GODFREY PHILLIPS
—INDIA LIMITED—

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27th September, 2018

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 2017-18 and AGM Notice for the 81st Annual General Meeting of the Company held on 25th September, 2018

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 2017-18 along with Notice for the 81st Annual General Meeting of members of Godfrey Phillips India Limited held on Tuesday, 25th September, 2018 at 3:15 p.m. at Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana) Mumbai – 400 021.

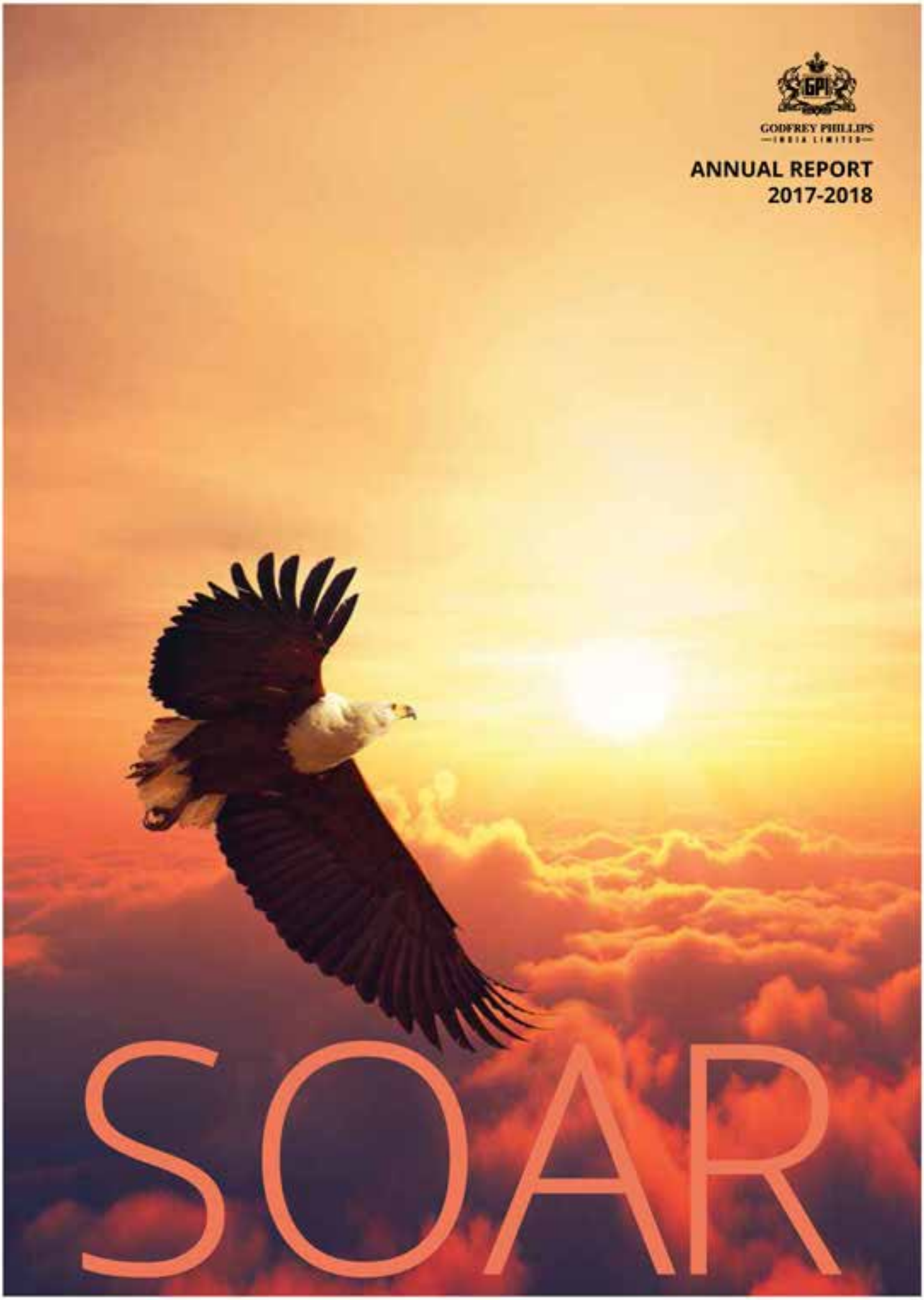
Kindly acknowledge receipt.

