.36	0.16	15.14
	SGD	0.02	0.93	0.02	0.91
	JPY	3.86	2.41	75.48	46.34
	NPR	-	-	1.77	1.11
	AED	2.38	44.75	-	-
	CHF	0.02	1.59	-	-

### Foreign currency sensitivity analysis

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

Currency of exposure	Rupees in Lakhs			
	As at 31.3.2019		As at 31.3.2018	
	5% increase	5% decrease	5% increase	5% decrease
Impact on profit before tax as at the end of the reporting year - USD	<b>84.02</b>	<b>(84.02)</b>	246.57	(246.57)

### (C) Exposure in mutual fund investments

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

### Sensitivity analysis of mutual fund investments

Had the NAVs been higher/lower by 1% at the end of the reporting period, profit for the year ended 31.3.2019 would have increased/decreased by Rs.1046.44 lakhs (for the year ended 31.3.2018 by Rs. 803.92 lakhs).

## 44. Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. Net debts comprises of non-current and current debts (including trade payables and other financial liabilities), other current liabilities as reduced by cash and cash equivalents and current investments. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

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

Gearing ratio	Rupees in Lakhs	
	As at 31.3.2019	As at 31.3.2018
Borrowings	<b>4117.86</b>	2671.94
Trade payables	<b>29091.25</b>	17418.95
Other financial liabilities	<b>3346.02</b>	2614.65
Other current liabilities	<b>34433.83</b>	31039.90
Less : Cash and cash equivalents	<b>1445.13</b>	1460.04
: Current investments	<b>23913.33</b>	17032.91
<b>Net debt (A)</b>	<b>45630.50</b>	35252.49
Total equity	<b>189627.40</b>	170727.80
<b>Capital and net debt (B)</b>	<b>235257.90</b>	205980.29
<b>Gearing Ratio (A/B)</b>	<b>19.40%</b>	17.11%

No changes were made in the objectives, policies or processes during the year ended 31 March, 2019.

## 45. Related party transactions

45.1 Disclosure of related parties	Principal Activities	Place of incorporation and operation	Proportion of ownership interest / voting rights held by the parent entity	
			As at 31.3.2019	As at 31.3.2018

### (a) Subsidiaries

International Tobacco Company Limited	Manufacturing of cigarette & tobacco products	India	100%	100%
Chase Investments Limited	Investment activities	India	100%	100%
Godfrey Phillips Middle East DMCC	Trading of cigarette, tobacco & other retail products	U.A.E.	100%	100%
Flavors And More, Inc.	Trading & distribution of vaping devices	U.S.A.	100%	100%
Friendly Reality Projects Limited	Real Estate	India	86.56%*	85.64%*

\* Held partly through other subsidiary

### (b) Subsidiaries through the subsidiary companies:

Unique Space Developers Limited (subsidiary of Chase Investments Limited)		India	66.67%	66.67%
Rajputana Infrastructure Corporate Limited (subsidiary of Friendly Reality Projects Limited)		India	86.56%	85.64%
Gopal Krishna Infrastructure & Real Estate Limited (subsidiary of Unique Space Developers Limited, ceased to be a subsidiary w.e.f. February 25, 2019)		India	-	66.67%
Rajputana Developers Projects (AOP)		India	58.86%	54.38%

### (c) Associates:

Success Principles India Limited (ceased to be an associate w.e.f. March 15, 2019)		India	-	48.89%
IPM India Wholesale Trading Private Limited		India	24.80%	24.80%
KKM Management Centre Private Limited		India	36.75%	36.75%

### (d) Associate through the subsidiary companies

KKM Management Centre Middle East (FZC)		U.A.E.	36.00%	36.00%
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### (e) Entities of which the Company is an associate:

K K Modi Investment & Financial Service Private Limited, India  
Philip Morris Global Brands Inc., USA

### (f) Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to :

Philip Morris Philippines Manufacturing Inc.  
Philip Morris Products S.A.  
PT Hanjaya Mandala Sampoerna Tbk.  
Philip Morris International Management SA

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

Mr. K.K.Modi	President and Managing Director
Mr. Samir Modi	Executive Director
Mrs. Bina Modi	Ordinary Director, and a relative of Mr. K.K.Modi and Mr. Samir Modi
Mr. Ruchir Kumar Modi	Ordinary Director, and a relative of Mr. K.K.Modi, Mr. Samir Modi and Mrs. Bina Modi
Mr. R.Ramamurthy	Whole-time Director (upto September 15, 2017)
Mr. Sharad Aggarwal	Whole-time Director (w.e.f. October 1, 2017)
Mr. Bhisham Wadhera	Chief Executive Officer
Mr. Sunil Agrawal	Chief Financial Officer
Mr. Sanjay Gupta	Company Secretary
Mr. R A Shah	(Non Independent Director and Chairman of Board)
Mr. Lalit Bhasin	Independent Director
Mr. Anup N. Kothari	Independent Director
Mr. Atul Kumar Gupta	Independent Director

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

Modicare Limited  
 Beacon Travels Private Limited  
 Indofil Industries Limited  
 HMA Udyog Private Limited  
 Bina Fashion N Food Private Limited  
 Modicare Foundation  
 Priyal Hitay Nidhi  
 Colorbar Cosmetics Private Limited  
 Gujarmal Modi Science Foundation  
 MHP Staffing Private Limited  
 Modi Innovative Education Society  
 International Research Park Laboratories Limited  
 Crawford Bayley & Co.  
 Bhasin & Co.  
 Rajputana Developers Limited  
 Quick Investment (India) Limited  
 Good Investment (India) Limited  
 Super Investment (India) Limited  
 Premium Tradelinks Private Limited

**(i) Others related parties:**

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



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

Rupees in Lakhs

A Nature of transactions	Subsidiary companies		Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the entity		Other related parties	
	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018
<b>i) Trading transactions</b>														
Purchase of goods, spare parts, etc.	14500.40**	12228.63***	15860.66@	33676.79@	-	-	243.27	447.22	12932.06&	12920.77&	-	-	-	-
Purchase of goods/services/spare parts	37.94*	8.04*	(981.03)@	354.31@	-	-	2131.72\$	1510.27\$	3954.93&&	5480.40&&	-	-	-	-
Receipts from secondment of services	-	-	597.63@**	552.85@**	-	-	-	67.82	-	-	-	-	-	-
Interest income	-	-	151.50@	127.97@	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	567.34@	246.92@	-	-	-	-	-	-	-	-	-	-
Rent and hire charges received	4.80*	4.80*	11.91@**	36.97@**	-	-	92.68	91.56	-	-	-	-	-	-
Manufacturing charges paid	5678.28*	5079.58*	-	-	-	-	-	-	-	-	-	-	-	-
Payments for professional services availed	-	-	1158.15@	853.49@	-	-	55.04	95.76	-	-	-	-	-	-
Donation given \$\$\$	-	-	-	-	-	-	774.03	764.96	-	-	-	-	-	-
Expenses recovered	51.31 #	82.25#	8979.41@*	7092.10@*	-	-	0.88	0.75	8.68&	81.32&	-	-	-	-
Expenses reimbursed	6354.48##	32065.61##	7.27@**	6.40@**	-	-	17.19	19.57	3.10&	1.77&	-	-	-	-
<b>ii) Other related party transactions</b>														
Subscription to share capital	400.00	400.00	-	-	-	-	-	-	-	-	-	-	-	-
- Friendly Realty Projects Limited	209.60	330.64	-	-	-	-	-	-	-	-	-	-	-	-
- Flavors And More, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend payment (gross)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Philip Morris Global Brands Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- K K Modi Investment & Financial Service Private Limited	-	-	-	-	-	-	-	-	-	-	1044.04	-	-	-
- Quick Investment (India) Limited	-	-	-	-	-	-	178.86	178.86	-	-	1215.73	-	-	-
- Good Investment (India) Limited	-	-	-	-	-	-	344.74	344.74	-	-	-	-	-	-
- Super Investment (India) Limited	-	-	-	-	-	-	42.18	42.18	-	-	-	-	-	-
- HMA Udyog Private Limited	-	-	-	-	-	-	5.44	5.44	-	-	-	-	-	-
Technical services fee and royalty	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Philip Morris Products S.A.	-	-	-	-	-	-	-	-	1329.16	1096.42	-	-	-	-
Sale of investments in Success Principles India Limited	-	-	-	-	-	-	61.62	-	-	-	-	-	-	-
- Premium Tradelinks Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision made for decline in value of non current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Flavors And More, Inc.	1,508.50	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>iii) Contribution to trusts</b>														
Godfrey Phillips India Limited Management Staff Superannuation Fund	-	-	-	-	-	-	-	-	-	-	-	-	133.55	155.11
Godfrey Phillips India Limited Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-	1319.33	1171.88
Godfrey Phillips India Limited Gratuity Fund No. 1	-	-	-	-	-	-	-	-	-	-	-	-	44.73	2.15
Godfrey Phillips India Limited Gratuity Fund No. 2	-	-	-	-	-	-	-	-	-	-	-	-	685.43	(112.24)
<b>iv) Compensation &amp; Post Employment benefits of key management personnel and other directors \$5</b>														
- Samir Modi	-	1762.87	-	-	-	-	-	-	-	-	-	-	-	-
- R Ramamurthy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bina Modi	-	8.00	-	-	-	-	-	-	-	-	-	-	-	-
- Ruchir Kumar Modi	-	150.00	-	-	-	-	-	-	-	-	-	-	-	-
- Bhisham Wadhwa	-	456.36	-	-	-	-	-	-	-	-	-	-	-	-
- Sunil Agrawal	-	188.25	-	-	-	-	-	-	-	-	-	-	-	-
- Sharad Aggarwal	-	190.20	-	-	-	-	-	-	-	-	-	-	-	-
- Sanjay Gupta	-	124.63	-	-	-	-	-	-	-	-	-	-	-	-
- R A Shah	-	12.00	-	-	-	-	-	-	-	-	-	-	-	-
- Lalit Basain	-	13.00	-	-	-	-	-	-	-	-	-	-	-	-
- Anup N Kothari	-	13.00	-	-	-	-	-	-	-	-	-	-	-	-
- Arul Kumar Gupta	-	11.00	-	-	-	-	-	-	-	-	-	-	-	-



**GODFREY PHILLIPS**  
— INDIA LIMITED —

45.2 Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end														Rupees in Lakhs	
B	Outstanding balance	Subsidiary companies		Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the entity		Other related parties	
		Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018
	Trade receivables	1820.42**	1925.68**	671.24@	2.53@	-	-	39.51	7.55	21.55&	929.15&				
	Loans given	-##	14.28##	-	-	21.11	25.80	-	-						
	Trade payables	-	-	2675.15@	2641.84@	-	-	144.01	187.30	0.44&&&	0.44&&&				
	Dues payable	979.18#**	832.09#**	41.13#*	28.63#*	106.05	90.94	4.96	4.95						
	Advances from customers	453.23**	-	-	-	-	-	-	-						
	Commission payable to Mr. Samir Modi (gross)	-	-	-	-	-	-	-	-						
	Other recoverable from IPM India Wholesale	-	-	-	-	-	-	-	-						
	Trading Private Limited	-	-	120.15	-	-	-	-	-						
	Other recoverable	-	-	23.67	-	-	-	7.51	0.67						
	Guarantees given by the Company to a bank on behalf of:														
	- International Tobacco Company Limited	47.58	52.60	-	-	-	-	-	-					44.73	2.15
	- Godfrey Phillips Middle East DMCC	647.13	609.89	-	-	-	-	-	-					573.19	(112.24)
	Technical service fee and royalty payable													208.95	215.83
	- Philip Morris Products S.A.														
	Other payable/(recoverable)														
	- Godfrey Phillips India Limited														
	Employees Gratuity Fund No.1														
	- Godfrey Phillips India Limited														
	Employees Gratuity Fund No.2														
	- Godfrey Phillips India Limited														
	Advance recoverable														
	- Godfrey Phillips India Limited														
	Gratuity Fund No.1													133.00	34.91

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

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

@\*\* relates to transaction with KKM Management Centre Private Limited.

\*\*\* includes Rs. 14479.31 lakhs (previous year Rs. 12189.77 lakhs) to Godfrey Phillips Middle East DMCC and Rs. 21.09 lakhs (previous year Rs. 38.86 lakhs) to International Tobacco Company Limited.

## includes Rs. 16.11 lakhs (previous year Rs. 46.26 lakhs) from International Tobacco Company Limited and Rs. 35.20 lakhs (previous year Rs. 35.99 lakhs) from Godfrey Phillips Middle East DMCC.

### Previous year includes Rs. 1.54 lakhs to Godfrey Phillips Middle East DMCC and Rs. 12.74 lakhs to Flavors And More, Inc.

@ relates to transactions with IPM India Wholesale Trading Private Limited and figures of sale and purchase of goods have been reduced by Rs. 71697.05 lakhs (previous year Rs. 78157.18 lakhs) on account of sale/purchase of Marlboro cigarettes manufactured by the Company.

@\* relates to KKM Management Centre Private Limited amounting to Rs. 555.00 lakhs (previous year Rs. 725.49 lakhs) & KKM Management Centre Middle East (FZC) amounting to Rs. 603.15 lakhs (previous year Rs. 128.00 lakhs).

@\* includes Rs. 8978.53 lakhs (previous year Rs. 7091.93 lakhs) from IPM India Wholesale Trading Private Limited and Rs. 0.88 lakhs (previous year Rs. 0.17 lakhs) from KKM Management Centre Private Limited.

\*\* includes Rs. 0.11 lakhs (previous year Rs. 3.24 lakhs) from KKM Management Centre Private Limited and Rs. 41.02 lakhs (previous year Rs. 25.39 lakhs) from KKM Management Centre Middle East (FZC).

\*\*\* includes Rs. 967.43 lakhs (previous year Rs. 832.09 lakhs) to International Tobacco Company Limited.

@\*\* includes Rs. 11.91 lakhs (previous year Rs. 9.22 lakhs) from IPM India Wholesale Trading Private Limited and Rs. Nil (previous year Rs. 27.75 lakhs) from KKM Management Centre Private Limited.

\$ includes Rs. 1818.02 lakhs (previous year Rs. 1233.79 lakhs) from Beacon Travels Private Ltd.

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

\$ \$ \$ including for CSR activities.

& relates to transaction with Philip Morris International Management SA.

&& includes Rs. 3164.51 lakhs (previous year Rs. 4294.20 lakhs) from Philip Morris Philippines Manufacturing Inc. and Rs. 790.42 lakhs (previous year Rs. 1186.20 lakhs) from PT Hantaya Mandala Samporna Tbk.

&&& relates to transaction with PT Hantaya Mandala Samporna Tbk.

#### Terms and conditions of transactions with related parties:

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2019, the Company has recorded impairment allowance amounting to Rs. 32.86 lakhs (March 31, 2018: Nil) of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. Purchase and sale transactions with the related parties have been made at arm length prices.

#### 46. Segment Information

##### Products from which reportable segments derive their revenues

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

- i) Cigarette, tobacco and related products; and
- ii) Retail and related products

##### Segment information for the year ended March 31, 2019 and March 31, 2018 is as follows:

	Year ended March 31, 2019				Year ended March 31, 2018		
	Cigarette, Tobacco and related products	Retail and related products	Total		Cigarette, Tobacco and related products	Retail and related products	Total
<b>1. Segment revenue</b>							
- External sales (gross)	228044.70	28397.54	256442.24		255742.48	28881.57	284624.05
- Other operating income	2070.51	690.50	2761.01		2406.58	636.11	3042.69
<b>Total Revenue</b>							
	230115.21	29088.04	259203.25		258149.06	29517.68	287666.74
<b>2. Segment result</b>	39618.22	(8270.83)	31347.39		22797.75	(3532.79)	19264.96
Unallocable income net of unallocable expenses			5002.18				4315.08
<b>Profit before finance costs and tax</b>			36349.57				23580.04
Less: Finance costs			85.84				151.24
<b>Profit before tax</b>			36263.73				23428.80
<b>3. Other information</b>							
Capital expenditure including capital work in progress and capital advances	7387.10	5438.66	12825.76		4577.81	1771.34	6349.15
Depreciation and amortization	8584.06	965.67	9549.73		9108.45	456.28	9564.73
Non cash expenditure other than depreciation*	154.98	211.71	366.69		476.11	281.33	757.44

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

##### Segment information as at March 31, 2019 and March 31, 2018 is as follows:

	As at March 31, 2019			As at March 31, 2018		
	Cigarette, Tobacco and related products	Retail and related products	Total	Cigarette, Tobacco and related products	Retail and related products	Total
<b>a) Segment assets</b>						
Allocable assets	1131875.70	13099.31	144975.01	129647.67	7826.05	137473.72
Unallocable assets			119430.82			94106.91
<b>Total assets</b>			264405.83			231580.63
<b>b) Segment liabilities</b>						
Allocable liabilities	64635.76	5083.66	69719.42	53838.63	3336.95	57175.58
Unallocable liabilities			5059.01			3677.25
<b>Total liabilities</b>			74778.43			60852.83
<b>c) Equity/Capital Employed</b>			189627.40			170727.80
<b>Total (b+c)</b>			264405.83			231580.63

**d) Entity wide information**

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

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

	Rupees in Lakhs			
	Revenue from external customers*		Non-current assets**	
	Year ended 31.3.2019	Year ended 31.3.2018	As at 31.3.2019	As at 31.3.2018
<b>India</b>	<b>209844.10</b>	<b>247007.12</b>	<b>72916.35</b>	<b>69199.56</b>
<b>Outside India</b>	<b>49359.15</b>	<b>40659.62</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>259203.25</b>	<b>287666.74</b>	<b>72916.35</b>	<b>69199.56</b>

\* The revenue information above is based on the location of the customers

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

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

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

i) Segment revenue and expenses:

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

ii) Segment assets and liabilities:

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

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

- 47.** During the year, the Company has revised its policy for accumulation of compensated absences (leaves) for certain age group of employees. As a result, the maximum permissible accumulated leaves were reduced to 75 days as at April 1, 2018 and excess thereof was determined to be encashable in 3 equal yearly instalments. Accordingly, an amount aggregating to Rs.3381.44 lakhs was transferred from provision for compensated absences account to employee payables account and out of this Rs.1185.15 lakhs has been paid during the current year.
- 48.** The Company identified impairment in the carrying value of its investments in the share capital of its wholly owned foreign subsidiary, Flavors and More, Inc. (F&M) owing to its decision for closure of its business operations and accordingly, 100% of the value of its investment in F&M has been provided for in the current year.
- 49.** Subsequent to the year end, the Company has been called upon by the Directorate of Enforcement ('ED') seeking certain information including those in connection with the business arrangements with IPM India Wholesale Trading Pvt. Ltd., (IPM) an associate of the Company. The Company has suitably responded and provided the requisite information/details as sought by the ED from time to time. The proceedings before the ED are still underway. The Company is of the view that its business arrangements with IPM are in compliance to the extant FDI regulations.
- 50.** Exceptional item in the previous year represents proceeds from sale/assignment of Trademarks associated with Packaged Tea business of the Company.

## **51. Applicability of new and revised Ind AS**

### **i) Ind AS 116- Leases**

Ind AS 116, Leases, replaces the existing standard on accounting for leases, Ind AS 17. The Company will adopt Ind AS 116 from April 1, 2019 under the modified retrospective approach, and accordingly the comparative figures will not be restated. For contracts in place at this date, the Company will continue to apply its existing definition of leases under current accounting standard ("grandfathering"), instead of reassessing whether existing contracts are or contain a lease at the date of application of the new standard.

This standard introduces a single lessee accounting model and requires a lessee to recognize a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases with the exception of short-term (under 12 months) and low-value leases. Lease costs will be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

The standard, in addition to increasing the Company's recognised assets and liabilities, impacts the classification and timing of expenses and consequently the classification between cash flow from operating activities and cash flow from financing activities. The Company is in the process of performing a detailed analysis to understand the impact.

Information on the undiscounted amount of the Company's operating lease commitments under Ind AS 17 'Leases', the current leasing standard, is disclosed in Note no. 41 'Operating Lease Commitments'.

ii) The following amendments to Ind AS are applicable to the Company from April 1, 2019. The impacts of these are currently expected to be immaterial:

Reference	Name/Brief
Annual Improvements to Ind AS (2018)	The amendments comprise of changes in Ind AS 103, Ind AS 111, Ind AS 23 and Ind AS 12
Ind AS 19	Employee benefits - Plan Amendment, Curtailment or Settlement
Ind AS 28	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
Ind AS 109	Financial Instruments - Prepayment features with Negative Compensation
Ind AS 12	Income taxes - Uncertainty over Income tax treatments

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

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

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

**Loans:** There are no loans and advances in the nature of loans to the subsidiaries/associates/firms and companies in which directors are interested.

**53.** The figures for the previous year have been re-classified/re-grouped, wherever necessary, to correspond with the current year's classification/ disclosure.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E/E300005

Chartered Accountants

Per Atul Seksaria

Partner

Membership No.: 086370

BHISHAM WADHERA  
Chief Executive Officer

SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

K.K. MODI  
(DIN 00029407)  
President & Managing Director  
SAMIR MODI  
(DIN 00029554)  
Executive Director

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

RA SHAH  
(DIN 00009851)  
Chairman  
BINA MODI  
(DIN 00048606)  
DR. LAJIT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

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

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Godfrey Phillips India Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>Recoverability of carrying value of property, plant and equipment, leasehold land under operating lease and capital work in progress relating to retail and chewing business (as described in note 5(c) (i) &amp; (ii) of the consolidated Ind AS financial statements)</b>	
<p>As at March 31, 2019, the carrying value of property, plant and equipment, leasehold land under operating lease and capital work in progress relating to retail and chewing business was Rs. 7,451.70 lakhs and Rs. 7,271.23 lakhs respectively.</p> <p>Recoverability of carrying value of assets relating to retail and chewing business have been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>- The significance of the carrying value of assets being assessed.</li> <li>- Significant losses being incurred in the retail business despite increase in the number of stores in the current year and continuing losses in the chewing business.</li> <li>- The assessment of the recoverable amount of the Company's Cash Generating Units (CGUs) involves significant judgements and estimates.</li> </ul> <p>The key judgements and estimates centred on identification of indicators of impairment and future projections relating to the aforesaid business.</p>	<p>Our procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- Obtained and assessed management analysis of internal and external factors impacting the Group's retail and chewing business in line with Ind AS 36.</li> <li>- In relation to the retail business where impairment indicators were identified by the management, obtained and evaluated the valuation report of management appointed expert for the purpose of testing the key assumptions and methodologies used to determine the recoverable amount by engaging valuation specialists.</li> <li>- In case of chewing business, critically evaluated the management basis of concluding with no indicators of impairment as at March 31, 2019 which require further analysis for determination of the recoverable amount by obtaining the business projections, holding discussions with the business heads and corroborating the explanations provided by the management in respect of the current year performance of the said business.</li> <li>- Assessed the independence, competence and objectivity of the management experts used for determining the recoverable amount.</li> <li>- Compared the recoverable amount of the assets relating to retail business to the carrying value in books.</li> <li>- Assessed the disclosures made in the financial statements by the Group in this regard.</li> </ul>
<b>Revenue recognition (as described in note 4.1.1 and note 27 of the consolidated Ind AS financial statements)</b>	
<p>For the year ended March 31, 2019 the Group has recognized revenue from operations of Rs. 261,222.10 lakhs.</p> <p>Revenue recognition has been recognized as a key audit matter due to the following consideration:</p> <ul style="list-style-type: none"> <li>- Cut-off: The variety of terms that define when control is transferred to the customer. Further the Group focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control is transferred. This give rise to the risk that revenue is not recognized in the correct period.</li> <li>- Measurement: Revenue is measured net of pricing allowances, other trade discounts, and price promotions to customers (collectively 'trade spend'). There is a risk that trade spend accruals are incorrectly recorded as its also requires a certain degree of estimation, resulting in understatement of the associated expenses and accruals.</li> </ul>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>- Read and assessed the Group's revenue recognition accounting policies including the recognition and classification criteria for trade spend in accordance with the requirements of Ind AS 115.</li> <li>- Performed walkthroughs and test of controls, assisted by our IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls.</li> <li>- Selected a sample of transactions taking place at either side of the balance sheet date to evaluate whether revenue was recognised in the correct period by agreeing the date of revenue recognition to third party supports such as bill of lading, lorry receipts etc.</li> <li>- Tested the provision calculations related to trade spend by agreeing a sample of amounts recognised to underlying arrangements and other supporting documents. Compared the year end rebate provisions and rebate costs in the year to prior year amounts and expectations in order to identify unusual trends.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<b>Accuracy and completeness of related party transactions (as described in note 44 of the consolidated Ind AS financial statements)</b>	
<p>The Group has undertaken transactions with its related parties. These include sale of goods to related parties, purchase of goods and services from related parties.</p> <p>We identified accuracy and completeness of the said related party transactions as a key audit matter due to significance of related party transactions, risk of transactions entered not transacted on an arm's length basis and risk of such transactions remaining undisclosed.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>- Obtained and read the Group's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosing related party transactions.</li> <li>- Read minutes of shareholder meetings, board meetings and audit committee minutes regarding Holding Company's assessment of related party transactions being in the ordinary course of business at arm's length.</li> <li>- Tested, on a sample basis, related party transactions with the underlying contracts, confirmation letters and other supporting documents.</li> <li>- Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.</li> <li>- Assessed the related party disclosures in the financial statements through review of statutory information, books and records and other documents obtained during the course of our audit.</li> </ul>
<b>Fair valuation of Unquoted Equity Shares (as described in note 9.2.2 of the consolidated Ind AS financial statements)</b>	
<p>As at March 31, 2019, one of the subsidiary company of the Group holds 91,875 unquoted equity shares of Rs. 10 each in KK Modi Investments &amp; Financial Services Private Limited ('KKMIF'). As on the balance sheet date these shares have been accounted at fair value of Rs. 12,669.56 lakhs.</p> <p>The fair valuation of investment in KKMIF has been considered as key audit matter due to the following reason:</p> <ul style="list-style-type: none"> <li>- Significance of the amounts involved</li> <li>- Estimation and judgement involved in carrying out the fair valuation</li> </ul>	<p>Our audit procedures including the procedures of the component auditor included the following:</p> <ul style="list-style-type: none"> <li>- Obtained the valuation report of the management expert and assessed the independence, competence and objectivity of the management experts used for determining the fair valuation.</li> <li>- Engaged valuation specialist to review the methodology used for carrying out the valuation.</li> <li>- Assessed the disclosures made in the financial statements by the Group in this regard.</li> </ul>

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

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- (a) We did not audit the financial statements and other financial information, in respect of eight subsidiaries, whose Ind AS financial statements include total assets of Rs. 27,392.81 lakhs and net assets of Rs. 21,087.83 lakhs as at March 31, 2019, and total revenues of Rs.16,496.81 lakhs and net cash inflows of Rs. 989.51 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.
- (b) The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 44.27 lakhs for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of four associates, out of these, the financial statements and other financial information in respect of three associates have been audited by other auditors and whose reports have been furnished to us by the management. In respect of remaining one of the associate, whose financial statements and other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the management. In our opinion and according to the information and explanations given to us by the management, the financial statements and other financial information in respect to the said associate are not material to the Group.

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

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

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

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'Other matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group's companies and its associates incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associates incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matters' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates in its consolidated Ind AS financial statements – Refer Note 37 to the consolidated Ind AS financial statements;
  - ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2019. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiaries and its associates incorporated in India during the year ended March 31, 2019.

For S.R. Batliboi & Co. LLP  
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria  
Partner

Membership Number: 086370

Place of Signature: New Delhi  
Date: May 30, 2019

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

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of Godfrey Phillips India Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Godfrey Phillips India Limited (hereinafter referred to as the “Holding Company”) and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

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

A company’s internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary



to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements**

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

### **Opinion**

In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria

Partner

Membership Number: 086370

Place of Signature: New Delhi

Date: May 30, 2019





GODFREY PHILLIPS  
—INDIA LIMITED—

# CONSOLIDATED BALANCE SHEET

as at March 31, 2019

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2019	As at 31.3.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	68250.46	63694.31
Capital work-in-progress	6	1433.53	1808.19
Investment property	7	872.37	876.86
Intangible assets	8	315.41	432.81
Financial assets			
- Investments	9	98950.20	75125.76
- Loans	10	637.42	672.69
- Other financial assets	15	1861.63	1397.10
Deferred tax assets (Net)	11	110.33	146.33
Income tax assets (Net)	25	3030.56	2335.91
Other non-current assets	16	2557.96	3265.65
<b>Total non-current assets</b>		<b>178019.87</b>	<b>149755.61</b>
<b>Current assets</b>			
Inventories	12	64154.95	58534.79
Financial assets			
- Investments	9	24209.98	17320.69
- Trade receivables	13	6864.22	8582.88
- Cash and cash equivalents	14	2897.56	2071.66
- Other bank balances	14	1660.41	2290.72
- Loans	10	138.43	123.20
- Other financial assets	15	814.09	336.69
Other current assets	16	7913.84	7611.70
<b>Total current assets</b>		<b>108653.48</b>	<b>96872.33</b>
<b>Total assets</b>		<b>286673.35</b>	<b>246627.94</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1039.88	1039.88
Other equity	19	202832.39	178295.25
<b>Equity attributable to owners of the Company</b>		<b>203872.27</b>	<b>179335.13</b>
<b>Non-controlling interests</b>	20	3279.99	3663.74
<b>Total equity</b>		<b>207152.26</b>	<b>182998.87</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	21	82.09	74.36
- Other financial liabilities	22	86.20	86.93
Provisions	23	2356.51	5274.15
Deferred tax liabilities (Net)	11	3229.75	1919.61
<b>Total non-current liabilities</b>		<b>5754.55</b>	<b>7355.05</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	21	4117.86	2682.98
- Trade payables	24	1024.82	6.97
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		27938.19	17093.44
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		3315.38	2590.51
- Other financial liabilities	22	35701.75	31410.27
Other current liabilities	26	1181.18	1762.48
Provisions	23	487.36	727.37
Income tax liabilities (Net)	25	73766.54	56274.02
<b>Total current liabilities</b>		<b>79521.09</b>	<b>63629.07</b>
<b>Total liabilities</b>		<b>286673.35</b>	<b>246627.94</b>
<b>Total equity and liabilities</b>			
<b>Notes forming part of the consolidated financial statements</b>	1-51		

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E/E300005  
Chartered Accountants  
Per Atul Seksaria  
Partner  
Membership No.: 086370

BHISHAM WADHERA  
Chief Executive Officer  
  
SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

K.K. MODI  
(DIN 00029407)  
President & Managing Director  
SAMIR MODI  
(DIN 00029554)  
Executive Director

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

RA SHAH  
(DIN 00009851)  
Chairman  
BINA MODI  
(DIN 00048606)  
DR. LALIT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019



GODFREY PHILLIPS  
— INDIA LIMITED —

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2019	Year ended 31.3.2018
<b>I Revenue from operations</b>	<b>27</b>	<b>261222.10</b>	<b>289073.07</b>
<b>II Other income</b>	<b>28</b>	<b>7912.01</b>	<b>5457.96</b>
<b>III Total income (I+II)</b>		<b>269134.11</b>	<b>294531.03</b>
<b>IV Expenses</b>			
Cost of materials consumed	29	65593.11	67240.16
Purchases of traded goods	30	43063.63	39185.31
Changes in inventories of finished goods, traded goods and work-in-process	31	(1347.21)	13003.55
Excise duty		11499.05	56509.40
Employee benefits expenses	32	28069.80	23898.00
Finance costs	33	96.79	166.90
Depreciation and amortisation expenses	6,7 & 8	9857.25	9843.06
Other expenses	34	74041.72	63405.41
<b>Total expenses</b>		<b>230874.14</b>	<b>273251.79</b>
<b>V Profit before share of profit of associates, exceptional item and tax (III-IV)</b>		<b>38259.97</b>	<b>21279.24</b>
<b>VI Share of profit of associates</b>		<b>44.27</b>	<b>24.62</b>
<b>VII Profit before exceptional item and tax (V+VI)</b>		<b>38304.24</b>	<b>21303.86</b>
<b>VIII Exceptional items</b>	<b>49</b>	<b>-</b>	<b>2000.00</b>
<b>IX Profit before tax (VII+VIII)</b>		<b>38304.24</b>	<b>23303.86</b>
<b>X Tax expense:</b>	<b>11</b>		
- Current tax		12050.81	7142.01
- Deferred tax charge		227.03	257.20
		<b>12277.84</b>	<b>7399.21</b>
<b>XI Profit for the year (IX-X)</b>		<b>26026.40</b>	<b>15904.65</b>
<b>XII Other comprehensive income</b>			
Items that will not to be reclassified to profit or loss			
(i) (Loss)/Profit on remeasurements of the defined benefit plans		(256.04)	832.73
(ii) Tax impact on remeasurements of the defined benefit plans		89.86	(286.55)
(iii) Gain on equity instruments fair valued through other comprehensive income		4805.98	2241.75
(iv) Tax impact on equity instruments fair valued through other comprehensive income		(1119.14)	(527.57)
<b>Total other comprehensive income, net of tax (i+ii+iii+iv)</b>		<b>3520.66</b>	<b>2260.36</b>
<b>XIII Total comprehensive income for the year (XI+XII)</b>		<b>29547.06</b>	<b>18165.01</b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		26030.99	15910.70
Non-controlling interests		(4.59)	(6.05)
		<b>26026.40</b>	<b>15904.65</b>
<b>Other comprehensive income for the year attributable to:</b>			
Owners of the Company		3520.66	2260.36
Non-controlling interests		-	-
		<b>3520.66</b>	<b>2260.36</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		29551.65	18171.06
Non-controlling interests		(4.59)	(6.05)
		<b>29547.06</b>	<b>18165.01</b>
<b>Basic and Diluted Earnings per share after tax and exceptional items (Rs.)</b>	<b>36</b>	<b>Rs. 50.06</b>	<b>Rs. 30.60</b>
(Face value of share - Rs. 2 each)			
Computed on the basis of profit attributable to the owners of the company			
<b>Basic and Diluted Earnings per share after tax but before exceptional items</b>	<b>36</b>	<b>Rs. 50.06</b>	<b>Rs. 28.09</b>
(Face value of share - Rs. 2 each)			
Computed on the basis of profit attributable to the owners of the company			
<b>Notes forming part of the consolidated financial statements</b>	<b>1-51</b>		

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E/E300005  
Chartered Accountants  
Per Atul Seksaria  
Partner  
Membership No.: 086370

BHISHAM WADHERA  
Chief Executive Officer  
  
SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

K.K. MODI  
(DIN 00029407)  
President & Managing Director  
SAMIR MODI  
(DIN 00029554)  
Executive Director

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

RA SHAH  
(DIN 00009851)  
Chairman  
BINA MODI  
(DIN 00048606)  
DR. LALIT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Rupees in Lakhs

**(a) Equity share capital**

	<u>Amount</u>
<b>Balance at April 1, 2017</b>	<b>1039.88</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2018</b>	<b>1039.88</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2019</b>	<b>1039.88</b>

**(b) Other equity**

	Reserves and surplus				Equity component of compound financial instrument	Reserve for equity instruments fair valued through other comprehensive income	Attributable to owners of the company (sub-total)	Non controlling interests	Total
	General reserve	Capital redemption reserve	Retained earnings	Statutory Reserve					
<b>Balance at April 1, 2017</b>	<b>31931.89</b>	<b>30.13</b>	<b>128713.14</b>	<b>33.21</b>	-	<b>4296.47</b>	<b>165004.84</b>	<b>4045.89</b>	<b>169050.73</b>
Profit for the year	-	-	15910.70	-	-	-	15910.70	(6.05)	15904.65
Other comprehensive income for the year, net of income-tax	-	-	546.18	-	-	1714.18	2260.36	-	2260.36
<b>Total comprehensive income</b>	-	-	<b>16456.88</b>	-	-	<b>1714.18</b>	<b>18171.06</b>	<b>(6.05)</b>	<b>18165.01</b>
Issue of non cumulative redeemable preference shares (Refer Note No. 21)	-	-	-	-	125.64	-	125.64	-	125.64
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	-	-	-	(4159.51)	-	(4159.51)
Dividend distribution tax	-	-	(846.78)	-	-	-	(846.78)	-	(846.78)
Transfer to statutory reserve from retained earnings	-	-	(15.60)	15.60	-	-	-	-	-
Transfer to general reserve from retained earnings	2500.00	-	(2500.00)	-	-	-	-	-	-
Arising from change in ownership interests in subsidiaries	-	-	-	-	-	-	-	(376.10)	(376.10)
<b>Balance at March 31, 2018</b>	<b>34431.89</b>	<b>30.13</b>	<b>137648.13</b>	<b>48.81</b>	<b>125.64</b>	<b>6010.65</b>	<b>178295.25</b>	<b>3663.74</b>	<b>181958.99</b>
Profit for the year	-	-	26030.99	-	-	-	26030.99	(4.59)	26026.40
Other comprehensive income for the year, net of income-tax	-	-	(166.18)	-	-	3686.84	3520.66	-	3520.66
<b>Total comprehensive income</b>	-	-	<b>25864.81</b>	-	-	<b>3686.84</b>	<b>29551.65</b>	<b>(4.59)</b>	<b>29547.06</b>
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	-	-	-	(4159.51)	-	(4159.51)
Dividend distribution tax	-	-	(855.00)	-	-	-	(855.00)	-	(855.00)
Transfer to statutory reserve from retained earnings	-	-	(6.53)	6.53	-	-	-	-	-
Transfer to general reserve from retained earnings	3000.00	-	(3000.00)	-	-	-	-	-	-
Arising from change in ownership interests in subsidiaries	-	-	-	-	-	-	-	(379.16)	(379.16)
<b>Balance at March 31, 2019</b>	<b>37431.89</b>	<b>30.13</b>	<b>155491.90</b>	<b>55.34</b>	<b>125.64</b>	<b>9697.49</b>	<b>202832.39</b>	<b>3279.99</b>	<b>206112.38</b>

Notes forming part of the Consolidated financial statements

1-51

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E/E300005  
Chartered Accountants  
Per Atul Sekaria  
Partner  
Membership No.: 086370

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SUNIL AGRAWAL  
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(DIN 07438861)  
Whole-time Director

For and on behalf of the Board of Directors  
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(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

# CONSOLIDATED CASH FLOW STATEMENT

## for the year ended March 31, 2019



GODFREY PHILLIPS  
—INDIA LIMITED—

Rupees in Lakhs

Particulars	For the Year ended 31.3.2019	For the Year ended 31.3.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	38304.24	23303.86
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	9857.25	9843.06
Share of profit of associates	(44.27)	(24.62)
Interest income from:		
- Debts, deposits, loans and advances, etc.	(275.49)	(214.88)
- Non-current investments	(35.57)	(35.57)
Liabilities written back	(146.80)	(147.20)
Dividend income	(240.95)	(271.76)
Net gain on sale/redemption/fair value of long term investments	(5099.99)	(4005.97)
Net gain on sale/redemption/fair value of short term investments	(1458.81)	(413.73)
Exchange loss on foreign currency bank balance	(0.43)	1.01
Interest expenses		
- On borrowings	38.54	49.35
- Others	40.43	83.96
Bad debts and advances written off	103.53	125.16
Provision for doubtful debts and advances	300.19	186.20
Property, plant and equipments written off	105.78	37.00
Loss on sale of Property, plant and equipment (net)	31.90	196.39
Write down in the value of assets classified as held for sale	-	215.45
Purchase of current and non current investments*	(29.22)	(301.60)
Proceeds from sale of current and non current investments*	20.09	261.76
	3166.18	5584.01
<b>Operating profit before working capital changes</b>	<b>41470.42</b>	<b>28887.87</b>
<b>Adjustments for changes in working Capital:</b>		
(Increase)/Decrease in Trade receivables, loans, other financial assets and other assets	(34.96)	6369.94
(Increase)/Decrease in Inventories	(5620.15)	6635.46
Increase in Trade payables, other financial liabilities, other liabilities and provisions	13270.16	16956.11
	7615.05	29961.51
<b>Cash generated from operating activities</b>	<b>49085.47</b>	<b>58849.40</b>
Income taxes paid (net)	(12895.61)	(7273.06)
<b>Net cash generated from operating activities</b>	<b>36189.86</b>	<b>51576.34</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, capital work in progress, investment property and intangible assets	(13087.07)	(6152.26)
Proceeds from sale of property, plant and equipment, capital work in progress, investment property and intangible assets	175.55	261.43
Proceeds from sale of investment in associate	61.62	-
Purchase of other current and non-current investments	(398093.09)	(399795.67)
Proceeds from sale of other current and non-current investments	378743.46	364793.02
Dividend received	240.95	271.76
Interest received	306.22	173.66
Fixed deposits released/(made)	666.24	(39.35)
<b>Net cash (used in) investing activities</b>	<b>(30986.12)</b>	<b>(40487.41)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of non-current borrowings	-	(2594.00)
Proceeds from/(repayment of) current borrowings (Net)	1434.88	(2062.03)
Interest paid	(419.48)	(89.50)
Dividend paid	(4123.58)	(4143.10)
Dividend distribution tax paid	(855.00)	(846.78)
Proceeds from issue of compound financial instrument (Refer Note No. 21)	-	200.00
Acquisition of non controlling interests	(379.16)	(376.10)
<b>Net cash (used in) financing activities</b>	<b>(434234)</b>	<b>(9911.51)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>861.40</b>	<b>1177.41</b>
Cash and cash equivalents at the beginning of the year (Refer Note 1 below)	2282.30	1105.90
	3143.70	2283.31
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	0.43	(1.01)
<b>Cash and cash equivalents at the end of the year (Refer Note 1 below)</b>	<b>3144.13</b>	<b>2282.30</b>
*By the subsidiary company engaged in the business of acquisition of securities		
<b>Note 1:</b>		
For the purpose of consolidated statement of cash flows, cash and cash equivalents comprises the following:		
	<b>As at</b>	<b>As at</b>
	<b>31.3.2019</b>	<b>31.3.2018</b>
Cash and cash equivalents (Refer Note No.14)	2897.56	2071.66
Earmarked unpaid dividend accounts# (Refer Note No.14)	246.57	210.64
<b>Total</b>	<b>3144.13</b>	<b>2282.30</b>
#Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend		
<b>Note 2:</b>		
The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements		
<b>Notes forming part of the consolidated financial statements 1-51</b>		

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E/E300005  
Chartered Accountants  
Per Atul Seksaria  
Partner  
Membership No.: 086370

BHISHAM WADHERA  
Chief Executive Officer  
  
SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

K.K. MODI  
(DIN 00029407)  
President & Managing Director  
SAMIR MODI  
(DIN 00029554)  
Executive Director

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

RA SHAH  
(DIN 00009851)  
Chairman  
BINA MODI  
(DIN 00048606)  
DR. LALIT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

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

# Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 1. Corporate information

The consolidated financial statements comprise financial statements of Godfrey Phillips India Limited (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2019.

Godfrey Phillips India Limited ('the Company') is a public limited company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. The principal activities of the Group are manufacturing of cigarettes, chewing products & tobacco products, trading of cigarettes, tobacco products, and other retail products, trading & distribution of vaping products, acquisition of securities and real estate development.

The address of its registered office is 'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai - 400033 and the address of its corporate office is Omaxe Square, Plot No.14, Jasola District Centre, Jasola, New Delhi - 110025. The consolidated financial statements were approved for issue by the Board of Directors on May 30, 2019.

## 2. Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended. The consolidated financial statements are presented in rupees lakhs except when otherwise indicated.

## 3. Basis of preparation and consolidation

### 3.1. Basis of preparation and presentation

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

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

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

### 3.2. Basis of consolidation and equity accounting

#### (i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, has power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity) and has the ability to use its power over the entity to affect its return. Subsidiaries are consolidated from the date on which control is obtained by the Group. They are de-consolidated from the date the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income, expenses and cash flows. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Intragroup transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

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

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

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

Non-controlling interests in the equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of change in equity and the consolidated balance sheet respectively.

The subsidiaries considered in the preparation of these consolidated financial statements are:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership as at 31.03.2019</b>	<b>Proportion of ownership as at 31.03.2018</b>
<b>Indian Subsidiaries</b>				
International Tobacco Company Limited	India	Manufacturing of cigarettes & tobacco products	100.00%	100.00%
Chase Investments Limited	India	Acquisition of securities	100.00%	100.00%
Friendly Reality Projects Limited	India	Real estate development	86.56%*	85.64%*
Unique Space Developers Limited	India	Real estate development	66.67%**	66.67%**
Gopal Krishna Infrastructure & Real Estate Limited (ceased to be a subsidiary w.e.f. February 25, 2019)	India	Real estate development	-	66.67%***
Rajputana Infrastructure Corporate Limited	India	Real estate development	86.56%****	85.64%****
Rajputana Developers Projects	India	Real estate development	58.86%#	54.38%#
<b>Foreign Subsidiaries</b>				
Godfrey Phillips Middle East DMCC	U.A.E.	Trading of cigarettes, tobacco & other retail products	100.00%	100.00%
Flavors And More, Inc.	U.S.A.	Trading & distribution of vaping devices products	100.00%	100.00%

\*Held partly through other subsidiary

\*\*Held through other subsidiaries

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

\*\*\*\*100% subsidiary of Friendly Reality Projects Limited

#Through control exercised by Rajputana Infrastructure Corporate Limited

## **(ii) Associates**

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. This is generally the case where the group holds between 20% to 50% of the voting power. Investments in associates are accounted for using the equity method of accounting (see note (iii) below), after initially being recognised at cost.

<b>Name of Associates</b>	<b>Country of incorporation</b>	<b>Proportion of ownership as at 31.03.2019</b>	<b>Proportion of ownership as at 31.03.2018</b>
Success Principles India Limited@	India	-	48.89%
IPM India Wholesale Trading Private Limited	India	24.80%	24.80%
KKM Management Centre Private Limited	India	36.75%	36.75%
KKM Management Centre Middle East (FZC)@@	UAE	36.00%	36.00%

@ ceased to be an associate w.e.f. March 15, 2019

@@ Held through foreign subsidiaries

## **(iii) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the associate in Group's profit and loss, and the Group's share of other comprehensive income of the associate in Group's other comprehensive income. Dividends received from associates are recognised as a reduction in the carrying amount of the investment.



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

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

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

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

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

The carrying amount of equity accounted associates are tested for impairment in accordance with the prescribed policy.

#### **(iv) Changes in ownership interests**

The Group treats transactions with non-controlling interests which does not result in loss of control as transaction with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and fair value of any consideration paid or received is recognised within equity and attributed to the owners of the company.

If the Group loses control over a subsidiary it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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

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

### **3.3. Use of estimates**

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

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



## **4. Significant accounting policies**

### **4.1.1. Revenue recognition**

#### **Revenue from Contracts with Customers**

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

#### **Sale of Products**

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

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

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

#### **(i) Variable consideration**

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

#### **- Rebates and discounts**

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

#### **(ii) Significant financing component**

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

#### **Contract balances**

##### **Trade receivables**

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

##### **Contract liabilities**

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

##### **Cost to obtain a contract**

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

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



#### **4.1.2. Dividend and interest income**

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

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

#### **4.1.3. Rental income**

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

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

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

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

#### **4.3. Leases**

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

##### **4.3.1. Operating lease**

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

##### **4.3.2. Finance lease**

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

#### **4.4. Finance costs**

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

#### **4.5. Foreign currencies**

##### **4.5.1. Functional and presentational currency**

The Group's financial statements are presented in Indian rupees (Rs.), which is also the parent company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### **4.5.2. Transactions and balances**

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

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

On consolidation, the assets and liabilities of foreign operations are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### **4.6. Taxation**

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

##### **4.6.1. Current tax**

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

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the group will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the group recognizes MAT credit as an asset, it is created by way of credit to the consolidated statement of profit and loss and shown as part of deferred tax asset. The group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

##### **4.6.2. Deferred tax**

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

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

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

##### **4.6.3. Current and deferred tax for the year**

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

#### **4.7. Employee benefits**

##### **4.7.1. Short term employee benefits**

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

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

##### **4.7.2. Long term employee benefits**

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



#### **4.7.3. Defined contribution plan**

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

#### **4.7.4. Defined benefit plan**

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

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

#### **4.7.5. Termination benefits**

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

### **4.8. Property, plant and equipment**

#### **4.8.1. Recognition and measurement**

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

#### **4.8.2. Capital work in progress**

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

#### **4.8.3. Depreciation**

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

Depreciation on tangible fixed assets (other than free hold land and properties under construction) is recognised on straight-line method, taking into account their nature, their estimated usage, their operating conditions, past history of their replacement and maintenance support etc.