Thanking you,

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

SANJAY GUPTA
Company Secretary

Encl : As above


GODFREY PHILLIPS
INDIA LIMITED
ANNUAL REPORT
2017-2018
SOAR



SOAR

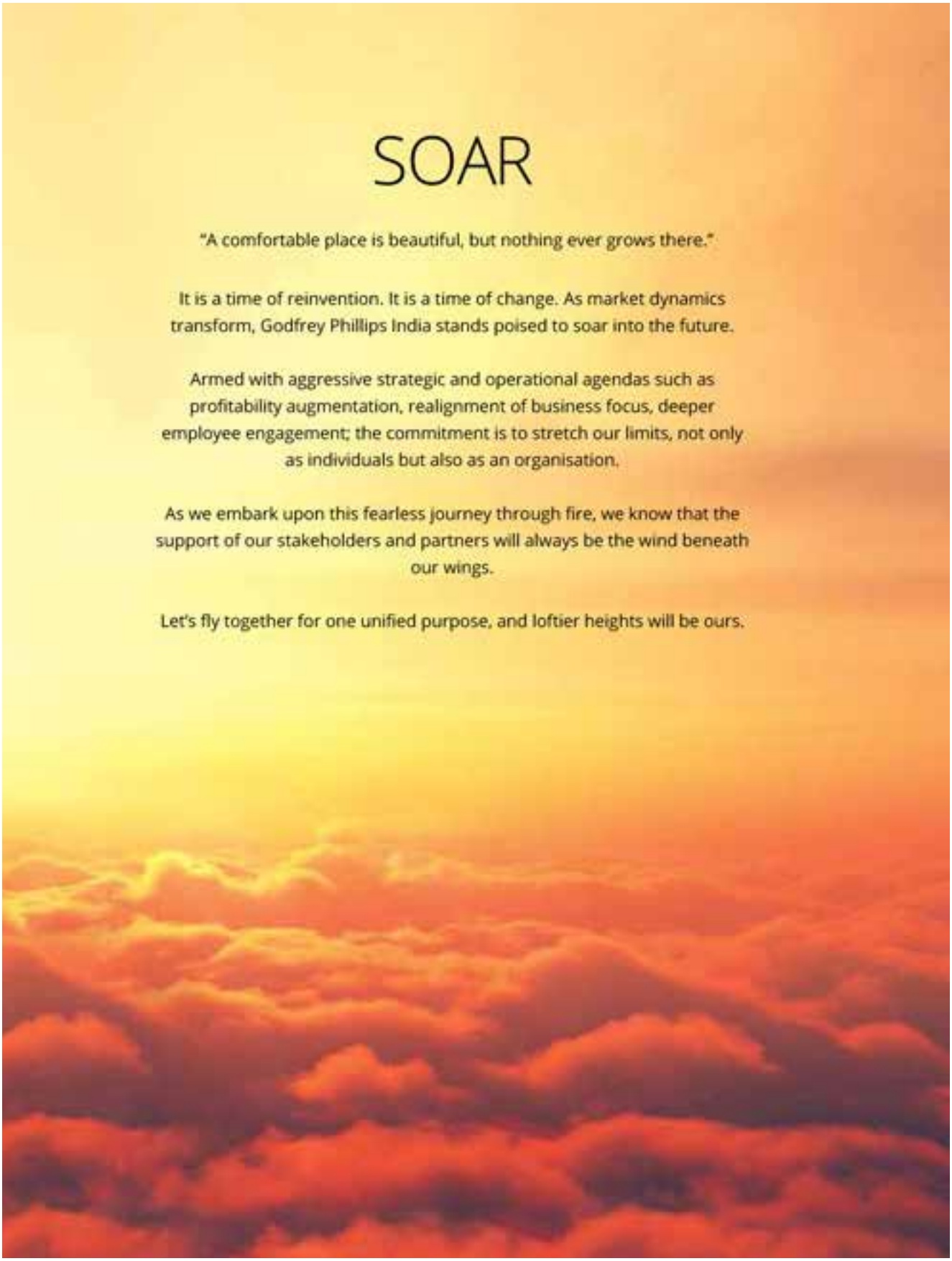
"A comfortable place is beautiful, but nothing ever grows there."

It is a time of reinvention. It is a time of change. As market dynamics transform, Godfrey Phillips India stands poised to soar into the future.

Armed with aggressive strategic and operational agendas such as profitability augmentation, realignment of business focus, deeper employee engagement; the commitment is to stretch our limits, not only as individuals but also as an organisation.

As we embark upon this fearless journey through fire, we know that the support of our stakeholders and partners will always be the wind beneath our wings.

Let's fly together for one unified purpose, and loftier heights will be ours.



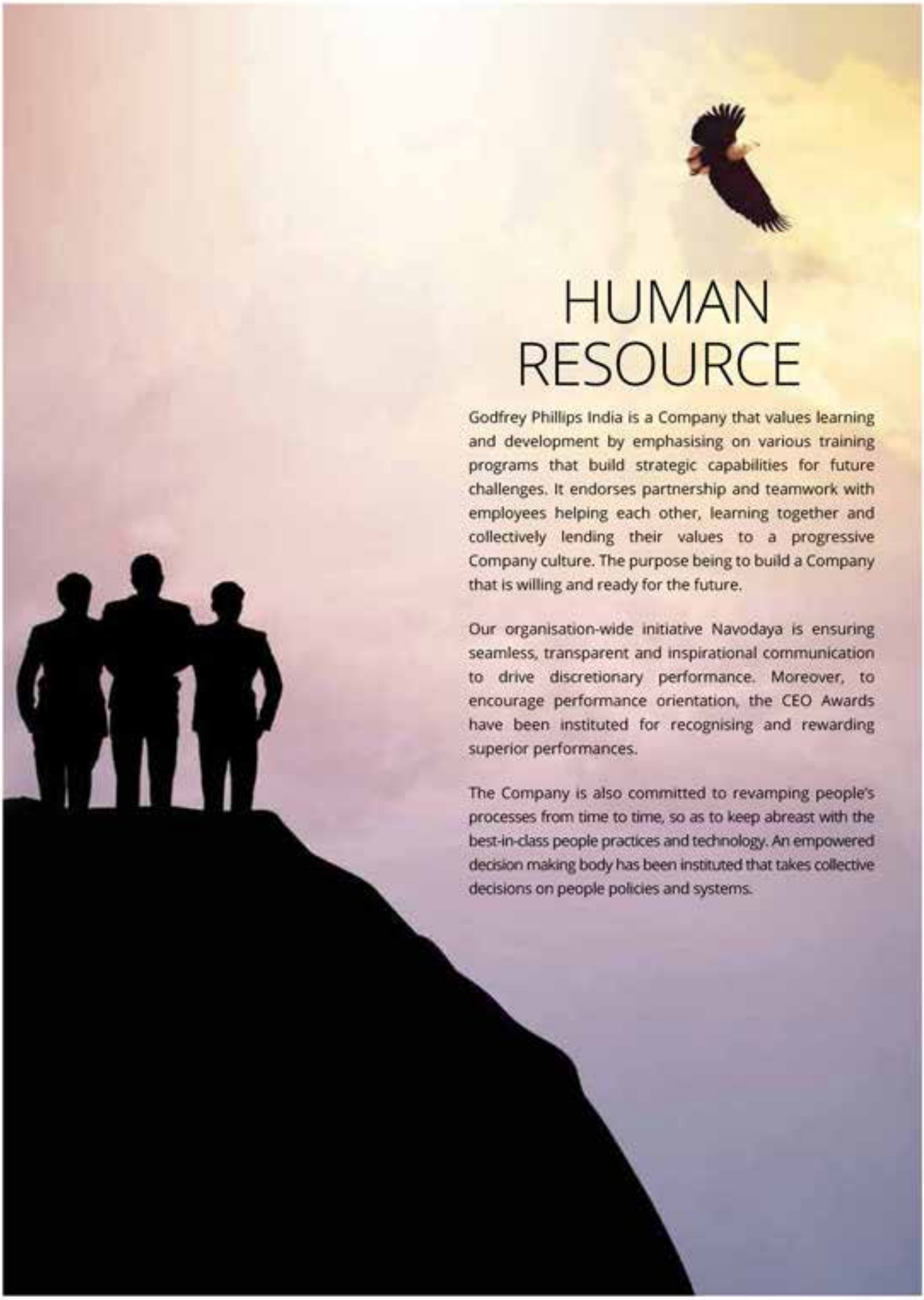
NAVODAYA

Project Navodaya or 'the new dawn', has been set up in line with the forward looking 'Soar' theme of Godfrey Phillips India to take on and work towards achieving ambitious and soaring targets in the present and near future. The project was setup with strategic interventions across the board to fulfill the Company's vision to drastically uplift its profitable trajectory.