Estimated useful lives of the assets based on technical estimates are as under:

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

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

The useful life estimated above are less than or equal to those indicated in Schedule II of the Companies Act, 2013. Freehold land is not amortised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

### **4.9. Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

No depreciation is charged in case of freehold land being designated as an investment property.

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

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

#### **4.10. Intangible assets**

##### **4.10.1. Recognition and measurement of intangible assets acquired separately**

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

##### **4.10.2. Derecognition of intangible asset**

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

##### **4.10.3. Amortisation method and useful life**

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

Computer software – 5 years

##### **4.11. Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### **4.12. Impairment of non-financial assets other than goodwill**

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

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

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



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

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

#### **4.13. Inventories**

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

Net realisable value is the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

#### **4.14. Provisions and contingencies**

##### **4.14.1. Provisions**

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

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

##### **4.14.2. Contingent liabilities**

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

#### **4.15. Financial instruments**

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

##### **4.15.1. Financial assets**

###### **4.15.1.1. Initial recognition and measurement**

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

###### **4.15.1.2. Classification of financial assets**

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

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

###### **Financial assets at amortised cost:**

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and



b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### **Financial assets at FVTOCI:**

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset, and

(b) The asset's contractual cash flows represent SPPI.

#### **Financial assets at FVTPL:**

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

### **4.15.1.3. Equity investments:**

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

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

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

### **4.15.1.4. Derecognition**

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

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

### **4.15.1.5. Impairment of financial assets**

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

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

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

## **4.15.2. Financial liabilities**

### **4.15.2.1. Initial recognition and measurement**

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

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

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



#### **4.15.2.2. Subsequent measurement**

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

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

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

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

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

#### **4.15.2.3. Loans and borrowings**

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

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

#### **4.15.2.4. Financial guarantee contracts**

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

#### **4.15.2.5. Derecognition**

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

#### **4.16. Offsetting financial instruments**

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

#### **4.17. Cash and cash equivalents**

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

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

#### **4.18. Earnings per share (EPS)**

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

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

#### **4.19. Derivative financial instruments**

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

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

**4.20. Embedded derivatives**

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

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

**4.21. Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**4.22. Compound financial instrument**

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

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



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

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

#### **4.23. Non Banking Financial Companies**

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

#### **4.24. Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

#### **4.25. Dividend distribution to equity holders of the Holding Company**

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

#### **4.26. Application of new Standards**

The Group has adopted Ind AS 115 Revenue from contracts with Customers with effect from April 1, 2018 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most of the current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue when the control of the goods and services is transferred to the customer as against the transfer of risk and rewards. As per the Group's current revenue recognition practices, transfer of control happens at the same point as transfer of risk and rewards thus not effecting the revenue recognition. The amount of revenue recognised reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

The Group has adopted the modified transitional approach as permitted by the standard under which the comparative financial information is not restated. The accounting changes required by the standard are not having any impact on the recognition or measurement of revenues and no transitional adjustment is recognised in retained earnings at April 1, 2018. Additional disclosures as required by Ind AS 115 have been included in these financial statements.

#### **Previous period Accounting Policy:**

##### **Revenue recognition**

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

##### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which usually coincides with the delivery of goods and title transfer;

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

#### **Income from services**

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

### **5. Significant accounting judgements, estimates and assumptions**

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

#### **Judgements and estimates**

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

##### **a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note No.42 for further disclosures.

##### **b) Provisions and contingent liabilities**

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

##### **c) Assessment of carrying value of retail and chewing business**

###### **i) Retail business**

In view of the continuing operating losses despite increased business operations, the Holding Company has reviewed the carrying value of its assets relating to retail business and estimated the recoverable amount of the assets in accordance with the requirements of Ind AS 36 for which an external professional agency has been engaged. Based on the said assessment, it has been concluded that the recoverable value of the retail business is higher than its carrying value as at 31 March 2019 and therefore, no impairment was required to be recorded in these financial statements. The Holding Company has used a level 2 valuation technique for estimating the recoverable value and key inputs centred around the forecasted revenue, market multiple and transaction multiple.

The carrying value of property, plant and equipment, capital work in progress & intangible assets of retail business as at 31 March 2019 is Rs. 7451.70 lakhs (31 March 2018: Rs. 3001.28 lakhs)

###### **ii) Chewing business**

The Holding Company has been incurring operating losses in its chewing business in the past years though the losses in the current year have been contained. In light of the same, the management has reviewed the business projections for next 4 years and analysed the potential impact of some of the key initiatives around increasing its geographic footprint, strengthening its presence in the existing markets and exiting from less profitable product segments. Based on the said analysis and future projections, there did not exist any indication that the assets of chewing business should be impaired. Hence, detailed impairment analysis has not been carried out in the current financial year.

The carrying value of property, plant and equipment, capital work in progress and leasehold land under operating lease of chewing business as at 31 March 2019 is Rs. 7271.23 lakhs (31 March 2018: Rs. 7896.79 lakhs)

##### **d) Impairment of investments in foreign subsidiary, Flavors and More, Inc. (F&M)**

The Company in its standalone financial statements has identified impairment in the carrying value of its investments in the share capital of F&M owing to its decision for closure of its business operations.

**Carrying amount of:**

**Notes:**

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

includes Rs. 6.02 lakhs (previous year: Rs. 6.02 lakhs) being the cost of shares in co-operative societies.

\*\*\* In previous year, due to closure of tea business, buildings at Bazpur, Uttarakhand having gross block of Rs. 420.51 lakhs and accumulated depreciation of Rs. 23.57 lakhs were reclassified to Investment Property (Refer Note No. 7).

**Rupees in Lakhs**

<b>7. Investment Property</b>			
<b>Cost</b>	<b>Freehold Land</b>	<b>Building</b>	<b>Total</b>
<b>Balance as at April 1, 2017</b>	24.51	506.29	530.80
Transfer in (Refer Note No.6)	-	420.51	420.51
<b>Balance as at March 31, 2018</b>	<b>24.51</b>	<b>926.80</b>	<b>951.31</b>
Additions	-	25.02	25.02
Disposals	-	(0.26)	(0.26)
<b>Balance as at March 31, 2019</b>	<b>24.51</b>	<b>951.56</b>	<b>976.07</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at April 1, 2017</b>	-	23.76	23.76
Depreciation Expenses	-	27.12	27.12
Transfer in (Refer Note No.6)	-	23.57	23.57
<b>Balance as at March 31, 2018</b>	-	<b>74.45</b>	<b>74.45</b>
Depreciation Expenses	-	29.31	29.31
Disposals	-	(0.06)	(0.06)
<b>Balance as at March 31, 2019</b>	-	<b>103.70</b>	<b>103.70</b>
<b>Carrying amount</b>			
<b>Balance at March 31, 2019</b>	<b>24.51</b>	<b>847.86</b>	<b>872.37</b>
Balance at March 31, 2018	24.51	852.35	876.86

**Information regarding income and expenditure of investment property**

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

**Fair valuation of the properties**

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

<b>Fair Valuation of the properties</b>	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
Located in Maharashtra	<b>37089.77</b>	30457.90
Located in Uttarakhand	<b>627.68</b>	629.34
	<b>37717.45</b>	31087.24

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

The Group has earned rental income of Rs. 75.87 lakhs (previous year Rs. 44.15 lakhs) from investment properties.

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

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

**Description of valuation technique**

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Assumption used</b>	
			<b>As on March 31, 2019</b>	<b>As on March 31, 2018</b>
<b>Located in Maharashtra</b>				
Factory Land and Building (including Godown)	Market Value Method	Industrial/ Residential rate for sales (Rs./Sp. Ft)	15000 to 17500	15000 to 17500
Office Building	Market Value Method	Fair Market Value (Rs./Sq. Ft.)	35000	35000
<b>Located in Uttarakhand</b>				
Factory Building (including Admin Block)	Market Value Method	Fair Market Value (Rs./Sq.Mt.)	4304 to 9252	4605 to 7136

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



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>8. Intangible assets</b>		
Carrying amount of		
-Computer software	<b>315.41</b>	432.81
	<b>315.41</b>	432.81
	<b>Computer Software</b>	
<b>Cost</b>		
<b>Balance at April 1, 2017</b>	1001.26	
<b>Balance at March 31, 2018</b>	<b>1001.26</b>	
Additions	2.09	
<b>Balance at March 31, 2019</b>	<b>1003.35</b>	
<b>Accumulated amortisation</b>		
<b>Balance at April 1, 2017</b>	365.47	
Amortisation expense	202.98	
<b>Balance at March 31, 2018</b>	<b>568.45</b>	
Amortisation expense	119.49	
<b>Balance at March 31, 2019</b>	<b>687.94</b>	
<b>Net book value</b>		
<b>Balance at March 31, 2019</b>	<b>315.41</b>	
Balance at March 31, 2018	432.81	

	As at 31.3.2019	As at 31.3.2018
<b>9. Financial assets - Investments</b>		
<b>Non-current</b>		
Investment in equity instruments		
- Associate companies	<b>409.20</b>	424.88
- Other equity instruments	<b>15624.11</b>	10386.08
Investment in preference shares	<b>111.13</b>	97.75
Investment in mutual funds	<b>80912.30</b>	63580.83
Investment-others	<b>1893.46</b>	636.22
	<b>98950.20</b>	75125.76
<b>Current</b>		
Investment in mutual funds	<b>23845.21</b>	17320.69
Investment-others	<b>364.77</b>	-
	<b>24209.98</b>	17320.69
Aggregate value of unquoted investments non-current	<b>13699.74</b>	8914.04
Aggregate value of quoted investments non-current	<b>85760.46</b>	66729.72
Aggregate value of quoted investments current	<b>24209.98</b>	17320.69
Market value of quoted investments non-current	<b>85795.25</b>	66772.20
Market value of quoted investments current	<b>24209.98</b>	17320.69
Aggregate value of impairment (other than temporary) in value of investments non-current	<b>510.00</b>	518.00
<b>Classification of investments as per Ind AS 109</b>		
Investments carried at fair value through profit or loss (FVTPL)	<b>109646.41</b>	83712.98
Investments carried at fair value through other comprehensive income (FVTOCI)	<b>12669.56</b>	7863.58
Investments carried at amortised cost	<b>435.01</b>	445.01
	<b>122750.98</b>	92021.57
<b>9.1 Investment in associates</b>		
<b>Break-up of investment in associates (carrying amount determined using the equity method of accounting)</b>		
<b>Unquoted investment</b>		
IPM India Wholesale Trading Private Limited		
49,60,000 Equity shares of Rs. 10 each fully paid up	<b>496.00</b>	496.00
Less: Provision for impairment in the value	<b>(496.00)</b>	(496.00)
	-	-
KKM Management Centre Private Limited		
11,02,500 Equity shares of Rs. 10 each fully paid up	<b>110.25</b>	110.25





**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
Group's share of profit upto year end	<b>248.25</b>	224.72
	<b>358.50</b>	334.97
Success Principles India Limited		
Nil (previous year 199,673) Equity shares of Rs. 10 each fully paid up (Refer Note No. 44 )	-	59.95
	-	59.95
KKM Management Centre Middle East (FZC)		
144 Equity shares of AED 1,000 each fully paid up	<b>25.89</b>	25.89
Group's share of profit upto year end	<b>24.81</b>	4.07
	<b>50.70</b>	29.96
<b>Aggregate carrying amount of the Group's investment in associates</b>	<b>409.20</b>	424.88

Investment in associates are accounted using the equity method in these consolidated financial statements. Each of the three (previous year four) associates are not individually material to the Group considering the contribution of these associates to the consolidated net asset of the Group

<b>Share of profit of associates that are not individually material</b>	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>
The Group's share of profit or loss	<b>44.27</b>	24.62
The Group's share of other comprehensive income	-	-
<b>The Group's share of total comprehensive income</b>	<b>44.27</b>	24.62
<b>Unrecognised share of profit of associate (IPM India Wholesale Trading Private Limited)*</b>		
The unrecognised share of profit of associate for the year (including other comprehensive income)	<b>2280.47</b>	2463.41

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
Cumulative share of loss of an associate (Including other comprehensive income)	<b>(16921.37)</b>	(19201.84)
* The Current and previous year profits of the said associate has not been consolidated due to negative net worth of the associate as at March 31, 2019 and March 31, 2018 respectively.		
<b>9.2 Investment in other equity instruments</b>		
<b>9.2.1 Investments measured at fair value through profit or loss (FVTPL)</b>		
<b>Unquoted equity instruments</b>		
Molind Engineering Limited		
3,500 Equity shares of Rs.10 each fully paid up	<b>0.25</b>	0.25
Less: Written-off	<b>(0.25)</b>	(0.25)
	-	-
Narang Industries Limited		
40,000 Equity Shares of Rs.10 each fully paid up	<b>4.00</b>	4.00
Less: Provision for impairment in the value	<b>(4.00)</b>	(4.00)
	-	-
Modicare Limited (Refer Note No.44)		
Nil (Previous year 7,20,000) Equity Shares of Rs.2.50 each fully paid up	-	18.00
Less: Provision for impairment in the value	-	(18.00)
	-	-
<b>Sub total (A)</b>	-	-
<b>Quoted equity instruments</b>		
Nestle India Limited		
93 Equity Shares of Rs.10 each fully paid up	<b>10.19</b>	7.63
Glaxo SmithKline Consumer Healthcare Limited		
320 Equity Shares of Rs.10 each fully paid up	<b>23.19</b>	19.52
Golden Tobacco Limited		
100 Equity Shares of Rs.10 each fully paid up	<b>0.04</b>	0.06
VST Industries Limited		
100 Equity Shares of Rs.10 each fully paid up	<b>3.46</b>	2.94
Hindustan Unilever Limited		
290 Equity Shares of Re.1 each fully paid up	<b>4.95</b>	3.87
HDFC Bank Limited		
73,200 Equity Shares of Rs.2 each fully paid up	<b>1697.43</b>	1380.63
Oriental Bank of Commerce		
1,000 Equity Shares of Rs.10 each fully paid up	<b>1.16</b>	0.92
Bank of Baroda		
5,000 Equity Shares of Rs.2 each fully paid up	<b>6.43</b>	7.11
State Bank of India		
40,910 Equity Shares of Re.1 each fully paid up	<b>131.22</b>	102.23



**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
Maruti Suzuki India Limited 950 Equity Shares of Rs.5 each fully paid up	<b>63.39</b>	84.18
Emami Limited 5,400 (Previous year -2700) Equity Shares of Re.1 each fully paid up	<b>21.60</b>	28.86
NTPC Limited 7,852 (Previous year - 6,544) Equity Shares of Rs.10 each fully paid up	<b>10.58</b>	11.11
Reliance Industries Limited 10,352 Equity Shares of Rs.10 each fully paid up	<b>141.12</b>	91.38
Tata Consultancy Services Limited 7,700 (Previous year - 3,850) Equity Shares of Re.1 each fully paid up	<b>154.13</b>	109.69
Ashok Leyland Limited 15,000 Equity Shares of Re.1 each fully paid up	<b>13.70</b>	21.82
ICICI Bank Limited 12,864 Equity Shares of Rs.2 each fully paid up	<b>51.52</b>	35.81
Aditya Birla Capital Limited 7,555 Equity Shares of Rs.10 each (Purchased during the year)	<b>7.34</b>	-
Zee Entertainment Enterprises Limited 1,094 Equity Shares of Re.1 each fully paid up	<b>4.87</b>	6.30
Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up	<b>24.53</b>	19.70
SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up	<b>76.90</b>	62.56
Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up	<b>8.83</b>	10.16
Power Finance Corporation Limited 1,994 Equity Shares of Rs.10 each fully paid up	<b>2.45</b>	1.71
Indian Bank Limited 2,096 Equity Shares of Rs.10 each fully paid up	<b>5.87</b>	6.28
Reliance Home Finance Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	<b>0.02</b>	0.04
Reliance Capital Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	<b>0.15</b>	0.32
Axis Bank 5,000 Equity Shares of Rs.2 each fully paid up	<b>38.86</b>	25.52
Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up	<b>0.00</b>	0.04
ITC Limited 13,500 Equity Shares of Re.1 each fully paid up	<b>40.13</b>	34.49
J.K.Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up	<b>17.33</b>	20.30
Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up	<b>33.78</b>	32.98
Tata Motors Limited 7,870 Equity Shares of Rs.2 each fully paid up	<b>13.71</b>	25.72
Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up	<b>69.47</b>	63.12
Bharat Electronics Limited 8,800 Equity Shares of Re.1 each fully paid up	<b>8.21</b>	12.45
Cipla Limited 1,000 Equity Shares of Rs.2 each fully paid up	<b>5.29</b>	5.45
ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up	<b>28.87</b>	36.47
Infosys Limited 4,000 (Previous year - 2,000) Equity Shares of Rs.5 each fully paid up	<b>29.75</b>	22.64
Kotak Mahindra Bank Limited 4,000 Equity Shares of Rs. 5 each fully paid up	<b>53.38</b>	41.91
Coal India Limited 154 Equity Shares of Rs.10 each fully paid up	<b>0.37</b>	0.44
Zee Media Corporation Limited (Earlier Zee News Limited) 226 Equity Shares of Re.1 each fully paid up (received free of cost)	<b>0.04</b>	0.09
IDFC Bank Limited 13,815 (Previous year - 1,500, received free of cost ) Equity Shares of Rs.10 each fully paid up	<b>7.67</b>	0.71



**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
Ashoka Buildcon Limited 9,090 (Previous year - 6,060) Equity Shares of Rs.5 each fully paid up	<b>11.54</b>	15.06
Castrol India Limited 4,800 Equity Shares of Rs.5 each fully paid up	<b>7.99</b>	9.83
RBL Bank Limited 4,600 Equity Shares of Rs.10 each fully paid up	<b>31.30</b>	22.07
The Karur Vysya Bank Limited Nil (previous year 9,775) Equity Shares of Rs.2 each fully paid up	-	9.82
Yes Bank Limited Nil (Previous year 2,990) Equity Shares of Rs.2 each fully paid up	-	9.12
KEC International Limited 3,825 (Previous year - 6,225) Equity Shares of Rs.2 each fully paid up	<b>11.50</b>	24.26
Motherson Sumi Systems Limited 3,033 (Previous year - 2,022) Equity Shares of Re.1 each fully paid up	<b>4.54</b>	6.29
Persistent System Limited 825 Equity Shares of Rs.10 each fully paid up	<b>5.19</b>	5.73
Piramal Enterprises Limited 432 Equity Shares of Rs.2 each fully paid up	<b>11.94</b>	10.51
Capital First Limited Nil (Previous year 886) Equity Shares of Rs.10 each fully paid up	<b>0.00</b>	5.46
Care Rating Limited 1,020 (Previous year - 460) Equity Shares of Rs.10 each fully paid up	<b>10.09</b>	5.56
Century Plyboards India Limited 4,525 Equity Shares of Re.1 each fully paid up	<b>9.43</b>	14.78
Coachin shipyard Limited 2,286 Equity Shares of Rs.10 each fully paid up	<b>8.95</b>	11.48
Engineers India Limited 4,500 Equity Shares of Rs.5 each fully paid up	<b>5.28</b>	7.13
NCL Industries Limited 2790 Equity Shares of Rs.10 each fully paid up	<b>4.02</b>	6.12
PNB Housing Finance Limited 938 Equity Shares of Rs.10 each fully paid up	<b>8.11</b>	12.12
L&T Technology Services Ltd 810 Equity Shares Rs. 10 each fully paid up (purchased during the year)	<b>12.74</b>	-
Digilent Media Corporation Limited 57 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
<b>Sub total (B)</b>	<b>2954.55</b>	2512.50
<b>9.2.2 Investments measured at fair value through other comprehensive income</b>		
<b>Unquoted equity instrument</b>		
K K Modi Investment & Financial Services Private Limited 91,875 Equity Shares of Rs.10 each fully paid up	<b>12669.56</b>	7863.58
<b>Sub total (C)</b>	<b>12669.56</b>	7863.58
<b>9.2.3 Investments measured at amortised cost</b>		
<b>Unquoted equity instrument</b>		
Circassia Pacific Finance Limited 1,00,000 Equity Shares of Rs.10 each fully paid up	<b>10.00</b>	10.00
Less: Provision for impairment in the value	<b>(10.00)</b>	-
<b>Sub total (D)</b>	-	10.00
<b>Aggregate investment in other equity instruments (A+B+C+D)</b>	<b>15624.11</b>	10386.08
<b>9.3 Investment in mutual funds - Quoted</b>		
<b>Non-current investment in mutual funds (valued at fair value through profit or loss)</b>	<b>80912.30</b>	63580.83
<b>Current investment in mutual funds (valued at fair value through profit or loss)</b>	<b>23845.21</b>	17320.69
<b>9.3.1 Break up of non-current investment in mutual funds</b>		
<b>Franklin Templeton Mutual Fund</b>		
1,00,00,000 Units of Franklin India Fixed Maturity Plans-Series 2- Plan C (1205 Days)- Direct-Growth of Rs. 10 each	<b>1091.87</b>	1015.72
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 3- Plan C (1132 Days) - Direct-Growth of Rs. 10 each	<b>539.31</b>	502.73
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan C (1098 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	<b>530.81</b>	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 4- Plan D(1098 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	<b>529.06</b>	-
7,69,483 Units of Franklin India Corporate Debt Fund Plan A Direct of Rs. 10 each (purchased during the year)	<b>533.55</b>	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan D (1238 Days)- Direct-Growth of Rs. 10 each (purchased during the year)	<b>513.54</b>	-



**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 5- Plan F (1203Days)- Direct-Growth of Rs. 10 each (purchased during the year)	<b>508.85</b>	-
50,00,000 Units of Franklin India Fixed Maturity Plans-Series 6- Plan C (1169Days)- Direct-Growth of Rs. 10 each (purchased during the year)	<b>502.59</b>	-
<b>ICICI Prudential Mutual Fund</b>		
Nil (Previous year 13,88,808) Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each	-	764.56
41,57,762 Units of ICICI Prudential Short Term Fund-Direct Plan-Growth Option of Rs.10 each	<b>1677.44</b>	1559.34
76,48,263 Units (Previous year 75,28,363 units of ICICI Prudential Dynamic Bond Fund Direct Plan-Growth) of ICICI Prudential Banking and PSU Debt Fund-Direct Plan-Growth of Rs.10 each (Earlier scheme merged)	<b>1649.29</b>	1545.55
29,21,824 Units of ICICI Prudential Banking and PSU Debt Fund-Direct Plan-Growth of Rs.10 each	<b>630.07</b>	590.72
75,73,199 Units of ICICI Prudential Medium Term Bond Fund Direct Plan-Growth of Rs. 10 each	<b>2271.39</b>	2142.46
Nil (Previous year 28,01,120) Units of ICICI Prudential Balanced Advantage Fund-Direct Plan-Growth of Rs.10 each	-	985.71
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1275 Days Plan K-Direct Plan of Rs.10 each (purchased during the year)	<b>530.20</b>	-
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1287 Days Plan I- Direct Plan of Rs.10 each (purchased during the year)	<b>523.91</b>	-
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1245 Days Plan N-Direct Plan of Rs.10 each (purchased during the year)	<b>525.88</b>	-
50,00,000 Units of ICICI Prudential Fixed Maturity Plan -Series 84 -1254 Days Plan U-Direct Plan of Rs.10 each (purchased during the year)	<b>515.12</b>	-
1,00,00,000 Units of ICICI Prudential Fixed Maturity Plan Series 84-1188 Days Plan Z-Direct Plan of Rs. 10 each (purchased during the year)	<b>1025.54</b>	-
50,00,000 Units ICICI Prudential Fixed Maturity Plan Series 85-1178 Days Plan B-Direct Plan of Rs. 10 each (purchased during the year)	<b>511.17</b>	-
50,00,000 Units ICICI Prudential Fixed Maturity Plan Series 85-1175 Days Plan D-Direct Plan of Rs. 10 each (purchased during the year)	<b>508.44</b>	-
25,72,969 Units of ICICI Prudential Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>506.01</b>	-
78,705 Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each	<b>20.27</b>	19.11
<b>Aditya Birla Sunlife Mutual Fund</b>		
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) -Growth Direct Plan of Rs. 10 each	<b>565.91</b>	539.77
Nil (Previous year 19,53,831) Units of Aditya Birla Sun Life Income Fund-Growth-Regular Plan of Rs.10 each	-	1484.73
8,72,520 Units of Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan of Rs. 10 each	<b>629.66</b>	583.02
Nil (Previous year 46,01,340) Units of Aditya Birla Sunlife Medium Term Plan-Growth-Direct Plan of Rs.10 each	-	1045.39
Nil (Previous year 38,98,939) Units of Aditya Birla Sunlife Credit Risk Fund- Growth-Direct of Rs.10 each	-	518.75
1,00,00,000 Units of Aditya Birla Sunlife Fixed Term Plan -Series PG (1148 Days) - Direct-Growth of Rs.10 each	<b>1085.59</b>	1010.68
Nil (Previous year 61,167) Units of Aditya Birla Sunlife Equity Hybrid 95 Fund Growth-Direct Plan of Rs.10 each	-	475.86
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QQ (1100 Days) -Direct Growth of Rs. 10 each (Purchased during the year)	<b>521.52</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QU (1100 Days) -Direct Growth of Rs. 10 each (Purchased during the year)	<b>532.23</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series QO- (1100 Days) -Direct Growth of Rs. 10 each (Purchased during the year)	<b>534.83</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RH (1281 Days) -Direct -Growth of Rs. 10 each (purchased during the period)	<b>529.15</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan -Series QR (1126 Days) -Direct Growth of Rs. 10 each (purchased during the year)	<b>527.02</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RN (1240 Days) -Direct Growth of Rs. 10 each (purchased during the year)	<b>525.47</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series RW (1202 Days) -Direct Growth of Rs. 10 each (purchased during the year)	<b>517.34</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SG (1155 DAYS)-Direct Growth of Rs. 10 each (Purchased during the year)	<b>509.10</b>	-
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series SJ (1135 DAYS)-Direct Growth of Rs. 10 each (Purchased during the year)	<b>504.50</b>	-
<b>IDFC Mutual Fund</b>		
Nil (Previous year 52,81,572) Units of IDFC Super Saver Income Fund-Investment Plan-Growth -(Direct Plan) of Rs.10 each	-	2275.24
12,82,926 Units of IDFC Bond Fund-Short Term Plan-Growth-Direct Plan of Rs. 10 each (Purchased during the year)	<b>507.33</b>	-
78,77,427 Units of IDFC Corporate Bond Fund-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	<b>1013.07</b>	-
50,00,000 Units of IDFC Fixed Term Plan Series 176 Direct Plan -Growth (1170 Days) of Rs. 10 each (Purchased during the year)	<b>508.99</b>	-
50,00,000 Units of IDFC Fixed Term Plan Series 177 Direct Plan -Growth (1160 Days) of Rs. 10 each (Purchased during the year)	<b>504.93</b>	-
31,47,920 Units of IDFC Banking & PSU Debt Fund-Direct Plan-Growth of Rs. 10 each (Purchased during the year)	<b>510.80</b>	-
<b>HDFC Mutual Fund</b>		
60,89,466 Units of HDFC Corporate Bond Fund-Direct Plan-Growth Option of Rs.10 each	<b>1274.87</b>	1181.83
2,60,51,855 Units of HDFC Banking and PSU Debt Fund Direct Growth Option of Rs. 10 each	<b>3969.57</b>	3696.39
68,09,948 Units of HDFC Credit Risk Debt Fund-Direct -Growth of Rs.10 each	<b>1084.04</b>	1016.98
50,00,000 Units of HDFC FMP 1177D March, 2018(1) -Direct-Growth-Series 39 of Rs.10 each	<b>534.77</b>	500.00
Nil (Previous year 3,20,842) Units of HDFC Hybrid Equity Fund -Direct Plan-Growth Option of Rs.10 each	-	489.96



**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
1,00,00,000 Units of HDFC FMP 1141D August 2018(1) -Direct-Growth-Series 42 of Rs.10 each (Purchased during the year)	<b>1047.59</b>	-
1,00,00,000 Units of HDFC FMP 1344D October 2018(1) -Direct-Growth-Series 43 of Rs.10 each (purchased during the quarter)	<b>1050.57</b>	-
50,00,000 Units of HDFC FMP 1274D October 2018(1) -Direct-Growth-Series 43 of Rs.10 each (purchased during the year)	<b>532.05</b>	-
50,00,000 Units of HDFC FMP 1154D February 2019 (1)-Direct-Growth Series 43 of Rs.10 each (purchased during the year)	<b>508.89</b>	-
50,00,000 Units of HDFC FMP 1126D March 2019 (1)-Direct-Growth Series 44 of Rs.10 each (purchased during the year)	<b>504.96</b>	-
<b>SBI Mutual Fund</b>		
Nil (Previous year 1,06,10,005) Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	-	2257.09
83,68,134 Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs. 10 each.	<b>1844.42</b>	1715.54
36,78,702 Units of SBI Credit Risk Fund-Direct-Growth of Rs.10 each	<b>1140.68</b>	1058.08
50,00,000 Units of SBI Debt Fund Series -C-12-(1122 Days) -Direct-Growth of Rs. 10 each	<b>538.59</b>	502.69
Nil (Previous year 3,81,300) Units of SBI Equity Hybrid Fund -Direct-Growth of Rs. 100 each	-	491.23
1,00,00,000 Units of SBI Debt Fund Series -C-22-(1100 Days) -Direct-Growth of Rs. 10 each (Purchased during the year)	<b>1053.98</b>	-
50,00,000 Units of SBI Debt Fund Series -C-25-(1100 Days) -Direct-Growth of Rs. 10 each (Purchased during the year)	<b>529.96</b>	-
50,00,000 Units of SBI Debt Fund Series -C-27-(1260 Days) -Direct-Growth of Rs. 10 each (purchased during the year)	<b>529.68</b>	-
50,00,000 Units of SBI Debt Fund Series -C-28-(1240 Days) -Direct-Growth of Rs. 10 each (purchased during the year)	<b>525.22</b>	-
50,00,000 Units of SBI Debt Fund Series -C-33-(1216 Days) -Direct-Growth of Rs. 10 each (purchased during the year)	<b>516.50</b>	-
50,00,000 Units of SBI Debt Fund Series C-40 (1177 Days)-Direct Growth of Rs. 10 each (purchased during the year)	<b>512.35</b>	-
50,00,000 Units of SBI Debt Fund Series C-44 (1175 Days)-Direct Growth of Rs. 10 each (purchased during the year)	<b>507.71</b>	-
50,00,000 Units of SBI Debt Fund Series C-43 (1176 Days)-Direct Growth of Rs. 10 each (purchased during the year)	<b>509.49</b>	-
50,00,000 Units of SBI Debt Fund Series C-48 (1177 Days)-Direct Growth of Rs. 10 each (purchased during the year)	<b>503.02</b>	-
<b>AXIS Mutual Fund</b>		
Nil (Previous year 79,97,505) Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	-	1492.73
72,29,194 Units of AXIS Credit Risk Fund -Direct-Growth (IO-DG) of Rs.10 each	<b>1110.28</b>	1029.11
50,00,000 Units of AXIS Fixed Term Plan Series-96 (1124 Days) -Direct-Growth (WH-DG) of Rs.10 each (purchased during the year)	<b>520.39</b>	-
<b>DSP BlackRock Mutual Fund</b>		
Nil (Previous year 1,08,760) Units of DSP Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	-	2237.55
Nil (Previous year 34,77,511) Units of DSP Credit Risk Fund-Direct-Growth of Rs 10 each	-	1024.63
1,00,00,000 Units of DSP FMP- Series 221-40M -Direct-Growth of Rs 10 each	<b>1087.35</b>	1013.21
50,00,000 Units of DSP FMP -S241-36M-Direct-Growth of Rs. 10 each (Purchased during the year)	<b>525.42</b>	-
Nil (Previous year - 4,073) Units of DSP BlackRock Liquidity Fund-Growth of Rs.1000 each	-	101.23
<b>DHFL Pramerica Mutual Fund</b>		
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AC -Direct Plan-Growth of Rs. 1000 each	<b>583.59</b>	547.46
Nil (Previous year 63,55,000) Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs.10 each	-	2113.13
Nil (Previous year 1,62,327) Units of DHFL Pramerica Insta Cash Plus Fund-Bonus of Rs.10 each	-	249.68
Nil (Previous year 35,20,904) Units of DHFL Pramerica Medium Term Fund-Direct Plan-Growth of Rs. 10 each	-	532.41
Nil (Previous year 35,80,149) Units of DHFL Pramerica Credit Risk Fund -Direct Plan-Growth of Rs. 10 each	-	511.01
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AR -Direct Plan-Growth of Rs. 1000 each	<b>505.32</b>	502.46
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series BE- Direct Plan-Growth of Rs. 1000 each (Purchased during the year)	<b>480.89</b>	-
1,00,000 Units of DHFL Pramerica Fixed Duration Fund-Series BC Direct Plan-Growth of Rs. 1000 each (purchased during the year)	<b>1043.26</b>	-
<b>Reliance Mutual Fund</b>		
Nil (Previous year 33,73,190) Units of Reliance Income Fund-Direct Growth Plan-Bonus Option of Rs.10 each	-	553.41
32,66,543 Units of Reliance Short Term Fund-Direct Growth Plan Growth Option of Rs. 10 each	<b>1178.36</b>	1100.33
1,00,00,000 Units of Reliance Fixed Horizon Fund XXXIII-Series 5-Direct- Growth Plan of Rs. 10 each	<b>1179.94</b>	1094.38
73,87,161 Units of Reliance Strategic Debt Fund-Direct-Growth Plan of Rs.10 each	<b>1134.29</b>	1069.62
1,00,00,000 Units of Reliance Fixed Horizon Fund -XXXV-Series 16- Direct Growth Plan of Rs.10 each	<b>1088.55</b>	1019.61
50,00,000 Units of Reliance Fixed Horizon Fund -XXXVI-Series 8- Direct Growth Plan of Rs.10 each	<b>536.59</b>	502.24
50,00,000 Units of Reliance Fixed Horizon Fund -XXXVII-Series 04- Direct- Growth Plan of Rs.10 each (purchased during the year)	<b>547.00</b>	-
1,00,00,000 Units of Reliance Fixed Horizon Fund -XXXVIII-Series 02- Direct Growth Plan of Rs.10 each (purchased during the year)	<b>1064.20</b>	-
50,00,000 Units of Reliance Fixed Horizon Fund -XXXIX-Series 9- Direct -Growth Plan of Rs.10 each (purchased during the year)	<b>531.74</b>	-
Nil (Previous year -2,387) Units of Reliance Liquid Fund - Treasury Plan - Direct Growth Plan of Rs. 1000 each	-	101.25



**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
<b>UTI Mutual Fund</b>		
1,51,52,603 Units of UTI- Short Term Income Fund-Direct Growth Plan of Rs. 10 each	<b>3511.54</b>	3278.37
Nil (Previous year 76,42,438) Units of UTI- Dynamic Bond Fund- Direct- Growth-Plan of Rs.10 each	-	1582.98
1,52,09,282 Units of UTI Credit Risk Fund-Direct-Growth Plan of Rs. 10 each	<b>2739.21</b>	2567.94
1,00,00,000 Units of UTI Fixed Term Income Fund Series XXX-III-1106 Days -Direct-Growth Plan of Rs. 10 each (purchased during the year)	<b>1045.00</b>	-
50,00,000 Units of UTI Fixed Term Income Fund Series XXXI-I-(1209 Days) -Direct-Growth Plan of Rs. 10 each (purchased during the year)	<b>515.95</b>	-
50,00,000 Units of UTI Fixed Term Income Fund Series XXXI-III-1174 Days-Direct Growth Plan of Rs. 10 each (purchased during the year)	<b>512.08</b>	-
<b>TATA Mutual Fund</b>		
34,85,851 Units of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	<b>1185.84</b>	1168.95
50,00,000 Units of Tata Fixed Maturity Plan Series 53 Scheme A-Direct Plan-Growth of Rs. 10 each	<b>539.81</b>	502.51
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme E-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>523.94</b>	-
50,00,000 Units of Tata Fixed Maturity Plan Series 55 Scheme F-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>521.52</b>	-
<b>Kotak Mutual Fund</b>		
33,48,603 Units of Kotak Bond (Short Term)-Direct Plan-Growth of Rs. 10 each	<b>1221.36</b>	1127.76
76,74,987 Units of Kotak Credit Risk Fund-Direct Plan-Growth of Rs. 10 each	<b>1652.99</b>	1540.64
50,00,000 Units of Kotak FMP Series 220 - Direct-Growth of Rs. 10 each	<b>539.37</b>	500.00
50,00,000 Units of Kotak FMP Series 234 - Direct-Growth of Rs. 10 each (purchased during the year)	<b>528.63</b>	-
50,00,000 Units of Kotak FMP Series 250 - Direct-Growth of Rs. 10 each (purchased during the year)	<b>529.62</b>	-
50,00,000 Units of Kotak FMP Series 252 - Direct-Growth of Rs. 10 each (purchased during the year)	<b>521.90</b>	-
19,858 Units of Kotak Corporate Bond Fund Direct Growth of Rs. 1000 each (purchased during the year)	<b>501.87</b>	-
<b>Edelweiss Mutual Fund</b>		
Nil (Previous year 74,63,076) Units of Edelweiss Corporate Bond Fund-Direct Plan-Growth (CD-D1) of Rs. 10 each	-	1015.74
50,000 Units of Edelweiss Alpha Fund Scheme I of Rs. 1,000 each (purchased during the year)	<b>514.36</b>	-
<b>IIFL Mutual Fund</b>		
35,22,764 Units of IIFL Dynamic Bond Fund -Direct Plan-Growth of Rs. 10 each	<b>536.41</b>	502.48
50,00,000 Units of IIFL Select Series II of Rs. 10 each (purchased during the year)	<b>489.03</b>	-
<b>HSBC Mutual Fund</b>		
1,00,00,000 Units of HSBC FTS 133-Growth-Direct -1134 days of Rs.10 each	<b>1072.05</b>	1000.00
<b>L&amp;T Mutual Fund</b>		
24,92,473 Units of L&T Credit Risk Fund -Direct Plan -Growth of Rs. 10 each	<b>541.47</b>	508.06
27,52,410 Units of L&T Short Term Bond Fund-Direct Plan-Growth of Rs. 10 each (purchased during the year)	<b>505.41</b>	-
<b>Sundaram Mutual Fund</b>		
1,50,00,000 Units of Sundaram Fixed Term Plan IE Direct -Growth of Rs. 10 each	<b>1622.18</b>	1520.82
50,00,000 Units of Sundaram Fixed Term Plan IK Direct -Growth of Rs. 10 each (purchased during the year)	<b>536.45</b>	-
<b>BOI AXA Credit Risk Fund</b>		
37,28,783 Units of BOI AXA Credit Risk Fund -Direct Plan of Rs. 10 each (purchased during the year)	<b>496.48</b>	-
<b>Aggregate non-current investment in mutual funds</b>	<b>80912.30</b>	63580.83
<b>9.3.2 Break up of Current investment in mutual funds</b>		
<b>ICICI Mutual Fund</b>		
1,40,61,128 Units ICICI Prudential Equity Arbitrage Fund Direct Plan Dividend of Rs.10 each (purchased during the year)	<b>2037.65</b>	-
Nil (Previous year - 66,43,408) Units of ICICI Prudential Liquid Fund -Growth of Rs. 100 each	-	17032.91
<b>DSP BlackRock Mutual Fund</b>		
10,18,353 (Previous year - 10,02,979) Units of DSP Black Rock Arbitrage Fund Direct- Dividend of Rs.10 each	<b>107.62</b>	101.24
Nil (Previous year - 2,016) Units of DSP Black Rock Liquidity Fund Direct- Growth of Rs.1,000 each	-	50.12
<b>IIFL Mutual Fund</b>		
10,28,489 (Previous year- 5,13,905) Units of IIFL Special Opportunities Fund Series 5 of Rs.10 each	<b>99.39</b>	50.43
<b>Tata Mutual Fund</b>		
50,00,000 Units of Tata Arbitrage Fund Direct Plan Monthly Dividend of Rs. 10 each (purchased during the year)	<b>508.87</b>	-
<b>SBI Mutual Fund</b>		
1,43,44,289 Units of SBI Arbitrage Opportunities Fund Direct Plan Dividend of Rs 10 each (Purchased during the year)	<b>2048.46</b>	-
20,565 Units SBI Magnum Low Duration Fund-Direct-Growth of Rs 10 each (purchased during the year)	<b>500.20</b>	-
<b>Birla Mutual Fund</b>		
25,095 (Previous year - 25,993) Units of Birla Sunlife Saving Fund- Growth of Rs. 100 each	<b>89.64</b>	85.99
<b>UTI Mutual Fund</b>		
1,19,80,317 Units of UTI Arbitrage Fund-Direct Dividend Plan Reinvestment of Rs. 10 each (purchased during the year)	<b>2031.05</b>	-





**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>9. Financial assets - Investments (continued)</b>		
<b>Kotak Arbitrage Fund</b>		
5,37,51,016 Units of Kotak Savings Fund-Direct Plan- Growth of Rs. 10 each (purchased during the year)	<b>16422.33</b>	-
<b>Aggregate current investment in mutual funds</b>	<b>23845.21</b>	17320.69
<b>9.4 Investment-Others Quoted-non-current</b>		
<b>9.4.1. Investment in bonds (valued at amortised cost)</b>		
Indian Railway Finance Corporation Limited 43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up	<b>435.01</b>	435.01
<b>9.4.2. Investment in debentures (FVTPL)</b>		
NTPC Limited 6,544 12.5% Non Convertible Debentures	<b>0.83</b>	0.83
<b>9.4.3. Investment in Market Linked Debentures (MLD) (FVTPL)</b>		
500 units of Samasta Micro Finance Limited Rs. 100,000 each (purchased during the year)	<b>538.35</b>	-
50 Units of Rs JM Financial Products Limited of Rs 10,00,000 each (Purchased during the year)	<b>507.71</b>	-
187 Units of IIFL Wealth Finance Limited of Rs. 1,00,000 each (purchased during the year)	<b>203.70</b>	-
<b>9.4.4. Investment in Alternative Investment Funds (FVTPL)</b>		
India Housing Fund 19,96,885 units of IIFL India Housing Fund of Rs. 10 each	<b>207.65</b>	200.18
<b>9.4.5. Investment in Exchange Traded Fund (FVTPL)</b>		
Reliance Liquid BeES Fund 21 (Previous year - 20) Units of Rs. 1,000 each	<b>0.21</b>	0.20
<b>Aggregate non current investment others</b>	<b>1893.46</b>	636.22
<b>9.5 Investment-Others Quoted-current</b>		
<b>Investment in Market Linked Debentures (MLD) (FVTPL)</b>		
35 units of Home Credit India Finance Private Limited Rs. 10,00,000 each (purchased during the year)	<b>364.77</b>	-
	<b>364.77</b>	-
<b>9.6 Investment in preference shares (FVTPL)</b>		
K K Modi Investment & Financial Services Private Limited - Unquoted 71,28,000 Preference Shares of Rs.10 each fully paid up	<b>110.98</b>	97.58
Zee Entertainment Enterprises Limited - Quoted 2,297 6% Preference Shares of Rs. 10 each fully paid up (received free of cost)	<b>0.15</b>	0.17
<b>Aggregate investment in preference shares</b>	<b>111.13</b>	97.75

<b>10. Financial assets - Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)</b>	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>Non-current</b>		
Loans to related parties (Refer note No.44)		
- Loan to officers	<b>16.41</b>	21.10
Loans to employees	<b>621.01</b>	651.59
	<b>637.42</b>	672.69
<b>Current</b>		
Loans to related parties (Refer note No.44)		
- Loan to officers	<b>4.70</b>	4.70
- Loan to other parties	-	6.75
Loans to employees	<b>133.73</b>	111.75
	<b>138.43</b>	123.20
<b>Total</b>	<b>775.85</b>	795.89



Rupees in Lakhs

## 11. Income taxes

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

	Year ended 31.3.2019	Year ended 31.3.2018
<b>Statement of profit and loss</b>		
<b>Current income tax</b>		
In respect of the current year	<b>12308.17</b>	7310.13
In respect of the prior years	<b>(257.36)</b>	(168.12)
<b>Deferred tax</b>		
In respect of the current year	<b>190.91</b>	96.90
In respect of the prior years	<b>36.12</b>	160.30
<b>Total income tax expense recognised in the statement of profit and loss</b>	<b>12277.84</b>	7399.21
<b>Statement of Other Comprehensive Income (OCI):</b>		
<b>Current tax related to items recognised in OCI during the year:</b>		
(Profit)/Loss on remeasurements of defined benefit plans	<b>89.86</b>	(286.55)
<b>Deferred tax related to items recognised in OCI during the year:</b>		
Gain on equity instruments fair valued through OCI	<b>(1119.14)</b>	(527.57)
<b>Income tax charged/(credited) to OCI</b>	<b>(1029.28)</b>	(814.12)
The income tax expense for the year can be reconciled to the accounting profit multiplied by corporate tax rate as follows:		
<b>Profit before tax</b>	<b>38304.24</b>	23303.86
Income tax expense calculated at corporate tax rate of 34.944% (previous year 34.608%)	<b>13385.03</b>	8065.00
Differential tax rate on long term capital gain on sale of investments and fair value (gain)/loss on investments	<b>(697.50)</b>	(840.61)
Unrecognised tax assets in respect of losses of one of its subsidiary	<b>(351.42)</b>	-
Effect of expenses that are not deductible in determining taxable profit	<b>242.25</b>	179.98
Effect of exempt non-operating income	<b>(108.65)</b>	(115.19)
Difference in tax rates of subsidiaries	<b>13.55</b>	208.39
Others	<b>(205.42)</b>	(98.36)
<b>At the effective income tax rate of 32.05% (Previous year: 31.75%)</b>	<b>12277.84</b>	7399.21

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.944% (30% + surcharge @12% and cess @ 4%) ((Previous year 34.608%) (30% + surcharge @12% and cess @ 3%)) payable by corporate entities in India on taxable profits under the Indian tax laws.

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

	As at 31.3.2019	As at 31.3.2018
Deferred tax assets	<b>110.33</b>	146.33
Deferred tax liabilities	<b>(3229.75)</b>	(1919.61)
<b>Deferred tax liabilities (net)</b>	<b>(3119.42)</b>	(1773.28)

Rupees in Lakhs

**Deferred tax balances along with movement are as follows:**

	Opening Balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing Balance
<b>For the year ended March 31, 2019</b>				
<b>Deferred tax assets in relation to</b>				
Provisions for compensated absences	2424.14	(317.90)	-	2106.24
Accrued expenses deductible on payment basis	970.66	(131.86)	-	838.80
Foreign exchange difference arising on account of import of Property, plant and equipments	33.95	-	-	33.95
Voluntary retirement scheme payments deductible in instalments	60.42	(13.00)	-	47.42
Minimum alternative tax credit entitlement*	-	29.91	-	29.91
Provision for doubtful debts	65.07	29.78	-	94.85
Long term capital loss on investments sold	0.38	(0.38)	-	-
Provision for decline in value of non current investments	-	351.42	-	351.42
Investment in unquoted preference shares fair valued through profit or loss	0.39	(0.39)	-	-
Other financial assets (net)	-	8.10	-	8.10
Unabsorbed depreciation	-	31.46	-	31.46
Investment in quoted equity instruments fair valued through profit or loss	16.43	(16.43)	-	-
	<b>3571.44</b>	<b>(29.29)</b>	<b>-</b>	<b>3542.15</b>
<b>Deferred tax liabilities in relation to</b>				
Investment in mutual funds and market linked debentures fair valued through profit or loss	(1103.80)	(215.68)	-	(1319.48)
Investment in unquoted equity instruments fair valued through OCI	(1816.15)	-	(1119.14)	(2935.29)
Other financial assets (net)	(0.45)	0.45	-	-
Property, plant and equipments, intangible assets and investment properties	(2380.42)	55.06	-	(2325.36)
Investment in quoted equity instruments fair valued through profit or loss	-	(38.18)	-	(38.18)
Investment in unquoted preference shares fair valued through profit or loss	-	(2.06)	-	(2.06)
Compound financial instrument	(43.90)	2.70	-	(41.20)
Others	-	-	-	-
	<b>(5344.72)</b>	<b>(197.74)</b>	<b>(1119.14)</b>	<b>(6661.57)</b>
<b>Net deferred tax liabilities</b>	<b>(1773.28)</b>	<b>(227.03)</b>	<b>(1119.14)</b>	<b>(3119.42)</b>
<b>For the year ended March 31, 2018</b>				
<b>Deferred tax assets in relation to</b>				
Provisions for compensated absences	2354.26	69.88	-	2424.14
Accrued expenses deductible on payment basis	1146.88	(176.22)	-	970.66
Foreign exchange difference arising on account of import of Property, plant and equipments	71.00	(37.05)	-	33.95
Voluntary retirement scheme payments deductible in instalments	281.46	(221.04)	-	60.42



Rupees in Lakhs

	Opening Balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing Balance
Provision for doubtful debts	-	65.07	-	65.07
Long term capital loss on investments sold	154.52	(154.14)	-	0.38
Investment in unquoted preference share fair valued through profit or loss	(7.34)	7.73	-	0.39
Investment in quoted equity instruments fair valued through profit or loss	(14.03)	30.46	-	16.43
	<b>3986.75</b>	<b>(415.31)</b>	<b>-</b>	<b>3571.44</b>
<b>Deferred tax liabilities in relation to</b>				
Investment in mutual funds fair valued through profit or loss	(1032.46)	(71.34)	-	(1103.80)
Other financial assets (net)	(5.18)	4.73	-	(0.45)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2649.04)	268.62	-	(2380.42)
Investment in unquoted equity instruments fair valued through OCI	(1288.58)	-	(527.57)	(1816.15)
Others	-	(43.90)	-	(43.90)
	<b>(4975.27)</b>	<b>158.11</b>	<b>(527.57)</b>	<b>(5344.72)</b>
<b>Net deferred tax liabilities</b>	<b>(988.52)</b>	<b>(257.20)</b>	<b>(527.57)</b>	<b>(1773.28)</b>

\* Recognition of deferred tax assets on MAT credit entitlement is based on the business plans as per which the same is expected to be utilized within the stipulated fifteen year period from the date of origination.

Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>12. Inventories</b>		
<b>(Lower of cost and net realisable value)</b>		
Raw and packing materials	<b>45044.38</b>	40641.03
Work-in-process	<b>687.88</b>	640.28
Finished goods *		
- Cigarettes	<b>4485.69</b>	3303.95
- Chewing products	<b>283.76</b>	443.97
Traded goods (Net of provision of Rs. 221.37 lakhs, Previous year Rs.202.92 lakhs)	<b>5159.89</b>	4881.81
Stores and spare parts (Net of provision of Rs. 309.11 lakhs, Previous year Rs. 300.63 lakhs)	<b>1824.05</b>	1954.45
Land	<b>6669.30</b>	6669.30
	<b>64154.95</b>	58534.79
<b>Inventories include in-transit inventory of:</b>		
Raw and packing materials	<b>2346.38</b>	3117.44
Work-in-process	<b>43.96</b>	-
Finished goods		
- Cigarettes	<b>563.55</b>	581.66
Traded goods	-	21.57
Stores and spare parts	-	0.79

The cost of inventories recognised as an expense include Rs 22.58 lakhs (Previous year Rs. 70.35 lakhs) in respect of write-down of inventory to net realisable value

\* Includes excise duty of Rs. 534.38 lakhs (Previous year Rs. 501.28 lakhs)



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>13. Financial assets - Trade receivables (at amortised cost)</b>		
<b>Unsecured-considered good</b>	<b>6864.22</b>	8582.88
Unsecured - credit impaired	<b>353.44</b>	186.20
	<b>7217.66</b>	8769.08
Less: Impairment allowance	<b>353.44</b>	186.20
<b>Total trade receivables</b>	<b>6864.22</b>	8582.88
The average credit period on sale of goods ranges upto 90 days. Generally no interest is charged on trade receivables.		
<b>Age of receivable</b>		
1-30 days past due	<b>1599.93</b>	4671.89
31-45 days past due	<b>169.26</b>	572.07
46-90 days past due	<b>307.64</b>	839.50
91-180 days past due	<b>149.99</b>	485.42
More than 180 days past due	<b>414.66</b>	285.87
<b>14. Financial assets - Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	<b>130.21</b>	56.69
Cheques, drafts on hand	-	62.16
Balances with banks		
- In current accounts	<b>2767.35</b>	1952.81
	<b>2897.56</b>	2071.66
<b>Other bank balances:</b>		
In earmarked accounts for		
- Margin money*	<b>1115.18</b>	1999.25
- Unpaid dividend	<b>246.57</b>	210.64
- Fixed deposit receipts lodged with government authorities	<b>2.02</b>	2.02
- Fixed deposit with original maturity of more than 3 months but less than 12 months	<b>34.38</b>	37.81
- Fixed deposit with original maturity of more than 12 months	<b>262.26</b>	41.00
	<b>1660.41</b>	2290.72
<b>Cash and bank balances</b>	<b>4557.97</b>	4362.38
* The Group has given margin money to fulfill collateral requirements.		
<b>15. Other financial assets (at amortised cost)</b>		
<b>(unsecured considered good unless otherwise stated)</b>		
<b>Non-current</b>		
Security deposits	<b>1861.63</b>	1397.10
	<b>1861.63</b>	1397.10
<b>Current</b>		
Security deposits	<b>114.99</b>	82.41
Interest accrued on bank and other deposits	<b>109.30</b>	104.46
Other receivables	<b>589.80</b>	149.82
	<b>814.09</b>	336.69



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>16. Other assets</b>		
<b>(unsecured considered good unless otherwise stated)</b>		
<b>Non-current</b>		
Capital advances	56.79	895.21
Balance with government authorities	11.19	10.66
Prepaid expenses	657.21	484.90
Leasehold land under operating lease*	1832.41	1874.52
Others	0.36	0.36
	<b>2557.96</b>	<b>3265.65</b>
<b>Current</b>		
Balance with government authorities	4995.14	4695.68
Prepaid expenses	618.17	552.63
Leasehold land under operating lease*	42.11	42.11
Export incentives accrued/available	77.16	273.61
Recoverable from gratuity fund (Refer Note No.41)	136.99	285.67
Due from other related party (Refer Note No.44)	-	5.49
Prepayment to suppliers	1707.34	1460.37
Dues from officers	9.73	-
Others	327.20	296.14
	<b>7913.84</b>	<b>7611.70</b>

\* Includes Rs. 4.64 lakhs (Previous year - Rs. 4.71 lakhs) in respect of plot of land in one of a subsidiary for which a notice of termination of lease has been received from the Government of U.P. The Subsidiary has disputed the said notice by a petition filed before the Allahabad High Court and the same is pending disposal.

<b>17. Assets classified as held for sale</b>		
Property, plant and equipment held for sale-carrying value	-	215.45
Less: Write down in the value	-	215.45
	-	-

<b>18. Equity share capital</b>		
Authorised		
60,000 preference shares of Rs. 100 each	60.00	60.00
122,000,000 equity shares of Rs. 2 each	2440.00	2440.00
	<b>2500.00</b>	<b>2500.00</b>
<b>Issued, subscribed and fully paid up</b>		
51,993,920 equity shares of Rs. 2 each	<b>1039.88</b>	1039.88

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

(ii) The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share.

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

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

Name of the shareholders	As at 31.3.2019		As at 31.3.2018	
	Number of shares	% holding	Number of shares	% holding
a) Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%
b) K K Modi Investment & Financial Services Private Limited	15,196,660	29.23%	15,196,660	29.23%
c) Good Investment (India) Limited	4,309,220	8.29%	4,309,220	8.29%
d) National Westminster Bank Plc As Trustee of The Jupiter India Fund	40,58,434	7.81%	36,67,722	7.05%

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

**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>19. Other equity</b>		
Capital redemption reserve	<b>30.13</b>	30.13
Statutory reserve	<b>55.34</b>	48.81
Reserve for equity instruments fair valued through OCI	<b>9697.49</b>	6010.65
General reserve	<b>37431.89</b>	34431.89
Retained earnings	<b>155491.90</b>	137648.13
Equity component of compound financial instrument (Refer Note No.21)	<b>125.64</b>	125.64
	<b>202832.39</b>	178295.25
<b>Reserve for equity instruments fair valued through OCI</b>		
Opening balance	<b>6010.65</b>	4296.47
Add: Fair value gain on equity instruments, net of income tax*	<b>3686.84</b>	1714.18
Closing balance	<b>9697.49</b>	6010.65
* Net of income tax of (Rs.1119.14) lakhs (previous year (Rs.527.57) lakhs)		
<b>General reserve</b>		
Opening balance	<b>34431.89</b>	31931.89
Add: Transfer from retained earnings	<b>3000.00</b>	2500.00
Closing balance	<b>37431.89</b>	34431.89
<b>Retained earnings</b>		
Balance at beginning of year	<b>137648.13</b>	128713.14
Profit for the current year	<b>26030.99</b>	15910.70
Other comprehensive income arising from remeasurement of defined benefit obligation, net of income tax*	<b>(166.18)</b>	546.18
Payment of dividend on equity shares (Rs.8 per share; previous year Rs.8 per share)	<b>(4159.51)</b>	(4159.51)
Dividend distribution tax	<b>(855.00)</b>	(846.78)
Transfer to general reserve	<b>(3000.00)</b>	(2500.00)
Transfer to statutory reserve	<b>(6.53)</b>	(15.60)
Balance at end of year	<b>155491.90</b>	137648.13

\* Net of income tax of Rs. 89.86 lakhs (previous year Rs.(286.55) lakhs)

**Capital redemption reserve:**

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

**General reserve:**

The amount transferred to the general reserve is Rs. 3000.00 lakhs (previous year Rs.2500.00 lakhs). The general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

**Statutory Reserve:**

As per the Reserve Bank of India Act, 1934, every non-banking financial company has to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The statutory reserve has been created by Chase Investments Limited.

**Retained earnings:**

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

In respect of the year ended March 31, 2019, the directors have, in the board meeting held on May 30, 2019, proposed a dividend of Rs.10 per fully paid equity share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liability in the financial statements. The proposed equity dividend is payable to all the holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs. 5199.39 lakhs apart from Rs. 1068.75 lakhs towards dividend distribution tax.



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>20. Non-controlling interests</b>		
Balance at beginning of year	<b>3663.74</b>	4045.89
Share of total comprehensive income of the year	<b>(4.59)</b>	(6.05)
Arising from change in ownership interests in subsidiaries	<b>(379.16)</b>	(376.10)
Balance at the end of the year	<b>3279.99</b>	3663.74

#### Details of partially owned subsidiary

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
		As at 31.03.2019	As at 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018	As at 31.03.2019	As at 31.03.2018
Rajputana Developers Projects (AOP)	India	41.14%	45.62%	(9.14)	(10.19)	2751.20*	3154.33
Individually immaterial subsidiaries with non-controlling interests						528.79	509.41
						3279.99	3663.73

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

	As at 31.03.2019	As at 31.03.2018
<b>Summarised balance sheet</b>		
Non current assets	-	0.07
Current assets	<b>6670.53</b>	6670.29
Current liabilities	<b>(1.64)</b>	(1.37)
<b>Total equity</b>	<b>6668.89</b>	6668.99
Equity attributable to:		
Owners of the Company	<b>3917.69</b>	3514.66
Non controlling interests	<b>2751.20</b>	3154.33

	Year ended 31.3.2019	Year ended 31.3.2018
<b>Summarised statement of profit and loss</b>		
Revenue	<b>0.16</b>	0.07
Expenses	<b>(22.39)</b>	(22.41)
Loss for the year	<b>(22.23)</b>	(22.34)
<b>Total comprehensive income</b>	<b>(22.23)</b>	(22.34)
<b>Attributable to:</b>		
Owners of the Company	<b>(13.09)</b>	(12.15)
Non controlling interests	<b>(9.14)</b>	(10.19)
Loss for the year	<b>(22.23)</b>	(22.34)
<b>Summarised cash flow information</b>		
Operating activities	<b>0.24</b>	0.60
<b>Net increase in cash and cash equivalents</b>	<b>0.24</b>	0.60

\* Includes Rs 2400 lakhs which the Group has contracted to pay to the other members of the AOP in order to increase its own share in the AOP to 95% by March 31, 2025.



**Rupees in Lakhs**

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>21. Financial liabilities - Borrowings</b>		
<b>Non-current borrowings - carried at amortised cost</b>		
Liability component of compound financial instrument		
6.25%, non-cumulative, non-convertible, redeemable preference shares	<b>82.09</b>	74.36
<b>Total non-current borrowings</b>	<b>82.09</b>	74.36
<b>Current borrowings - carried at amortised cost</b>		
<b>Secured</b>		
Loans from banks repayable on demand*	<b>4117.86</b>	2682.98
<b>Total current borrowings</b>	<b>4117.86</b>	2682.98

**Details of security and terms of above loans:**

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

The above current borrowings carry interest ranging between 8.35% to 9.00% per annum.

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

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

<b>Particulars</b>	<b>Borrowing Non Current</b>	<b>Borrowing Current</b>	<b>Compound financial instrument: Proceeds from issue of non-cumulative redeemable preference shares</b>	<b>Total</b>
<b>Balance at April 1, 2017</b>	<b>2594.00</b>	<b>4745.01</b>	-	<b>7339.01</b>
Cash Flow	(2594.00)	(2062.03)	200.00	(4456.03)
<b>Balance at March 31, 2018</b>	-	<b>2682.98</b>	<b>200.00</b>	<b>2882.98</b>
Cash Flow	-	1434.88	-	1434.88
<b>Balance at March 31, 2019</b>	-	<b>4117.86</b>	<b>200.00</b>	<b>4317.86</b>

	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>22. Other financial liabilities</b>		
<b>Non-current</b>		
Security deposits - at amortised cost	<b>86.20</b>	86.93
	<b>86.20</b>	86.93
<b>Current</b>		
Interest accrued but not due on borrowings	<b>1.27</b>	1.74
Interest accrued on other than borrowings	<b>417.99</b>	758.03
Unclaimed dividends	<b>246.57</b>	210.64
Payable to gratuity fund (Refer Note No.41)	<b>617.92</b>	-
Liability towards property, plant and equipments	<b>1405.55</b>	1101.02
Security deposits - at amortised cost	<b>14.90</b>	13.22
Book overdraft	<b>611.18</b>	505.86
	<b>3315.38</b>	2590.51

<b>23. Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits		
- provision for compensated absences (Refer Note No.47)	<b>2356.51</b>	5274.15
	<b>2356.51</b>	5274.15
<b>Current</b>		
Provision for employee benefits		
- provision for compensated absences (Refer Note No.47)	<b>1181.18</b>	1762.48
	<b>1181.18</b>	1762.48
<b>Total</b>	<b>3537.69</b>	7036.63



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>24. Financial liabilities - Trade payables</b>		
Micro and small enterprises	<b>1024.82</b>	6.97
Other than Micro and small enterprises	<b>22036.30</b>	16228.67
Payables to other related party (Refer Note No.44)	<b>19.16</b>	12.80
Employee payables (Refer Note No.47)	<b>5882.73</b>	851.97
	<b>28963.01</b>	17100.41

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

<b>25. Income tax assets and liabilities</b>		
<b>Income tax assets (Net)</b>		
Income tax recoverable	<b>3030.56</b>	2335.91
<b>Total income tax assets</b>	<b>3030.56</b>	2335.91
<b>Income tax liabilities (Net)</b>		
Income tax payable (net of advance tax and TDS recoverable)	<b>487.36</b>	727.37
<b>Total income tax liabilities</b>	<b>487.36</b>	727.37

<b>26. Other liabilities</b>		
<b>Current</b>		
Statutory dues	<b>31288.19</b>	28953.26
Advances from customers (Contract liabilities)*	<b>4371.54</b>	2421.48
Others	<b>42.02</b>	35.53
	<b>35701.75</b>	31410.27

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

	Year ended 31.3.2019	Year ended 31.3.2018
Revenue recognised from amounts included in Advances from customers at beginning of the year	<b>2421.48</b>	1573.13

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

<b>27. i) Revenue from contracts with customers (including excise duty)</b>		
<b>Sources of revenue</b>		
<b>The Group derives its revenue from the transfer of goods at a point in time in the following major product lines:</b>		
<b>a) Disaggregated revenue information</b>		
Cigarettes*	<b>181018.94</b>	206542.39
Unmanufactured tobacco**	<b>26726.50</b>	19103.61
Cut tobacco	<b>4670.30</b>	3655.86
Chewing products#	<b>16865.24</b>	26861.89
Other traded goods	<b>28679.30</b>	29431.81
<b>Total (A)</b>	<b>257960.28</b>	285595.56

\*includes incremental revenue of Rs. 7766.44 lakhs (previous year Rs. 5996.72 lakhs) arising from resale of Marlboro cigarettes manufactured by the Company

\*\*transferred from raw and packing materials

#includes chewing tobacco purchased for resale

**Disaggregate revenue information**

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



Rupees in Lakhs

## Revenues by Geography

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Within India	<b>207083.09</b>	243964.43
Outside India	<b>50877.19</b>	41631.13
<b>Total</b>	<b>257960.28</b>	285595.56

## Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective transitional approach without using the practical expedients. The Ind AS 115 introduces a five step approach to revenue recognition. Details of the new requirements as well as their impact on the Group's financial statements are described below:-

Ind AS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'unbilled revenue' and 'advance from customers'. However, the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The Company has used the same terminology as used in Ind AS 18 to describe such balances.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 4.1.1. Apart from providing more extensive disclosures on the Group's revenue transactions, the application of Ind AS 115 did not have a significant impact on the consolidated balance sheet and/or financial performance of the Group.

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

Particulars		
Revenue as per contract	<b>267402.13</b>	295871.29
Adjustments:		
Sales return	<b>(600.92)</b>	(1189.03)
Discounts, rebates, etc.	<b>(8840.93)</b>	(9086.70)
<b>Revenue from contracts with customers</b>	<b>257960.28</b>	285595.56
<b>ii) Other operating revenues</b>		
Export incentives	<b>77.39</b>	312.75
Contract manufacturing charges-Tea business	-	129.09
Dividend Income	<b>23.56</b>	19.93
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	<b>465.23</b>	400.62
- Short term investments fair valued through profit or loss	<b>12.02</b>	13.21
Recovery towards services rendered	<b>597.63</b>	601.56
Receipts from sale of scrap and ancillary products	<b>998.45</b>	657.55
Insurance claims	<b>30.24</b>	310.19
Other receipts	<b>1057.30</b>	1032.61
<b>Total (B)</b>	<b>3261.82</b>	3477.51
<b>Total revenue from operations (A+B)</b>	<b>261222.10</b>	289073.07

#Consequent to introduction of Goods and Services Tax (GST) with effect from July 1, 2017, Central Excise [other than National Calamity Contingent Duty (NCCD) on cigarettes and chewing tobacco] and Value Added Tax (VAT) have been subsumed into GST. In accordance with Indian Accounting Standard as applicable and Schedule III of the Companies Act, 2013, levies like GST, GST Compensation Cess and VAT are not included in Revenue from sale of products and services. Accordingly, Revenue from contracts with customers and excise duty for the year ended March 31, 2019 are not comparable with the previous year. Following additional information is being provided to facilitate such comparison:

Particulars		
Gross Sales Value inclusive of Taxes (A)	<b>620941.28</b>	581292.57
Taxes other than Excise Duty/NCCD (B)	<b>362981.00</b>	295697.01
Revenue from contracts with customers [C=(A-B)]	<b>257960.28</b>	285595.56



Rupees in Lakhs

	Year ended 31.3.2019	Year ended 31.3.2018
<b>28. Other income</b>		
Interest income from:		
- Debts, deposits, loans and advances, etc. **	<b>275.49</b>	214.88
- Non-current investments valued on amortised cost	<b>35.57</b>	35.57
Dividend income	<b>240.95</b>	271.76
Rent and hire charges from:		
- Others (Refer Note No.40)	<b>258.85</b>	235.91
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	<b>4633.09</b>	3605.35
- Long term investments carried at cost	<b>1.67</b>	-
- Short term investments fair valued through profit or loss	<b>1446.79</b>	400.52
Foreign currency fluctuation (net)	<b>628.37</b>	309.27
Liabilities written back	<b>146.80</b>	147.20
Miscellaneous income	<b>244.43</b>	237.50
	<b>7912.01</b>	5457.96
**includes interest income calculated in relation to financial assets valued on amortised cost basis.	<b>74.88</b>	54.13
<b>29. Cost of materials consumed</b>		
(Raw and packing materials)		
Unmanufactured and blended tobacco	<b>25601.42</b>	24060.66
Cigarette paper	<b>837.20</b>	721.01
Cardboard (shells, slides and others)	<b>8526.00</b>	8123.73
Filter rods	<b>10961.76</b>	8360.75
Aluminium foil/metallised paper	<b>1524.43</b>	1429.30
Cellulose paper	<b>1003.25</b>	911.28
Flavours for chewing products	<b>773.94</b>	1131.35
Betel nut	<b>4649.89</b>	8002.79
Katha, lime and bulking agent	<b>1442.92</b>	2731.64
Paper/Laminate pouches for chewing products	<b>3076.13</b>	3839.75
Miscellaneous	<b>7196.17</b>	7927.90
	<b>65593.11</b>	67240.16
<b>30. Purchases of traded goods</b>		
Unmanufactured tobacco (transferred from raw and packing materials)	<b>19737.65</b>	14856.83
Other goods (including cigarettes purchase for re-sale)	<b>23325.98</b>	24328.48
	<b>43063.63</b>	39185.31

**Rupees in Lakhs**

### **31. Changes in Inventories of finished goods, work-in-process and traded goods**

	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>
<b>Opening stock:</b>		
Work-in-process	<b>640.28</b>	832.43
Finished goods		
- Cigarettes	<b>3303.95</b>	10497.10
- Chewing products	<b>443.97</b>	1726.04
Traded goods	<b>4881.81</b>	9217.99
Land	<b>6669.30</b>	6669.30
<b>Opening stock</b>	<b>15939.31</b>	28942.86
<b>Closing stock:</b>		
Work-in-process	<b>687.88</b>	640.28
Finished goods		
- Cigarettes	<b>4485.69</b>	3303.95
- Chewing products	<b>283.76</b>	443.97
Traded goods	<b>5159.89</b>	4881.81
Land	<b>6669.30</b>	6669.30
<b>Closing stock</b>	<b>17286.52</b>	15939.31
<b>(Increase)/Decrease in inventories</b>	<b>(1347.21)</b>	13003.55

### **32. Employee benefits expenses**

Salaries and wages	<b>23868.89</b>	19856.85
Contribution to provident and other funds (Refer Note No.41)	<b>1609.82</b>	1475.16
Workmen and staff welfare expenses	<b>1910.93</b>	1717.74
Contribution to gratuity and superannuation fund (Refer Note No.41)	<b>680.16</b>	848.25
	<b>28069.80</b>	23898.00

### **33. Finance costs**

Interest expenses on:		
- Borrowings	<b>38.54</b>	49.35
- Others*	<b>40.43</b>	83.96
Other borrowing costs	<b>17.82</b>	33.59
	<b>96.79</b>	166.90

\*including Rs. 7.20 lakhs (Previous year Rs. 42.41 lakhs) towards interest on entry tax.

### **34. Other Expenses**

Consumption of stores and spare parts*	<b>151.13</b>	91.11
Power and fuel	<b>4291.19</b>	3202.13
Rent (Refer Note No.40)	<b>5178.68</b>	3199.77
Repairs and maintenance		
- Buildings	<b>863.03</b>	791.02
- Plant and machinery	<b>2062.44</b>	1681.73
- Others	<b>1419.43</b>	1346.19
Insurance	<b>448.80</b>	530.84
Rates and taxes	<b>1875.41</b>	2290.14
Freight and cartage	<b>4029.91</b>	3865.73
Legal and professional expenses	<b>9351.76</b>	6877.71



Rupees in Lakhs

### 34. Other Expenses (continued)

	Year ended 31.3.2019	Year ended 31.3.2018
Auditors' Remuneration** (net of cenvatable indirect tax)		
- Audit fees	113.04	114.54
- For tax audit	23.64	23.64
- For limited review of unaudited financial statements	62.00	53.50
- For corporate governance, consolidated financial statements and other certificates	7.74	7.50
- For other services	2.96	4.10
- Reimbursement of expenses	19.18	20.02
Commission paid to other than sole selling agents	329.44	318.62
Commission paid to non-executive director (Refer Note No.44)	150.00	150.00
Advertising and sales promotion	14557.16	13183.14
Selling and distribution expenses	7285.92	6910.24
Travelling and conveyance	3158.52	3368.75
Donations	777.51	583.67
Contributions/expenses towards Corporate social responsibility (Refer Note No.35)	568.55	434.80
Bad debts and advances written off	103.53	125.16
Provision for doubtful debts and advances***	300.19	186.20
Property, plant and equipment written off	105.78	37.00
Loss on sale of property, plant and equipment (net)	31.90	196.39
Technical services fee and royalty	1329.16	1096.42
Consumer research activity	995.89	600.00
Machine and material handling expenses	391.41	341.84
Contract labour for factories and retail stores operations	3254.06	2172.85
Write down in the value of assets classified as held for sale	-	215.45
Miscellaneous expenses	10802.36	9385.21
	<b>74041.72</b>	<b>63405.41</b>

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

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

\*\*\*Net of Rs.132.95 lakhs written-off during the year (Previous year Rs.Nil).