Navodaya is currently running at full intensity across markets and brands with unprecedented cross-functional involvement. Multiple vital aspects like: profitability augmentation, realignment of business focus, deeper employee engagement are being addressed with strategic and operational perspectives. Constant assessment of internal and external risks is underway to ensure agile reactions.

Comprehensive and inclusive ways of working have ensured that the entire organisation is working towards a strong GPI as 'One GPI'.

NAVODAYA
SOAR



HUMAN RESOURCE

Godfrey Phillips India is a Company that values learning and development by emphasising on various training programs that build strategic capabilities for future challenges. It endorses partnership and teamwork with employees helping each other, learning together and collectively lending their values to a progressive Company culture. The purpose being to build a Company that is willing and ready for the future.

Our organisation-wide initiative Navodaya is ensuring seamless, transparent and inspirational communication to drive discretionary performance. Moreover, to encourage performance orientation, the CEO Awards have been instituted for recognising and rewarding superior performances.

The Company is also committed to revamping people's processes from time to time, so as to keep abreast with the best-in-class people practices and technology. An empowered decision making body has been instituted that takes collective decisions on people policies and systems.

DOMESTIC CIGARETTE BUSINESS

The gross revenue for the domestic cigarettes business has grown during the year, driven primarily by favorable taxation coupled with favorable pricing for our cigarette portfolio. Our strong financial results were underpinned by the excellent performance of our mainline brands and new product launch (NPLs) success. Our 64mm segment has also grown faster than the industry (5.0% vs 3.8%), thereby growing our market share. The performance of NPLs has been encouraging both on the volumes and the gross marginal contribution front and they stand poised for accelerated growth in the FY'19. The Company is expected to grow faster than the industry through its predicted growth on RSFT core brands and by delivering on NPL volumes in FY'19. The successful run of FY'18 has set up a strong platform for FY '19 to grow faster.

FOUR SQUARE

Brand Four Square is back to its winning ways with the much awaited launch of the Easy Flow Filter™ which boosted brand performance in FY'18. The Four Square Red Franchisee has regained the coveted #1 spot in key markets. FS Green Franchisee seems to have stabilised post the initial shock and has registered a growth since Oct 2017 to Feb 2018. FS is on the path of recovery with Easy Flow Filter gaining great acceptance. Four Square has put Himachal Pradesh on the path of growth after a considerable decline of 3 years – strengthening FS Premier 64mm segment and gaining volumes in 69 mm segment with Crush. Four Square has led many category-first initiatives in packaging and communication and has always pushed the boundaries of innovation. It has now introduced pioneering products like FS Crush an innovative capsule brand. FS Crush has reached 10 Million in record time and has helped strengthen overall FS brand perception. FS Crush has a positive impact on the mother brand's imagery and is now the leading capsule brand in many markets.

RED & WHITE

It was a strong year for brand - Red & White. In an industry that declined by 2.9%, the Red & White Franchise managed to grow by 3.2% with NPL contribution increasing from 5.5% to 12.5%. The brand extended its footprint (with Red & White Original Blend) to new geographies. NPLs did very well for the Red & White Franchisee with the brand's first NPL – Red & White Mint Button achieving a good market share in Punjab in the first 6 months of its launch and Red & White Original Blend achieving an impressive 10 million mark in the first year of launch. FY'18 also saw Red & White Striker touch the 50 million mark. The brand is now poised for a strong show in FY'19 with the readiness of the Easy Flow Filter ™ on its mainline variant – Red & White Flake Premium.

CAVANDERS

Cavanders started the year by neutralising the counterfeit threat with the introduction of its new innovative flip top pack and bundle paper. It was a great year for the Cavanders Gold Franchisee. Cavanders Gold Smooth is now the fastest growing GPI NPL.