### 35. Corporate social responsibility (CSR)

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

Gross amount required to be spent by the Holding Company during the year is Rs. 396.00 lakhs (Previous year Rs. 432.00 lakhs) and the details of amount spent are as under:

a) By way of contribution for the above mentioned activities	541.48	414.10
b) Administrative expenses incurred (restricted to 5%)	27.07	20.70
	<b>568.55</b>	<b>434.80</b>

### 36. Earnings per share

Profit after tax and exceptional items (A)	26030.99	15910.70
Less: Exceptional items (net of tax)	-	(1307.84)
Profit after tax but before exceptional items (B)	26030.99	14602.86
Weighted average number of equity shares for the purpose of basic earnings per share and diluted earnings per share (C)	51993920	51993920
Basic and Diluted Earnings per share after tax and exceptional items (Rs.) [A/C] (Face value of Rs. 2 each)	50.06	30.60
Basic and Diluted Earnings per share after tax but before exceptional items (Rs.) [B/C] (Face value of Rs. 2 each)	50.06	28.09



Rupees in Lakhs

	As at 31.3.2019	As at 31.3.2018
<b>37. Contingent liabilities not provided for</b>		
a) Demands from excise, income tax, goods and services tax, sales tax and other authorities not accepted by the Group @	<b>3427.88</b>	4433.19
b) Claims against the Group not acknowledged as debts	<b>1.37</b>	1.37
@all these matters are subject to legal proceedings in the ordinary course of business and in the opinion of the Group, these are not expected to have material effect on the financial results of the Group when ultimately concluded.		
c) Share of contingent liabilities relating to associate companies	<b>1.31</b>	1.22
d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the requirements of the Companies Act. There are no amounts that were due to be transferred by the subsidiary companies and associate companies to the Investor Education and Protection Fund.		
e) The Group has received various show cause notices from Excise Authorities asking it to explain why certain amounts mentioned in these notices should not be paid. As these notices are in the nature of explanations required, the Group does not consider these to constitute a liability of any kind.		
<b>38. Commitments</b>		
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	<b>1652.01</b>	1713.14
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.		
<b>39. Expenditure on scientific research and development</b>		
Revenue expenditure	<b>961.44</b>	956.63
Capital expenditure	<b>226.73</b>	24.54
<b>40. Operating lease arrangements</b>		
<b>The Group as a lessee</b>		
<b>Leasing arrangements</b>		
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. For such cancellable leases, there is no contingent rent in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub leases.		
The Group has also entered into operating lease arrangements for various lands. These are non-cancellable in nature and range between forty five years to ninety nine years.		
The aggregate rentals under such agreements/arrangements have been charged as rent in Note No.34.		
<b>Non-cancellable operating lease commitments</b>		
Within one year	<b>1436.81</b>	514.40
Later than one year but not later than five years	<b>3908.74</b>	1565.79
Later than five years	<b>103.70</b>	96.60
<b>The Group as a lessor</b>		
The Group has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges receivable in respect thereof have been accrued as income in Note No.28.		



Rupees in Lakhs

#### 41. Employee benefit plans

	Year ended 31.3.2019	Year ended 31.3.2018
<b>(a) Defined contribution plans and amounts recognised in the consolidated statement of profit and loss</b>		
Contribution towards provident fund (Refer Note No. 32)	<b>1609.82</b>	1475.16
Contribution towards superannuation fund	<b>152.30</b>	176.62
Employers' contribution to employee's state insurance scheme	<b>11.28</b>	13.36
	<b>1773.40</b>	1665.14

The Group is examining the ruling of the Supreme Court dated 28th February, 2019 on coverage of allowances under basic wages for calculation of provident fund contributions and will give effect to the same, if required, in due course.

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

Compensated absences – amount recognized in the consolidated statement of profit and loss	<b>1035.54</b>	415.50
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#### **(c) Defined benefit plans**

##### **Gratuity**

The Group makes annual contributions to gratuity funds established as trusts, for the defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per provisions of the Payment of Gratuity Act, 1972 or the relevant Company Scheme, whichever is beneficial.

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

##### **Loss of Investment risk**

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

##### **Interest rate risk**

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

##### **Mortality rate risk**

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

##### **Salary rate risk**

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

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

<b>Net employee benefit expense recognized in employee cost</b>		
Current service cost	<b>514.78</b>	602.43
Past service cost	-	32.05
Net interest cost	<b>(27.47)</b>	63.21
	<b>487.31</b>	697.69
Excess/(Shortfall) of fair value over book value of plan assets	<b>40.55</b>	(26.06)
<b>Net employee benefit expense recognized in employee cost</b>	<b>527.86</b>	671.63

**Rupees in Lakhs**

**(c) Defined benefit plans - Gratuity (continued)**

**Amount recognised in other comprehensive income:**

	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>
Actuarial loss/(gain) on obligations arising from change in financial assumptions	<b>251.00</b>	(291.11)
Actuarial loss/(gain) on obligations arising from change in demographic adjustments	<b>0.30</b>	(378.05)
Actuarial loss/(gain) on obligations arising on account of experience adjustments	<b>101.66</b>	(99.30)
Return on plan assets (excluding amounts included in net interest expense)	<b>(96.80)</b>	(89.80)
Adjustment to recognize the effect of asset ceiling	<b>(0.12)</b>	25.53
<b>Net expense/(income) for the year recognized in other comprehensive income</b>	<b>256.04</b>	(832.73)
<b>(I) Changes in the present value of the defined benefit obligation are as follows:</b>		
<b>Opening defined obligation</b>	<b>9665.35</b>	9903.11
Current service cost	<b>514.66</b>	627.96
Past service cost	-	32.05
Interest cost (Gross)	<b>672.54</b>	676.53
Benefits paid	<b>(1285.81)</b>	(805.84)
Actuarial loss/(gain) on obligations arising from change in financial assumptions	<b>251.00</b>	(291.11)
Actuarial loss/(gain) on obligations arising from change in demographic adjustments	<b>0.30</b>	(378.05)
Actuarial loss/(gain) on obligations arising on account of experience adjustments	<b>101.66</b>	(99.30)
<b>Closing defined benefit obligation</b>	<b>9919.70</b>	9665.35
<b>(II) Changes in the fair value of plan assets are as follows:</b>		
<b>Opening fair value of plan assets</b>	<b>9968.24</b>	8568.28
Interest income (Gross)	<b>700.01</b>	613.32
Return on plan assets (excluding amounts included in net interest expense)	<b>96.80</b>	89.80
Contribution by employer	<b>17.30</b>	1502.68
Benefits paid	<b>(1285.81)</b>	(805.84)
<b>Closing fair value of plan assets</b>	<b>9496.54</b>	9968.24
<b>(III) Excess of fair value over book value of plan assets</b>	<b>57.77</b>	17.22
<b>(IV) Net Liability/(recoverability) recognised in the consolidated balance sheet (I - II + III)</b>	<b>480.93</b>	(285.67)

**The major categories of plan assets of the fair value of the total plan assets are as follows:**

	<b>Amount</b>	<b>% of total plan assets</b>
<b>As at March 31, 2019</b>		
Government debt securities	<b>331.59</b>	3.49%
Other debt instruments	<b>113.90</b>	1.20%
Insurer managed funds	<b>8974.90</b>	94.51%
Others	<b>76.15</b>	0.80%
	<b>9496.54</b>	100.00%

	Rupees in Lakhs	
	Amount	% of total plan assets
<b>As at March 31, 2018</b>		
Government debt securities	<b>651.00</b>	6.53%
Other debt instruments	<b>138.13</b>	1.38%
Insurer managed funds	<b>9236.25</b>	92.66%
Others	<b>(57.14)</b>	-0.57%
	<b>9968.24</b>	100.00%

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

	As at 31.3.2019	As at 31.3.2018
Discount rate (in %)	<b>7.25%-7.40%</b>	7.75%-7.85%
Salary escalation rate (in %)	<b>7.50%-8.00%</b>	7.50%-8.00%
Expected rate of return on plan assets	<b>7.40% -7.50%</b>	7.50%
Expected average remaining working lives of employees	<b>5.84-8.65 years</b>	6.36-8.15 years

**A quantitative sensitivity analysis for significant assumption shown above as at March 31, 2019 is as shown below:**

Assumption	Impact on defined benefit obligation	
	As at 31.3.2019	As at 31.3.2018
Impact of increase in 0.5% in discount rate	<b>-2.78%</b>	-2.72%
Impact of decrease in 0.5% in discount rate	<b>2.93%</b>	2.86%
Impact of increase in 0.5% in salary escalation rate	<b>2.90%</b>	2.84%
Impact of decrease in 0.5% in salary escalation rate	<b>-2.77%</b>	-2.72%

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

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

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

	Year ended 31.3.2019	Year ended 31.3.2018
Within the next 12 months (next annual reporting period)	<b>2175.46</b>	2219.11
Between 2 and 5 years	<b>4335.52</b>	4327.78
Between 6 and 9 years	<b>3567.74</b>	3397.84
10 years and above	<b>6586.60</b>	6734.51
<b>Total expected payments</b>	<b>16665.32</b>	16679.24

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.61~5.85 years (Previous year 4.40~5.74 years).

## 42. Financial instruments and risk management

### 42.1 Fair value measurements

The fair value of financial assets and liabilities are included at the amount at which the instruments could be exchanged in as current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

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

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

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

Level 2: This level of hierarchy includes items measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly.

Level 3: This level of hierarchy includes items measured using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main items in this category are unquoted equity instruments. The fair valuation of the major unquoted equity investment i.e. investment held in K K Modi Investment & Financial Services Private Limited, has been carried out by an independent valuer using the asset approach valuation technique. The valuer has used significant inputs like market data, growth projections, future cash flow discounting @ 14% to 16%, P/E multiple, etc., as the case may be, in arriving at the gross value and then applied discount rates ranging between 57% to 65% to arrive at the fair value for current and previous year.

### 42.2 Fair value hierarchy

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

As at March 31, 2019	Carrying amount	Fair Value	Rupees in Lakhs		
			Level 1	Level 2	Level 3
<b>Financial assets</b>					
<b>Financial instruments at FVTPL:</b>					
Investment in					
- mutual funds	104757.51	104757.51	104757.51	-	-
- equity shares	2954.55	2954.55	2954.55	-	-
- preference shares	111.13	111.13	0.15	-	110.98
- debentures	1615.36	1615.36	1615.36	-	-
- in others	207.86	207.86	207.86	-	-
<b>Financial instruments at amortised cost:</b>					
Investment in					
- others (IRFC Bonds)	435.01	469.80	469.80	-	-
Trade receivables	6864.22	6864.22			
Cash and cash equivalents	2897.56	2897.56			
Other bank balances	1660.41	1660.41			
Loans	775.85	775.85			
Other financial assets					
- Security deposits	1976.62	1976.62			
- Interest accrued on bank and other deposits	109.30	109.30			
- other receivables	589.80	589.80			
<b>Financial instruments at FVTOCI:</b>					
Investments in equity instruments designated upon initial recognition	12669.56	12669.56	-	-	12669.56
<b>Total financial assets</b>	<b>137624.74</b>	<b>137659.53</b>	<b>110005.23</b>	<b>-</b>	<b>12780.54</b>



Rupees in Lakhs

As at March 31, 2019	Carrying amount	Fair Value	Level 1	Level 2	Level 3
<b>Financial liabilities</b>					
<b>Financial instruments at amortised cost:</b>					
Borrowings	4199.95	4199.95			
Trade payables	28963.01	28963.01			
Other financial liabilities					
- Security deposits	101.10	101.10			
- Interest accrued but not due on borrowings	1.27	1.27			
- Interest accrued on other than borrowings	417.99	417.99			
- Unclaimed dividends	246.57	246.57			
- Payable to gratuity funds	617.92	617.92			
- Liability towards property, plant and equipments	1405.55	1405.55			
- Book overdrafts	611.18	611.18			
<b>Total financial liabilities</b>	<b>36564.54</b>	<b>36564.54</b>			
<b>As at March 31, 2018</b>					
<b>Financial assets</b>					
<b>Financial instruments at FVTPL:</b>					
Investment in					
- mutual funds	80901.52	80901.52	80901.52	-	-
- equity shares	2512.50	2512.50	2512.50	-	-
- preference shares	97.75	97.75	0.17	-	97.58
- debentures	0.83	0.83	0.83	-	-
- others	200.38	200.38	200.38	-	-
<b>Financial instruments at amortised cost:</b>					
Investment in					
- equity shares	10.00	10.00			
- others (IRFC Bonds)	435.01	477.48	477.48	-	-
Trade receivables	8582.88	8582.88			
Cash and cash equivalents	2071.66	2071.66			
Other bank balances	2290.72	2290.72			
Loans	795.89	795.89			
Other financial assets					
- Security deposits	1490.17	1490.17			
- Interest accrued on bank and other deposits	104.46	104.46			
- other receivables	149.82	149.82			
<b>Financial instruments at FVTOCI:</b>					
Investments in equity instruments designated upon initial recognition	7863.58	7863.58	-	-	7863.58
<b>Total financial assets</b>	<b>107507.17</b>	<b>107549.64</b>	<b>84092.88</b>	<b>-</b>	<b>7961.16</b>
<b>Financial liabilities</b>					
<b>Financial instruments at amortised cost:</b>					
Borrowings	2757.34	2757.34			
Trade payables	17100.41	17100.41			
Other financial liabilities					
- Security deposits	100.15	100.15			
- Interest accrued but not due on borrowings	1.74	1.74			
- Interest accrued on other than borrowings	758.03	758.03			
- Unclaimed dividends	210.64	210.64			
- Liability towards property, plant and equipments	1101.02	1101.02			
- Book overdrafts	505.86	505.86			
<b>Total financial liabilities</b>	<b>22535.19</b>	<b>22535.19</b>			

Note: Investment in associates are accounted for using the equity method and are not covered under Ind AS 107 and hence not been included above.

## 42.2. Fair value hierarchy (continued)

### Note for Financial assets

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

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

## 42.3. Financial risk management objectives and policies

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by its Board of Directors.

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

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

### Interest rate risk

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

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

### Foreign currency risk

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

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

### Credit risk

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the Consolidated Financial Statements. The Group's maximum credit exposure to credit risk is Rs. 133066.77 lakhs (previous year Rs. 103134.13 lakhs). The Group has excluded cash and cash equivalents, other bank balances and investments in associates as the credit risk associated with them is minimal.

Financial assets are provided for, when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been provided for, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss in the subsequent reporting period. The management believes that there is no significant exposure of credit risk due to the nature of Group's business other than those for which impairment allowance has been recorded.

For details of trade receivables those are past due date refer note no.13

### Liquidity risk

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

## 42.3. Financial risk management objectives and policies (continued)

### (A) Maturities of financial liabilities

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

Rupees in Lakhs			
Contractual maturities of financial liabilities	Less than 1 Year	More than 1 Year	Total
<b>As at March 31, 2019</b>			
Borrowings*	4117.86	200.00	4317.86
Trade payables	28963.01	-	28963.01
Other financial liabilities	3315.38	86.20	3401.58
	<b>36396.25</b>	<b>286.20</b>	<b>36682.45</b>
<b>As at March 31, 2018</b>			
Borrowings	2682.98	200.00	2882.98
Trade payables	17100.41	-	17100.41
Other financial liabilities	2590.51	86.93	2677.44
	<b>22373.90</b>	<b>286.93</b>	<b>22660.83</b>

\* includes current borrowings, accrued interest obligations and future interest obligations

### (B) Foreign currency risk exposure

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

Particulars	Currency	As at 31.3.2019		As at 31.3.2018	
		Amount in foreign currency (lakhs)	Amount in Rs. lakhs	Amount in foreign currency (lakhs)	Amount in Rs. lakhs
Trade receivables	USD	28.64	1980.73	53.76	3503.46
	EURO	-	-	1.94	155.95
Current liabilities	USD	24.11	1667.55	7.63	497.67
	EURO	2.21	170.73	1.63	131.83
	GBP	0.53	48.36	0.16	15.14
	SGD	0.02	0.93	0.02	0.91
	JPY	3.86	2.41	75.48	46.34
	NPR	-	-	1.77	1.11
	AED	2.38	44.75	-	-
	CHF	0.02	1.59	-	-

### Foreign currency sensitivity analysis

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

Currency of exposure	As at 31.3.2019		As at 31.3.2018	
	5% increase	5% decrease	5% increase	5% decrease
Impact on profit before tax as at the end of the reporting year <b>USD</b>	<b>15.66</b>	<b>(15.66)</b>	<b>150.29</b>	<b>(150.29)</b>

### (C) Exposure in mutual fund investments

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

#### Sensitivity analysis of mutual fund investments

Had the NAVs been higher/lower by 1% at the end of the reporting period, profit for the year ended 31.3.2019 would have increased/decreased by Rs.1047.58 lakhs (for the year ended 31.3.2018 by Rs.809.02 lakhs).



### 43. Capital management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves excluding non controlling interest. Net debts comprises of non-current and current debts (including trade payables and other financial liabilities), other current liabilities as reduced by cash and cash equivalents and current investments. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

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

<b>Gearing ratio</b>	<b>Rupees in Lakhs</b>	
	<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
Borrowings	<b>4199.95</b>	2757.34
Trade payables	<b>28963.01</b>	17100.41
Other financial liabilities	<b>3401.58</b>	2677.44
Other current liabilities	<b>35701.75</b>	31410.27
Less : Cash and cash equivalents as per cash flow	<b>2897.56</b>	2071.66
: Current investments	<b>24209.98</b>	17320.69
<b>Net debt (A)</b>	<b>45158.75</b>	34553.11
Total equity	<b>203872.27</b>	179335.13
<b>Capital and net debt (B)</b>	<b>249031.02</b>	213888.24
<b>Gearing Ratio (A/B)</b>	<b>18.13%</b>	16.15%

No changes were made in the objectives, policies or processes during the year ended 31 March, 2019.

### 44. Related party transactions

<b>44.1. Disclosure of related parties</b>	<b>Place of incorporation and operation</b>	<b>Proportion of ownership interest/voting rights held by the parent entity</b>	
		<b>As at 31.3.2019</b>	<b>As at 31.3.2018</b>
<b>(a) Associates:</b>			
Success Principles India Limited (ceased to be an associate w.e.f. March 15, 2019)	India	-	48.89%
IPM India Wholesale Trading Private Limited	India	<b>24.80%</b>	24.80%
KKM Management Centre Private Limited	India	<b>36.75%</b>	36.75%
KKM Management Centre Middle East (FZC)	U.A.E.	<b>36.00%</b>	36.00%

#### **(b) Entities of which the Holding Company is an associate:**

K K Modi Investment & Financial Service Private Limited, India  
Philip Morris Global Brands Inc., U.S.A.



**(c) Member entities of the Group to which Philip Morris Global Brands Inc.,USA, belongs to :**

Philip Morris Philippines Manufacturing Inc.  
Philip Morris Products S.A.  
PT Hanjaya Mandala Sampoerna Tbk.  
Philip Morris International Management S.A.

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

Mr. K.K.Modi	President and Managing Director
Mr. Samir Modi	Executive Director
Mrs. Bina Modi	Ordinary Director, and a relative of Mr. K.K.Modi and Mr. Samir Modi
Mr. Ruchir Kumar Modi	Ordinary Director, and a relative of Mr. K.K.Modi, Mr. Samir Modi and Mrs. Bina Modi
Mr. R.Ramamurthy	Whole-time Director (upto September 15, 2017)
Mr. Sharad Aggarwal	Whole-time Director (w.e.f. October 1, 2017)
Mr. Bhisham Wadhwa	Chief Executive Officer
Mr. Sunil Agrawal	Chief Financial Officer
Mr. Sanjay Gupta	Company Secretary
Ms.Priyal Bhartiya Panwani	Executive Director of a subsidiary
Mr. Ashrant Bhartiya	Whole-time Director of a subsidiary
Mr. R A Shah	Non-Independent Director and Chairman of Board
Mr. Lalit Bhasin	Independent Director
Mr. Anup N. Kothari	Independent Director
Mr. Atul Kumar Gupta	Independent Director

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

Modicare Limited  
Beacon Travels Private Limited  
Indofil Industries Limited  
HMA Udyog Private Limited  
Bina Fashion N Food Private Limited  
Modicare Foundation  
Priyal Hitay Nidhi  
Colorbar Cosmetics Private Limited  
Gujarmal Modi Science Foundation  
MHP Staffing Private Limited  
Modi Innovative Education Society  
International Research Park Laboratories Limited  
Rajputana Fertilizers Limited  
Rajputana Developers Limited  
Quick Investment (India) Limited  
Good Investment (India) Limited  
Super Investment (India) Limited  
Crawford Bayley & Co.  
Bhasin & Co.  
K K Modi Family Trust  
Premium Tradelinks Private Limited

**(f) Others related parties:**

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

**44.2 Disclosure of transactions between the Group and related parties and the status of outstanding balances as at the year end**

<b>A</b>	<b>Nature of transactions</b>	<b>Associates</b>		<b>Key management personnel and their relatives</b>		<b>Enterprises over which key management personnel and their relatives are able to exercise significant influence</b>		<b>Member entities of the Group to which Philip Morris Global Brands Inc./USA, belongs to</b>		<b>Enterprises having significant influence over the holding company</b>		<b>Other related parties</b>	
		<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>	<b>Year ended 31.3.2019</b>	<b>Year ended 31.3.2018</b>
<b>i)</b>	<b>Trading transactions</b>												
	Sale of goods, spare parts, etc.												
	Sale of investments in Modicare Limited												
	- K K Modi Family Trust												
	Purchase of goods/services/spare parts												
	Receipts from secondment of services												
	Interest income												
	Miscellaneous income												
	Rent and hire charges received												
	Payments for professional services availed												
	Donation given \$ \$ \$												
	Expenses recovered												
	Expenses reimbursed												
<b>ii)</b>	<b>Other related party transactions</b>												
	Dividend payment (gross)												
	- Philip Morris Global Brands Inc.												
	- K K Modi Investment & Financial Service Private Limited												
	- Quick Investment (India) Limited												
	- Good Investment (India) Limited												
	- Super Investment (India) Limited												
	- HMA Udyog Private Limited												
	Technical services fee and royalty												
	- Philip Morris Products S. A.												
	Sale of investments in Success Principles India Limited												
	- Premium Tradelinks Private Limited												
<b>iii)</b>	<b>Contribution to trusts</b>												
	Godfrey Phillips India Limited Management Staff Superannuation Fund												
	Godfrey Phillips India Limited Provident Fund												

**44.2 Disclosure of transactions between the Group and related parties and the status of outstanding balances as at the year end**