STELLAR

Stellar closed the year with a 275% growth in volumes over FY '17 (13.5M FY '18 vs 4.9M FY '17). The brand also recorded its first ever 10 million sales in a single month. Stellar Mint Blast crossed the 5 million mark and firmly established itself as a brand to contend with at the 5 Rs price point, while Stellar Cool Blast crossed the 5 million mark.

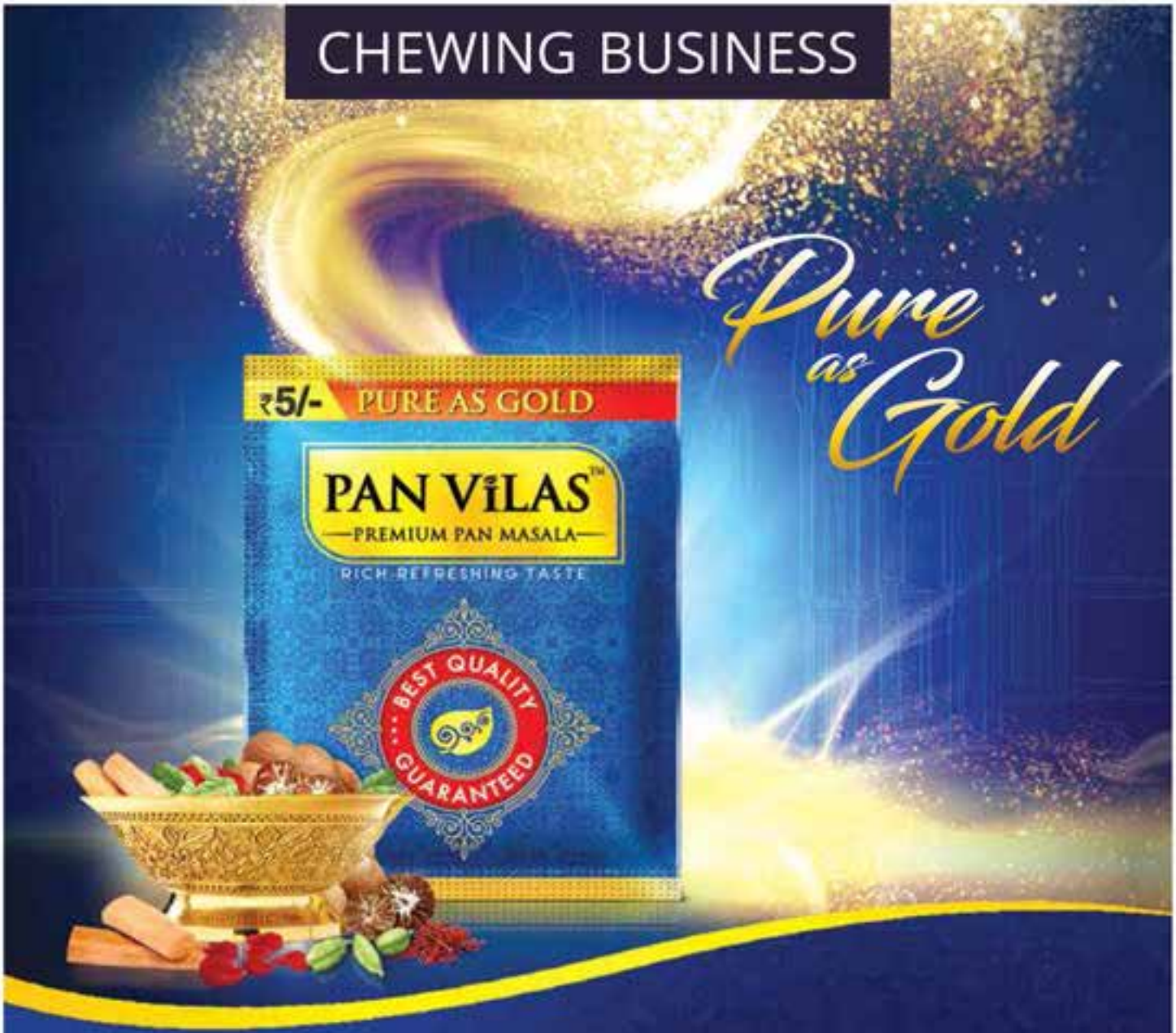
TIPPER & NORTH POLE

It was a rebound year for the Tipper Franchisee with the brand recording a 5% volume growth. North Pole also saw similar growth in volumes during the same period.