A	Nature of transactions	Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Member entities of the Group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the holding company		Other related parties	
		Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018	Year ended 31.3.2019	Year ended 31.3.2018
	Godfrey Phillips India Limited Gratuity Fund no. 1	-	-	-	-	-	-	-	-	-	-	44.73	2.15
	Godfrey Phillips India Limited Gratuity Fund no. 2	-	-	-	-	-	-	-	-	-	-	685.43	(112.24)
	International Tobacco Company Limited Management Staff Superannuation Fund	-	-	-	-	-	-	-	-	-	-	18.75	21.51
	International Tobacco Company Limited Gratuity Fund no.1	-	-	-	-	-	-	-	-	-	-	5.40	(37.82)
	International Tobacco Company Limited Gratuity Fund no.2	-	-	-	-	-	-	-	-	-	-	48.34	(13.17)
iv)	<b>Compensation &amp; Post Employment benefits of key management personnel and other directors \$ \$</b>												
	- Samir Modi	-	-	1762.87	1062.02	-	-	-	-	-	-	-	-
	- R.Ramamurthy	-	-	-	77.40	-	-	-	-	-	-	-	-
	- Bina Modi	-	-	8.00	3.00	-	-	-	-	-	-	-	-
	- Ruchir Kumar Modi	-	-	150.00	150.00	-	-	-	-	-	-	-	-
	- Priyal Bharatia Panwani	-	-	82.12	56.74	-	-	-	-	-	-	-	-
	- Ashrant Bharatia	-	-	101.69	55.50	-	-	-	-	-	-	-	-
	- Bhisham Wadhera	-	-	456.36	361.71	-	-	-	-	-	-	-	-
	- Sunil Agrawal	-	-	188.25	166.59	-	-	-	-	-	-	-	-
	- Sanjay Gupta	-	-	124.63	108.18	-	-	-	-	-	-	-	-
	- Sharad Aggarwal	-	-	190.20	72.09	-	-	-	-	-	-	-	-
	- R A Shah	-	-	12.00	13.00	-	-	-	-	-	-	-	-
	- Lalit Bhasin	-	-	13.00	17.00	-	-	-	-	-	-	-	-
	- Anup N Kothari	-	-	13.00	13.00	-	-	-	-	-	-	-	-
	- Atul Kumar Gupta	-	-	11.00	13.00	-	-	-	-	-	-	-	-



**GODFREY PHILLIPS**  
— INDIA LIMITED —

**Rupees in Lakhs**

B Outstanding balance	Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Member entities of the group to which Philip Morris Global Brands Inc., USA, belongs to		Enterprises having significant influence over the holding company		Other related parties	
	As at 31.3.2019	As at 31.3.2018	As at 31.3.2019	As at 31.3.2018	As at 31.3.2019	As at 31.3.2018	As at 31.3.2019	As at 31.3.2018	As at 31.3.2019	As at 31.3.2018	As at 31.3.2019	As at 31.3.2018
Trade receivables	671.24@	2.53@	-	-	39.51	7.55	21.55&	929.15&	-	-	-	-
Loans given	-	-	21.11	32.55	-	-	-	-	-	-	-	-
Trade payables	2675.15@	2641.84@	-	-	163.93	205.66	0.44&&&	0.44&&&	-	-	-	-
Dues payable	41.13#*	28.63#*	106.05	90.94	4.96	4.95	-	-	-	-	-	-
Commission payable to Samir Modi(gross)	-	-	898.25	220.00	-	-	-	-	-	-	-	-
Other recoverable (from IPM India Wholesale Trading Private Limited)	120.15	-	-	-	-	-	-	-	-	-	-	-
Other recoverable	23.67	-	-	5.49	7.51	0.67	-	-	-	-	-	-
Technical service fee and royalty payable - Philip Morris Products S.A.	-	-	-	-	-	-	312.72	299.96	-	-	-	-
<b>Other payable/(recoverable)</b>												
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	44.73	2.15
Employees Gratuity Fund No. 1	-	-	-	-	-	-	-	-	-	-	573.19	(112.24)
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	(122.38)	(121.55)
Employees Gratuity Fund No.2	-	-	-	-	-	-	-	-	-	-	(14.61)	(54.03)
International Tobacco Company Limited Employees Gratuity Fund No.1	-	-	-	-	-	-	-	-	-	-	-	(2.89)
International Tobacco Company Limited Employees Gratuity Fund No.2	-	-	-	-	-	-	-	-	-	-	208.95	215.83
International Tobacco Company Limited Management Staff Superannuation Fund	-	-	-	-	-	-	-	-	-	-	133.00	34.91
Godfrey Phillips India Limited Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-
<b>Advance recoverable</b>												
Godfrey Phillips India Limited	-	-	-	-	-	-	-	-	-	-	-	-
Employees Gratuity Fund No. 1	-	-	-	-	-	-	-	-	-	-	-	-

@ relates to transactions with IPM India Wholesale Trading Private Limited and figures of sale and purchase of goods have been reduced by Rs.71697.05 lakhs (previous year Rs. 78157.18 lakhs) on account of sale/purchase of Marlboro cigarettes manufactured by the Company.

@@ relates to transactions with KKM Management Centre Private Limited.

@\* includes Rs. 11.91 lakhs (Previous year Rs.9.22 lakhs) from IPM India Wholesale Trading Private Limited and Rs. Nil (previous year Rs.27.75 lakhs) from KKM Management Centre Private Limited.

@\*\* relates to KKM Management Centre Private Limited amounting to Rs. 555.00 lakhs (previous year Rs. 725.49 lakhs) & KKM Management Centre Middle East (FZC) amounting to Rs. 603.15 lakhs (previous year Rs.128.00 lakhs).

@@\* includes Rs.8978.53 lakhs (Previous year Rs.7091.93 lakhs) from IPM India Wholesale Trading Private Limited and Rs.0.88 lakhs (previous year Rs.0.17 lakhs) from KKM Management Centre Private Limited.

#\* includes Rs. 0.11 lakhs (Previous year Rs.3.24 lakhs) from KKM Management Centre Private Limited and Rs. 41.02 lakhs (Previous year Rs. 25.39 lakhs) from KKM Management Centre Middle East (FZC).

\$ includes Rs.1942.81 lakhs (previous year Rs. 1293.99 lakhs) from Beacon Travels Private Ltd.

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

\$\$\$ including for CSR activities.

& relates to transaction with Philip Morris International Management SA.

&& includes Rs.3164.51 lakhs (previous year Rs.4294.20 lakhs) from Philip Morris Philippines Manufacturing Inc. and Rs.790.42 lakhs (previous year Rs.1186.20 lakhs) from PT Hanjaya Mandala Sampoerna Tbk.

&&& relates to transaction with PT Hanjaya Mandala Sampoerna Tbk.

**Terms and conditions of transactions with related parties:**

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. Purchase and sale transactions with the related parties have been made at arm length prices.

#### 45. Segment Information

**Products from which reportable segments derive their revenues**

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

- i) Cigarette, tobacco and related products
- ii) Retail and related products
- iii) Others

Segment information for the year ended March 31, 2019 and March 31, 2018 is as follows:

	Year ended March 31, 2019				Year ended March 31, 2018			
	Cigarette, tobacco and related products	Retail and related products	Others	Total	Cigarette, tobacco and related products	Retail and related products	Others	Total
<b>1. Segment revenue</b>								
- External sales (gross)	229562.74	28397.54	-	257960.28	256714.00	28881.56	-	285595.56
- Other operating income	2070.51	690.50	500.81	3261.82	2407.61	636.11	433.79	3477.51
<b>Total revenue</b>	<b>231633.25</b>	<b>29088.04</b>	<b>500.81</b>	<b>261222.10</b>	<b>259121.61</b>	<b>29517.67</b>	<b>433.79</b>	<b>289073.07</b>
<b>2. Segment result</b>								
Unallocable income net of unallocable expenses	39634.26	(8270.83)	461.79	31825.22	22253.33	(3532.80)	388.25	19108.78
<b>Profit before finance costs and tax</b>				<b>6531.54</b>				<b>4337.36</b>
Less: Finance costs				<b>38356.76</b>				<b>23446.14</b>
<b>Profit before tax</b>				<b>96.79</b>				<b>166.90</b>
Share of profit of associates				<b>38259.97</b>				<b>23279.24</b>
Profit before tax and after share of profit of associates				<b>44.27</b>				<b>24.62</b>
<b>3. Other information</b>				<b>38304.24</b>				<b>23303.86</b>
Capital expenditure including capital work in progress and capital advances	7925.84	5438.66	-	13364.50	4716.14	1771.34	0.10	6487.58
Depreciation and amortization	8849.50	965.67	-	9815.17	9386.76	456.28	0.02	9843.06
Non cash expenditure other than depreciation	329.69	211.71	-	541.40	487.10	281.33	-	768.43



**Rupees in Lakhs**

As at March 31, 2018

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

Value from external customers\*

\* The revenue information above is based on the location of the customers.  
 \*\* Non current assets do not include deferred tax assets, financial assets-investments & other non-current financial assets

e) segment accounting policies for the purpose of monitoring segment performance and allocating resources between segments.

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

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

Segment assets include all operating assets used by the segment and consist principally of net fixed assets, inventories, trade receivables, loans and advances and operating cash and bank balances. Segment liabilities include all operating liabilities and consist principally of trade payables and other financial liabilities. Segment assets and liabilities do not include investments in subsidiaries.

Segment income includes all operating income earned by the segment and consists of revenue less cost of sales, depreciation, amortization, impairment losses, interest expense, interest income, dividend income, foreign exchange gains or losses, and other non-operating items. Segment expenses include all operating expenses incurred by the segment and consist of cost of sales, depreciation, amortization, impairment losses, interest expense, interest income, dividend income, foreign exchange gains or losses, and other non-operating items.

Segment results are determined after accounting for all applicable taxes. The tax expense attributable to each segment is based on the estimated effective tax rate for the group as a whole.

The following table shows the reconciliation between the segment results and the consolidated results:





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

Name of the entity	As at 31.03.2019		For the year ended 31.03.2019		For the year ended 31.03.2019		For the year ended 31.03.2019	
	Net assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.in Lakhs)	As % of consolidated profit or loss	Amount (Rs.in Lakhs)	As % of consolidated other comprehensive income	Amount (Rs.in Lakhs)	As % of consolidated total comprehensive income	Amount (Rs.in Lakhs)
<b>Parent</b>								
Godfrey Phillips India Limited	91.54%	189627.40	92.59%	24096.73	-5.19%	(182.62)	80.94%	23914.11
<b>Subsidiaries</b>								
<b>a) Indian</b>								
1. International Tobacco Company Limited	2.30%	4770.98	0.29%	74.27	0.83%	29.24	0.35%	103.51
2. Chase Investments Limited	6.44%	13333.41	1.65%	430.22	104.72%	3686.84	13.93%	4117.06
3. Friendly Reality Projects Limited	1.68%	3480.85	0.00%	0.75	-	-	0.00%	0.75
4. Rajputana Infrastructure Corporate Limited	0.68%	1416.18	0.06%	14.52	-	-	0.05%	14.52
5. Unique Space Developers Limited	0.02%	38.55	-0.02%	(4.09)	-	-	-0.01%	(4.09)
6. Rajputana Developers Projects	1.89%	3925.31	-0.05%	(13.08)	-	-	-0.04%	(13.08)
<b>b) Foreign</b>								
1. Godfrey Phillips Middle East DMCC	0.06%	122.64	0.51%	130.80	-	-	0.45%	130.80
2. Flavors and More, Inc.	0.02%	47.31	-0.76%	(196.71)	-	-	-0.67%	(196.71)
<b>Non controlling interests in all subsidiaries</b>	1.58%	3279.99	-0.02%	(4.59)	-	-	-0.02%	(4.59)
<b>Associates</b>								
<b>a) Indian</b>								
1. IPM India Wholesale Trading Private Limited *	-	-	-	-	-	-	-	-
2. KKM Management Centre Private Limited	0.17%	358.50	0.09%	23.53	-	-	0.08%	23.53
<b>b) Foreign</b>								
1. KKM Management Centre Middle East (FZC)	0.02%	50.70	0.08%	20.74	-	-	0.07%	20.74
Adjustments on consolidation	-6.40%	(13299.57)	5.58%	1453.31	-0.36%	(12.80)	4.87%	1440.51
	<b>100%</b>	<b>207152.25</b>	<b>100%</b>	<b>26026.40</b>	<b>100%</b>	<b>3520.66</b>	<b>100%</b>	<b>29547.06</b>

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

The amount stated above are as per the standalone financial statements of each of the individual entities, before making any adjustments for intragroup transactions and/or balances.



Name of the entity	As at 31.03.2018		For the year ended 31.03.2018		For the year ended 31.03.2018		For the year ended 31.03.2018	
	Net assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.in Lakhs)	As % of consolidated profit or loss	Amount (Rs.in Lakhs)	As % of consolidated other comprehensive income	Amount (Rs.in Lakhs)	As % of consolidated total comprehensive income	Amount (Rs.in Lakhs)
<b>Parent</b>								
Godfrey Phillips India Limited	93.31%	170727.80	101.07%	16076.24	21.00%	474.84	91.12%	16551.08
<b>Subsidiaries</b>								
<b>a) Indian</b>								
1.International Tobacco Company Limited	2.55%	4667.47	0.33%	51.90	2.92%	65.51	0.64%	117.41
2.Chase Investments Limited	5.04%	9216.34	2.85%	452.96	75.83%	1714.18	11.93%	2167.14
3.Friendly Reality Projects Limited	1.69%	3100.55	-0.02%	(3.25)	-	-	-0.02%	(3.25)
4.Gopal Krishna Infrastructure & Real Estate Limited	0.00%	1.79	0.00%	0.01	-	-	0.00%	0.01
5.Rajputana Infrastructure Corporate Limited	0.56%	1044.20	0.05%	8.07	-	-	0.04%	8.07
6.Unique Space Developers Limited	0.02%	42.64	-0.01%	(2.02)	-	-	-0.01%	(2.02)
7.Rajputana Developers Projects	1.98%	3626.60	-0.08%	(12.15)	-	-	-0.07%	(12.15)
<b>b) Foreign</b>								
1.Godfrey Phillips Middle East DMCC	0.00%	(8.16)	-0.26%	(41.42)	-	-	-0.23%	(41.42)
2.Flavors and More, Inc.	0.02%	34.43	-3.55%	(564.31)	-	-	-3.11%	(564.31)
<b>Non controlling interests in all subsidiaries</b>	2.00%	3663.74	-0.04%	(6.05)	-	-	-0.03%	(6.05)
<b>Associates</b>								
<b>a) Indian</b>								
1.IPM India Wholesale Trading Private Limited *	-	-	-	-	-	-	-	-
2.KKM Management Centre Private Limited	0.18%	334.97	0.13%	20.98	-	-	0.12%	20.98
3.Success Principles India Limited	0.03%	59.95	0.00%	(0.43)	-	-	0.00%	(0.43)
<b>b) Foreign</b>								
1.KKM Management Centre Middle East (FZC)	0.02%	29.96	0.03%	4.07	-	-	0.02%	4.07
Adjustments on consolidation	-7.40%	(13543.41)	-0.50%	(79.95)	0.25%	5.83	-0.40%	(74.12)
	<b>100%</b>	<b>182998.87</b>	<b>100%</b>	<b>15904.65</b>	<b>100%</b>	<b>2260.36</b>	<b>100%</b>	<b>18165.01</b>

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

The amount stated above are as per the standalone financial statements of each of the individual entities, before making any adjustments for intragroup transactions and/or balances.



- 47.** During the year, the Group has revised its policy for accumulation of compensated absences (leaves) for certain age group of employees. As a result, the maximum permissible accumulated leaves were reduced to 75 days as at April 1, 2018 and excess thereof was determined to be encashable in 3 equal yearly instalments. Accordingly, an amount aggregating to Rs.3649.22 lakhs was transferred from provision for compensated absences account to employee payables account and out of this Rs.1274.41 lakhs has been paid during the current year.
- 48.** Subsequent to the year end, the Holding Company has recently been called upon by the Directorate of Enforcement ('ED') seeking certain information including those in connection with the business arrangements with IPM India Wholesale Trading Pvt. Ltd., (IPM) an associate of the Holding Company. The Holding Company has suitably responded and provided the requisite information/details as sought by the ED from time to time. The proceedings before the ED are still underway. The Holding Company is of the view that its business arrangements with IPM are in compliance to the extant FDI regulations.
- 49.** Exceptional item in the previous year represents proceeds from sale/assignment of Trademarks associated with Packaged Tea business of the Holding Company.

**50. Applicability of new and revised Ind AS**

**i) Ind AS 116- Leases**

Ind AS 116, Leases, replaces the existing standard on accounting for leases, Ind AS 17. The Group will adopt Ind AS 116 from April 1, 2019 under the modified retrospective approach, and accordingly the comparative figures will not be restated. For contracts in place at this date, the Group will continue to apply its existing definition of leases under current accounting standard ("grandfathering"), instead of reassessing whether existing contracts are or contain a lease at the date of application of the new standard.

This standard introduces a single lessee accounting model and requires a lessee to recognize a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases with the exception of short-term (under 12 months) and low-value leases. Lease costs will be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

The standard, in addition to increasing the Group's recognised assets and liabilities, impacts the classification and timing of expenses and consequently the classification between cash flow from operating activities and cash flow from financing activities. The Group is in the process of performing a detailed analysis to understand the impact.

Information on the undiscounted amount of the Group's operating lease commitments under Ind AS 17 'Leases', the current leasing standard, is disclosed in Note no. 40 'Operating Lease Commitments'.

ii) The following amendments to Ind AS are applicable to the Group from April 1, 2019. The impacts of these are currently expected to be immaterial:

Reference	Name/Brief
Annual Improvements to Ind AS (2018)	The amendments comprise of changes in Ind AS 103, Ind AS 111, Ind AS 23 and Ind AS 12
Ind AS 19	Employee benefits - Plan Amendment, Curtailment or Settlement
Ind AS 28	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
Ind AS 109	Financial Instruments - Prepayment features with Negative Compensation
Ind AS 12	Income taxes - Uncertainty over Income tax treatments

- 51.** The figures for the previous year have been re-classified/re-grouped, wherever necessary, to correspond with the current year's classification/ disclosure.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E/E300005

Chartered Accountants

Per Atul Seksaria

Partner

Membership No.: 086370

BHISHAM WADHERA  
Chief Executive Officer

SUNIL AGRAWAL  
Chief Financial Officer

SANJAY GUPTA  
Company Secretary

K.K. MODI  
(DIN 00029407)  
President & Managing Director  
SAMIR MODI  
(DIN 00029554)  
Executive Director

SHARAD AGGARWAL  
(DIN 07438861)  
Whole-time Director

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

RA SHAH  
(DIN 00009851)  
Chairman  
BINA MODI  
(DIN 00048606)  
DR. LAIT BHASIN  
(DIN 00001607)  
ANUP N. KOTHARI  
(DIN 00294737)  
ATUL KUMAR GUPTA  
(DIN 01734070)  
NIRMALA BAGRI  
(DIN 01081867)

Directors

Place : New Delhi  
Date : May 30, 2019

*Pure  
as  
Gold*



Pan Vilas has successfully carved a niche for itself in the premium chewing category. The delicately balanced blend of flavor and fragrance with the finest ingredients give Pan Vilas an unmatched and lingering taste. Pan Vilas is manufactured at Guldhar, a state-of-the-art Japanese plant that employs some of the world's most

advanced food processing technologies. The brand stands for high quality and superior experience.

To our connoisseur consumer who enjoys Pan Vilas, it is a shauk. That is why the Brand propagates and lives the positioning of "Shauk Badi Cheez Hai".

शौक बड़ी चीज़ है



CHEWING OF PAN MASALA IS INJURIOUS TO HEALTH

₹10/- Nt. Wt. 3g



**Khatte  
Mein  
Kuch  
Mithas  
Hai**

**PAN VILAS™**



**imli candy**



Naturalz Imli candy is the first of its kind brand from GPI stable in the sugar confectionery category. It provides consumers with a best Quality real tamarind pulp having sweet and tangy taste bringing alive their childhood memories. The brand launched last year has been successfully capturing the Indian heart across all age-groups and is expected to bring more joy and delight among Indian consumers.

Funda Goli brand offers international quality with an Indian core. It provides consumers with a chewing experience that is not only fun to eat, but also caters to the varied Indian taste profile. The brand is synonymous with fruity flavours that are meant to capture the Indian heart. From Tangy Orange to Rasili Lychee, Kaccha Aam, Mast Guava and Green Apple, Funda Goli candies have delighted the Indian taste buds.

**The  
Funda  
Gang**





## **GODFREY PHILLIPS INDIA LIMITED**

### **CORPORATE OFFICE:**

Godfrey Phillips India Limited, Omaxe Square, Plot No. 14,  
Jasola District Centre, Jasola, New Delhi-110025  
Tel.: +91 11-2683 2155, 61119300 Fax: +91 11-41689102

### **REGISTERED OFFICE:**

'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road,  
Lalbaug, Mumbai-400 033  
For more information, log on to [www.godfreyphillips.com](http://www.godfreyphillips.com)



# **GODFREY PHILLIPS INDIA LIMITED**

Registered Office:

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

CIN: L16004MH1936PLC008587

Email : [isc-gpi@modi.com](mailto:isc-gpi@modi.com) Website : [www.godfreyphillips.com](http://www.godfreyphillips.com)



## **NOTICE**

NOTICE is hereby given that the **Eighty Second 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 Monday, the 23<sup>rd</sup> September, 2019 at 3:15 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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019.
- 2.** To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2019.
- 3.** To appoint a director in place of Mr. Samir Modi (DIN 00029554) who retires by rotation and being eligible, offers himself for re-appointment.
- 4.** To appoint a director in place of Mr. Ruchir Kumar Modi (DIN 07174133) who retires by rotation and being eligible, offers himself for re-appointment.

### **Special Business:**

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

#### **5. As a Special Resolution**

"RESOLVED THAT Mrs. Nirmala Bagri (DIN 01081867) who was appointed effective 1<sup>st</sup> April, 2019 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 (AGM) and who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, Regulation 16(1)(b), Regulation 17(1)(a) and Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for appointment as a Woman Independent Director, be and is hereby appointed as a Woman Independent Director, not liable to retire by rotation in accordance with section 149, 150 and 152 of the Companies Act, 2013 and all other applicable provisions, of the Act and rules made thereunder (including any statutory modifications, or re-enactment thereof for the time being in force) read with Schedule IV of the Act to hold office for a term of 5 (five) consecutive years till 31<sup>st</sup> March, 2024."

#### **6. As a Special Resolution**

"RESOLVED THAT pursuant to Section 149, 150 and 152 of the Companies Act, 2013 and all other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder (including any statutory modifications, or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Regulation 16(1)(b) and Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Lalit Bhasin (DIN 00001607), an Independent Director whose term of directorship ends on conclusion of this 82<sup>nd</sup> AGM and in whose respect the Company has received a written notice from a member proposing his candidature for reappointment as an Independent Director, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, to hold office for another term of 5 (five) consecutive years i.e. upto the conclusion of the 87<sup>th</sup> AGM of the Company in the calendar year 2024."

## **7. As a Special Resolution**

“RESOLVED THAT pursuant to Section 149, 150 and 152 of the Companies Act, 2013 and all other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder (including any statutory modifications, or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Regulation 16(1)(b) and Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anup N. Kothari (DIN 00294737), an Independent Director whose term of directorship ends on conclusion of this 82<sup>nd</sup> AGM and in whose respect the Company has received a written notice from a member proposing his candidature for reappointment as an Independent Director, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, to hold office for another term of 5 (five) consecutive years i.e. upto the conclusion of the 87<sup>th</sup> AGM of the Company in the calendar year 2024.”

## **8. As a Special Resolution**

“RESOLVED THAT pursuant to the provisions of Section 178, 197 of the Companies Act, 2013 and the Rules made thereunder, Regulation 17(6)(ca) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof), and any other applicable provisions read with Articles 106-108 of the Articles of Association of the Company, the approval of the members be and is hereby accorded for the payment of remuneration, by way of commission of Rs. 1,50,00,000 per annum subject to the ceiling of one percent (1%) of the net profit of the Company during any financial year computed in the manner laid down in section 198 of the Companies Act, 2013, to Mr. Ruchir Kumar Modi (DIN No. 07174133), non-executive director of the Company, for a period of three years with effect from 1<sup>st</sup> July, 2019.

RESOLVED FURTHER THAT Mr. Ruchir Kumar Modi, during the tenure of his appointment, shall be entitled to the payment/reimbursement of all his expenses incurred in connection with business of the Company, including provision of a mobile telephone connection in India and travel related expenses.”

**New Delhi : 10<sup>th</sup> August, 2019**

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

### **REGISTERED OFFICE:**

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

**Sanjay Gupta**  
**Company Secretary**  
Membership No. 7545



## Notes:

1. The Register of Members and Share Transfer Register of the Company shall remain closed from 17<sup>th</sup> September, 2019 to 23<sup>rd</sup> September, 2019 (both days inclusive) for the purpose of payment of dividend for the year ended 31<sup>st</sup> March, 2019.
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 may be applicable.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts in respect of Items 5, 6, 7 & 8 is annexed to the Notice of the meeting.
4. Dividend when declared, will be paid from 27<sup>th</sup> September, 2019 to those members of the Company whose names appear on the Register of Members on 23<sup>rd</sup> September, 2019 after giving effect to all the valid transfers in physical form in process and re-lodged on or before the close of business hours on 16<sup>th</sup> September, 2019. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as at the close of business hours on 16<sup>th</sup> September, 2019 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
5. Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company and its Registrar and Transfer Agents (RTA) have stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail the facility of dematerialization.
6. 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 RTA. The said intimation will be automatically reflected in the Company's records.
7. The requirement to place the matter relating to appointment of Auditors for ratification by members at every AGM is done away with vide notification dated 7<sup>th</sup> May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the AGM held on 15<sup>th</sup> September, 2017 for a period of five years.
8. (a) Pursuant to the provisions of Section 205A(5) of the erstwhile 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 erstwhile Companies Act, 1956 and Section 124(5) of Companies Act, 2013 as amended, all unpaid or unclaimed dividends for the financial years 1994-95 to 2010-11 have already been transferred by the Company to the credit of the Investor Education & Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 25<sup>th</sup> September, 2018 (date of the previous AGM) on the website of the Company and the same can be accessed through the link: <https://www.godfreyphillips.com/wp-content/uploads/2019/08/unclaimed-dividends-fy2010-11-2016-17-as-at-81st-agm.pdf>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).  
(b) Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF

Rules') including any statutory modification(s) or re-enactment thereof for the time being in force, dividend for the financial year ended 31<sup>st</sup> March 2011 and onwards, which remains unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company would be transferred to IEPF within a period of 30 days after expiry of the 7 year period.

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's RTA at their address given herein below, quoting their folio number/DP ID and Client ID.

(c) Members are informed that the unclaimed dividend for the financial year 31<sup>st</sup> March, 2012 shall be transferred to the IEPF somewhere in November, 2019. The Company has already sent across reminders to all such Members at their registered address in this regard.

Further, Members who have not encashed/claimed their dividends in the last seven (7) consecutive years from 2011-2012 have been notified to claim the same before the cut off date mentioned in the reminder letter. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules.

9. (a) Adhering to the various requirements set out in the IEPF Rules, as amended, the Company has, during financial year 2018-19, transferred to the IEPF Authority all shares for the Base Years 2009-10 and 2010-11 in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more in May 2018 and November, 2018. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

(b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned Members are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact the RTA for lodging claim for refund of shares and / or dividend from the IEPF Authority.

10. Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA.
11. Members may please note that the Company's RTA, M/s. LINK INTIME INDIA PVT. LTD., operate from their office at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 and Members are requested to contact them for any investor related services in respect of the Company at this address or at their Delhi office located at Noble Heights, 1<sup>st</sup> Floor, Plot NH2 C-1 Block LSC Near Savitri Market, Janakpuri, New Delhi - 110058. Their telephone and fax nos. and e-mail address are as under :

Link Intime India Pvt. Limited  
C-101, 247 Park  
L.B.S. Marg, Vikhroli (West)  
Mumbai – 400083  
Telephone No: 022-49186270  
Fax: 022-49186060

E-mail id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Delhi office at : Noble Heights, 1<sup>st</sup> Floor,  
Plot NH2 C-1 Block LSC Near Savitri Market,  
Janakpuri, New Delhi  
Tel. No. : 011- 41410592  
Fax No : 011- 41410591  
e-mail: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

12. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH 13 prescribed under the Companies Act, 2013 can be obtained from the RTA.
13. The Statement of Profit and Loss for the financial year ended 31<sup>st</sup> March, 2019, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached thereto, 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](http://www.godfreyphillips.com) for viewing various financial information including the quarterly results and annual report of the Company.

As a part of its 'Green Initiative' in the Corporate Governance and pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with the relevant Rules issued thereunder, companies can serve annual report and other communications through electronic mode to those Members 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.

14. Vide its Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 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 9<sup>th</sup> September, 2019, 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.

15. 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 Regulation 36(3) of the SEBI (LODR) Regulations, 2015 have been given in the Corporate Governance Report and shall be deemed to form part of this Notice. The Directors concerned have furnished requisite consents/declarations for their appointment/re-appointment.
16. The address of the registered office of Company is as detailed hereunder:

Godfrey Phillips India Limited  
'Macropolo Building', Ground Floor,  
Dr. Babasaheb Ambedkar Road,  
Lalbaug, Mumbai - 400 033  
Telephone No.: 022 - 61952300  
Fax No.: 022 - 61952319

17. **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 Regulation 44 of the SEBI (LODR) Regulations, 2015, 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 AGM.

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 Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the 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 AGM. No copies of the report will be distributed at the Meeting.**

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

### **Item No. 5**

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 2<sup>nd</sup> February, 2019, appointed Mrs. Nirmala Bagri as an Additional Director to serve as a Woman Independent Director of the Company w.e.f. 1<sup>st</sup> April, 2019, who will hold office up to the ensuing Annual General Meeting (AGM). In the opinion of the Board, Mrs. Nirmala Bagri fulfills the criteria specified under the Companies Act, 2013, Regulation 16(1)(b) and Regulation 17(1)(a) of SEBI (LODR) Regulations, 2015, for being appointed as a Woman Independent Director of the Company.

Further, pursuant to Regulation 17(1A) of the SEBI (LODR) Regulations, 2015, appointment or continuation of a Non- Executive Director after attaining age of 75 years also requires approval of Members of the Company by way of Special Resolution. Mrs. Nirmala Bagri shall attain age of 75 (seventy five) years during the proposed term.

Requisite Notice under Section 160 of the Act proposing appointment of Mrs. Nirmala Bagri have been received by the Company, and consent have been filed by Mrs. Nirmala Bagri pursuant to Section 152 of the Companies Act, 2013. The Company has also received a declaration from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015. In terms of Regulation 25(8) of SEBI (LODR) Regulations, 2015, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties.

Further, during her tenure of appointment she shall be eligible for sitting fee for attending the meetings of Board and Committees as member, if any.

The terms and conditions of her appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM till the conclusion of the AGM.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mrs. Nirmala Bagri herself, is concerned or interested in this Resolution.

The Board recommends the resolution as set out at Item No. 5 of the notice for your approval.

Brief profile of Mrs. Nirmala Bagri is as follows:

<b>Name of the Director</b>	<b>Mrs. Nirmala Bagri</b>
Director Identification Number	01081867
Date of joining the Board	1 <sup>st</sup> April, 2019
Qualification	Graduated with Bachelor of Arts in 1967 from Kolkata University, West Bengal
Profile of the Director	Mrs. Nirmala Bagri has a work experience of over 40 years. She is the CEO of the Company, Clear water Ltd and is currently heading finance, accounts and human resources functions. She also supports senior management in fulfilment of company's business strategy and also leads key decision making efforts in conjunction with senior management team.
Directorships and Committee memberships in other companies*	1) Clear Water Limited 2) APM Finvest Limited
Number of Shares held in Company	Nil

\* 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 Stakeholders' Relationship Committee (excluding private companies).

### **Item No. 6 & 7**

As per the provisions of Section 149 of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two consecutive terms of five years each and shall not be liable to retire by rotation. Further, Consent of the Members by way of Special Resolution is required for re-appointment of an Independent Director.

Further, pursuant to Regulation 17(1A) of the SEBI (LODR) Regulations, 2015, appointment or continuation of a Non- Executive Director after attaining age of 75 years also requires approval of Members of the Company by way of Special Resolution. The Special Resolution under Item Nos. 6 and 7, once passed, shall also be deemed as your approval under SEBI (LODR) Regulations, 2015, for continuation of Dr. Lalit Bhasin and Mr. Anup N. Kothari as Independent Directors beyond the age of seventy five years.





The Members of the Company on 23<sup>rd</sup> September, 2014 approved the appointment of Dr. Lalit Bhasin and Mr. Anup N. Kothari as Independent Directors of the Company for a period of five years i.e. till the conclusion of the 82<sup>nd</sup> AGM of the Company to be held in the calendar year 2019. Dr. Lalit Bhasin and Mr. Anup N. Kothari will complete their respective terms upon the conclusion of 82<sup>nd</sup> AGM to be held on 23<sup>rd</sup> September, 2019.

The Board of Directors of the Company at the meeting held on 10<sup>th</sup> August, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Dr. Lalit Bhasin and Mr. Anup N. Kothari as Independent Directors of the Company to hold office for another term of 5 (five) years i.e. upto the conclusion of the 87<sup>th</sup> AGM of the Company to be held in the calendar year 2024, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015, as set out in the Resolutions relating to their respective re-appointment. In the opinion of the Board, both Dr. Lalit Bhasin and Mr. Anup N. Kothari fulfill the criteria specified under Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015, for being appointed as Independent Directors of the Company.

Requisite Notice under Section 160 of the Act proposing the re-appointment of Dr. Lalit Bhasin and Mr. Anup N. Kothari have been received by the Company, and consents have been filed by Dr. Lalit Bhasin and Mr. Anup N. Kothari pursuant to Section 152 of the Companies Act, 2013. The Company has also received declarations from them to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015. In terms of Regulation 25(8) of SEBI (LODR) Regulations, 2015, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Further, during their tenure of appointment, they shall be eligible for sitting fee for attending the meetings of Board and its Committees.

The terms and conditions of their appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM till the conclusion of the AGM.

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

The Board recommends the resolutions as set out at Item No. 6 & 7 of the Notice for your approval.

Brief profile of Dr. Lalit Bhasin and Mr. Anup N. Kothari are as follows:

<b>Name of the Director</b>	<b>Dr. Lalit Bhasin</b>
Director Identification Number	00001607
Date of joining the Board	31/03/1986
Qualification	B.A.(Hons.), LL.B., FCI Arb
Profile of the Director	<ul style="list-style-type: none"> <li>- A distinguished lawyer with over five decades of law practice.</li> <li>- Heads the law firm of Bhasin &amp; Co. having its offices at Delhi &amp; Mumbai.</li> <li>- Former Chairman, Film Certification Appellate Tribunal.</li> <li>- President, Society of Indian Law Firms.</li> <li>- Past President, Inter Pacific Bar Association.</li> <li>- Chairman, Chartered Institute of Arbitrators, India Chapter.</li> <li>- Former Chairman, Services Export Promotion Council.</li> <li>- President, The Bar Association of India.</li> <li>- President, India Law Foundation.</li> <li>- President, Indian Society for Afro Asian Studies.</li> <li>- Honorary Life Member, International Bar Association.</li> <li>- Chairman, PHD Chamber of Commerce &amp; Industry's Law and Justice Committee.</li> <li>- Former Chairman, Delhi Bar Council.</li> <li>- Was awarded Doctor of Laws (LL.D.) Honoris Causa by Amity Jaipur University in 2013.</li> <li>- Received several awards including the Indira Gandhi National Unity Award, Award for excellence in Professionalism by Institute of Marketing and Management, Indira Gandhi Priyadarshini Award, Award of distinction by International Bar Association, National Award for excellence by All India Lawyers Forum for Civil Liberties, Award of Honour from the Prime Minister of India for services to the Legal Profession and Commitment to the Rule of Law in December 2001 and National Law Day Award 2007 given by the President of India for "Outstanding contribution in the development of the Bar in India and for deep involvement and conscientious engagement in the maintenance of the highest standards at the Bar".</li> <li>- Authored several books on diverse subjects.</li> </ul>





**GODFREY PHILLIPS**  
—INDIA LIMITED—

Directorships and Committee memberships in other companies*	1) Ansal Properties and Infrastructure Ltd. (also Chairman of Audit Committee) 2) Asian Hotels (North) Ltd. (also Chairman of Audit Committee) 3) Asian Hotels (West) Ltd. 4) Leading Hotels Limited (also Chairman of Audit Committee) 5) Football Sports Development Limited (also Member of Audit Committee) 6) IMG Reliance Limited (also Member of Audit Committee) 7) Prime Meiden Limited
Number of Shares held in Company	2000
<b>Name of the Director</b>	<b>Mr. Anup N. Kothari</b>
Director Identification Number	00294737
Date of joining the Board	15/03/1989
Qualification	B.Arch., F.I.I.A
Profile of the Director -	- Graduated in Architecture from Baroda University in 1965. - Worked in Sweden on Hospital and various projects. - On return to India, joined a leading firm of Architects and has since been closely associated with various projects relating to multiplex, cinema halls, universities, embassies, etc. - Is a member of Council of Architecture and Indian Institute of Architects.
Directorships and Committee memberships in other companies*	1) International Research Park Laboratories Ltd. 2) Samkap Chemicals Ltd.
Number of Shares held in Company	6000

\* 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 Stakeholders' Relationship Committee (excluding private companies).

#### Item No. 8

At the AGM held on 26<sup>th</sup> September, 2016 the Members of the Company had approved payment of remuneration to Mr. Ruchir Kumar Modi by way of commission of Rs. 1,50,00,000/- (Rupees One crore fifty lacs only) per annum for a period of 3 years with effect from 1<sup>st</sup> July, 2016, in accordance with the provisions of Section 197 of the Companies Act, 2013. In addition to this, the Members also approved payment/reimbursement of all his expenses incurred in connection with business of the Company including provision of a mobile telephone connection in India and travel related expenses. The time period of his current remuneration has ended on 30<sup>th</sup> June, 2019.

In recognition of his strong entrepreneurial skills and valuable strategic advice and assistance provided by him in supporting various business initiatives of the Company, the Board of Directors of the Company, at the meeting held on 10<sup>th</sup> August, 2019, based on the recommendation of the Nomination & Remuneration Committee, has recommended payment of above remuneration to Mr. Ruchir Kumar Modi for a further period of three years with effect from 1<sup>st</sup> July, 2019.

Further, pursuant to Regulation 17(6)(a) of SEBI (LODR) Regulations, 2015, consent of the Members by way of special resolution is required every year, if the remuneration payable to a single Non-Executive Director in that year exceeds 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together. Therefore, the approval of Members by way of special resolution is sought for payment of remuneration to Mr. Ruchir Kumar Modi.

The Special Resolution under Item No. 8, once passed, shall also be deemed as your approval under the Regulation 17(6)(a) of SEBI (LODR) Regulations, 2015.

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

The Board recommends the resolution as set out at Item No. 8 of the Notice for your approval.

**New Delhi : 10<sup>th</sup> August, 2019**

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

#### REGISTERED OFFICE:

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

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

Phone: 022-61952300 Fax: 022-61952319 Email : [isc-gpi@modi.com](mailto:isc-gpi@modi.com) Website : [www.godfreyphillips.com](http://www.godfreyphillips.com)

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

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

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

as my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 82<sup>nd</sup> Annual General Meeting of the Company, to be held on **Monday, 23<sup>rd</sup> September, 2019 at 3:15 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*
	<b>Ordinary Business</b>		
1.	a. Adoption of Audited Standalone Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2019, 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 <sup>st</sup> March, 2019.		
2.	Declaration of dividend on equity shares		
3.	Re-appointment of Mr. Samir Modi (DIN 00029554), who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	Re-appointment of Mr. Ruchir Kumar Modi (DIN 07174133), who retires by rotation, and being eligible, offers himself for re-appointment.		
	<b>Special Business</b>		
5.	Appointment of Mrs. Nirmala Bagri (DIN 01081867) as a Woman Independent Director for a term of 5 (five) consecutive years from 1 <sup>st</sup> April, 2019 upto 31 <sup>st</sup> March, 2024.		
6.	Re-appointment of Dr. Lalit Bhasin (DIN 00001607) as an Independent Director for a term of 5 (five) consecutive years upto the conclusion of 87 <sup>th</sup> Annual General Meeting of the Company in the calendar year 2024.		
7.	Re-appointment of Mr. Anup N. Kothari (DIN 00294737) as an Independent Director for a term of 5 (five) consecutive years upto the conclusion of 87 <sup>th</sup> Annual General Meeting of the Company in the calendar year 2024.		
8.	To approve payment of remuneration by way of commission to Mr. Ruchir Kumar Modi (DIN 07174133), a Non-Executive Director, for a period of three years from 1 <sup>st</sup> July 2019 till 30 <sup>th</sup> June, 2022.		

Signed this — day of ———— 2019

Signature of Proxy ————

Signature of Member ————

Affix  
Revenue  
Stamp

#### 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 a "✓" 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**

CIN: L16004MH1936PLC008587

**Registered Office:** 'Macropolo Building', Ground Floor,  
Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai – 400 033

Phone: 022-61952300 Fax: 022-61952319

Email : [isc-gpi@modi.com](mailto:isc-gpi@modi.com) Website : [www.godfreyphillips.com](http://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.

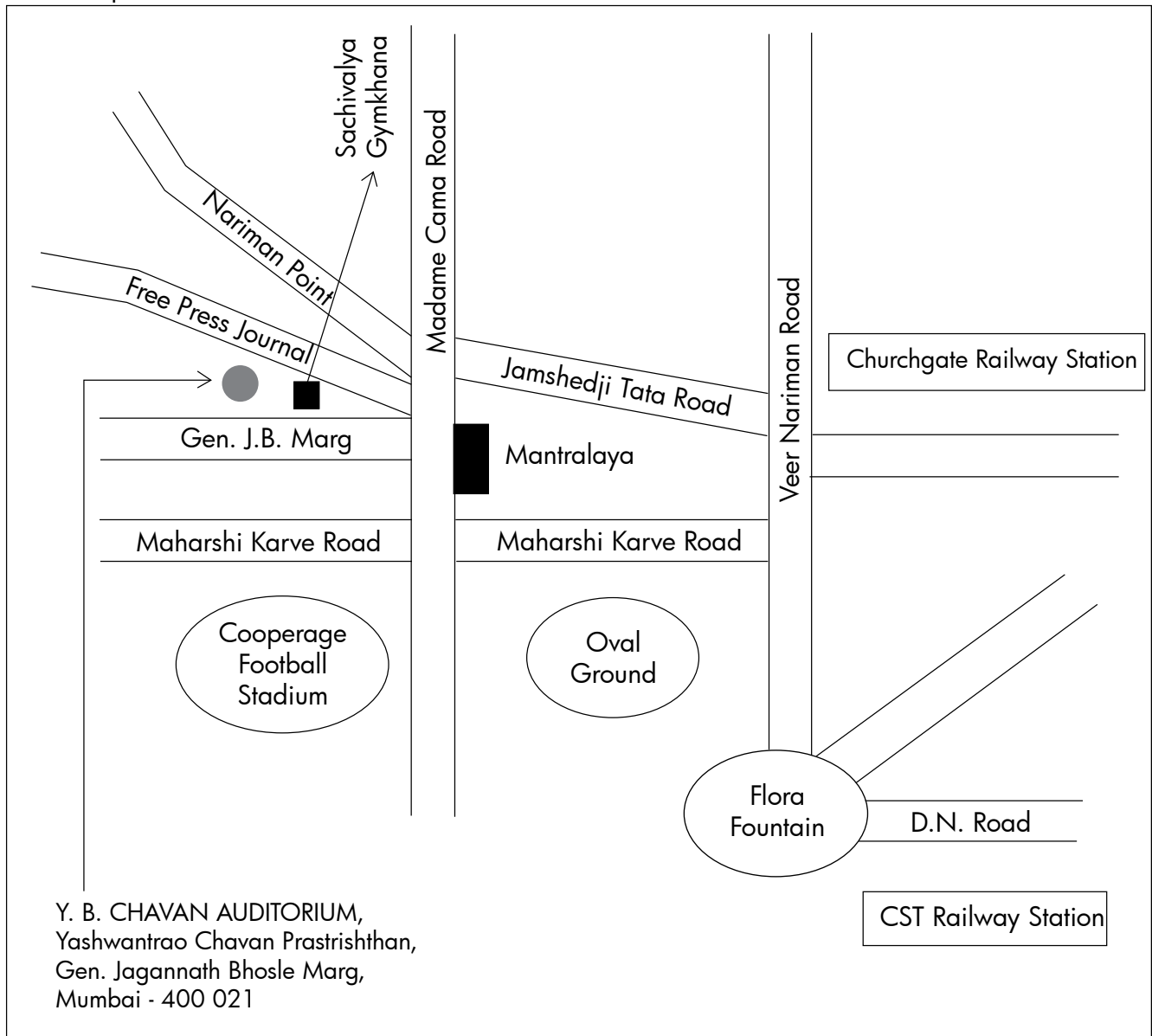
I hereby record my presence at the 82<sup>nd</sup> Annual General Meeting of the Company to be held on Monday, 23<sup>rd</sup> September, 2019 at 3:15 p.m. at Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021.

.....  
Name of the Member/Proxy  
(in BLOCK letters)

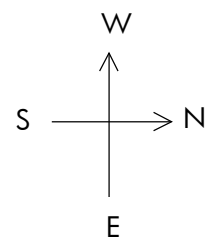
.....  
Signature of the Member/Proxy



### Route map to the venue of the AGM



Not to scale



**GODFREY PHILLIPS INDIA LIMITED**

CIN: L16004MH1936PLC008587

Regd.off.: 'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road, Lalbaug,  
Mumbai - 400 033. Phone: 022-6195 2300/ Fax : 022-6195 2319Email: [isc-gpi@modi.com](mailto:isc-gpi@modi.com) / Website: [www.godfreyphillips.com](http://www.godfreyphillips.com)**REMOTE E-VOTING FORM**

Pursuant to Section 108 of the Companies Act, 2013 Read with Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Serial No.:

Name of the sole / first named Member :  
Address :Registered Folio No./ DP & Client ID No. :  
(\*applicable to investors holding shares  
in dematerialized form)Joint Holder 1 :  
Joint Holder 2 :  
No. of Shares held :

Dear Member,

**Sub: Voting through electronic means (Remote E-Voting)**

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) Rules, 2014, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Godfrey Phillips India Limited ("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 the 82<sup>nd</sup> Annual General Meeting scheduled to be held on Monday, 23<sup>rd</sup> September, 2019 at 3.15 p.m.

The Company has engaged the services of National Securities Depository Limited (NSDL) as agency to provide remote e-voting facilities. The remote e-voting facility is available at the link <https://www.evoting.nsdl.com/>.

The remote e-voting particulars are set out below:

**REMOTE ELECTRONIC VOTING PARTICULARS**

EVEN (Electronic Voting Event Number)	User ID	Password / PIN
111434		

If you have already registered for e-voting, no password has been provided above. Kindly refer Instruction No. 'II' overleaf.

The e-voting facility will be available during the following voting period:

Commencement of Remote E-voting :	From 9 a.m. (IST) on 20 <sup>th</sup> September, 2019
End of Remote E-voting :	Upto 5 p.m. (IST) on 22 <sup>nd</sup> September, 2019

The Remote E-voting will not be allowed beyond the aforesaid date and time. The E-voting module shall be disabled by NSDL upon expiry of the aforesaid period.

**The cut-off date (i.e. the record date) for the purpose of remote e-voting is 16<sup>th</sup> September, 2019.**

This Communication forms an integral part of the Notice dated 10<sup>th</sup> August 2019 convening the 82<sup>nd</sup> Annual General Meeting scheduled to be held on Monday, 23<sup>rd</sup> September, 2019 at 3.15 p.m.

Please read the instructions printed overleaf before exercising the vote.

The Notice of the Annual General Meeting and this Communication are also available on the website of the Company at <http://www.godfreyphillips.com/company/investor-relation/financials/annual-reports/>.

By Order of the Board

10<sup>th</sup> August, 2019  
New DelhiSanjay Gupta  
Company Secretary  
Membership No. : 7545

#### INSTRUCTIONS FOR REMOTE E-VOTING

Members are requested to follow the instructions given below to cast their vote through remote e-voting:

##### Specific instructions and process to be followed for remote e-voting:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

##### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

(a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

(b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

(a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

(b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

(c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

(d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

##### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

##### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [scrutinizer@nsdl.co.in](mailto:scrutinizer@nsdl.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

##### General Instructions:

1. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

2. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16<sup>th</sup> September, 2019.

3. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16<sup>th</sup> September, 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [evoting@linkintime.co.in](mailto:evoting@linkintime.co.in).

4. A member may 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.

5. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.

6. Mr. V Ramachandran (CP No.4731), Proprietor V. R. Associates Company Secretaries has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting (i.e. remote e-voting and physical voting at the Meeting) process in a fair and transparent manner.

7. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.

8. The Scrutinizer shall after the conclusion of voting at the Meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall make, within 48 hours of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

9. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.godfreyphillips.com](http://www.godfreyphillips.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National stock Exchange of India Limited & BSE Limited, Mumbai.

10. Subject to receipt of the requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. 23<sup>rd</sup> September, 2019.