Statutory warning - Smoking causes throat cancer.

CHEWING BUSINESS



Pan Vilas Pan Masala 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 plant that employs world's most advanced, Japanese food processing technologies. The brand stands for high quality and superior experience.

To our epicurean consumer who enjoy pan masala, it is a choice of high taste, that is why the Brand propagates and lives the positioning of Shauk Badi Cheez Hai.

शौक बड़ी चीज़ है

Raag firmly established as a key player in the mid-premium Pan Masala category.





- Raag pan masala was developed for the quality conscious consumers in the mid premium pan masala segment. Since launch in Sept'15, the brand has seen rapid consumer acceptance, primarily on account of superior product and packaging.
- In a category which has been historically ATL driven along with celebrity endorsement, Raag re-defined the category codes of demand generation by launching innovative Limited Edition packaging series and a series of digital films (stop motion animation) – both based on Mughal Miniature illustration form to associate Raag with the erstwhile Indian regal society, where consumption of pan during leisure time was a common indulgence.
- The communication showcased witty conversations between three characters (Raja, Rani, Mantri), with product/brand attributes of Raag being integral to each such conversation. The films were promoted on Youtube (www.youtube.com/raagpanmasala) with over 5 million views.



स्वाद में हीरा

YouTube www.youtube.com/raagpanmasala

Khatte Mein Kuch Mithas Hai

PAN VILAS®





Naturals 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.

The Funda Gang

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.



INTERNATIONAL BUSINESS DIVISION

JAISALMER

Jaisalmer is the flagship brand of the International Business cigarette portfolio. Last year saw the brand adding more variants into the line and offering a more holistic experience to the end consumer. The export volumes for the brand have touched almost a billion sticks and as a result of our conscientious distribution strategy, the brand has gone from strength to strength in the Latin American Markets.

For the year 2018-19, the brand has many new SKU's lined up which would make it increasingly relevant to a larger smoking audience within the target markets.



GODFREY PHILLIPS INDIA AT THE INTER-TABAC 2017

In 2017, Inter-Tabac held true to its distinction of being the most important meeting place in the industry. The international trade fairs: Inter-Tabac and Inter-Supply, created a new record with 560 exhibitors and around 12,500 trade visitors coming to Dortmund to conduct their business. Altogether, 64 countries were represented at both trade fairs.

Inter-Tabac being a focused B2B initiative draws only people from the trade. The relatively lower number of footfalls, as compared to exhibitions that also have a B2C component, leads to a greater ability for the teams at the stalls to engage and spend time with the visitors at the stalls. The ability to smoke at the venue and specifically at the stalls, offered visitors an opportunity to sample the products immediately and the Company was able to seek a quick feedback.

Our Company stall being at the corner exit of the hall, afforded very good visibility, and visitors were able to spot it from afar and browse our products. The GPI portfolio of brands across categories garnered much appreciation at the event and we got a lot of walk-in contacts. The Leaf Team saw around 4 orders immediately fructify post InterTabac, through meetings facilitated at the venue. With leaf bales being available for immediate inspection at the stall, rates could be quoted for the same without delay, and it was easier to close orders. The team is hopeful of closing a few more orders going forward as well.

OPERATIONS & SUPPLY CHAIN MANGEMENT

INNOVATIONS & TECHNOLOGIES

The Operations Team has adopted new technologies and innovations at various manufacturing units during this financial year. These include a CFC barcode integrated with outers to enhance product integrity, product traceability and integrity system installed on Marlboro packer, S-Stick HLP machine designed and commissioned, packing line commissioned for 64mm cigarette in bevel edge format, and registration system installed on X-6 packer for branding on inner frame and foil.

A concerted effort has been put into Energy Conservation. An Intelligent Flow Controller has been installed in the compressed air line resulting in an impressive saving of 24521 KWH per annum, and a saving of 16521 KL of Diesel. An APFC panel has been installed leading to a saving of 32531 KWH per annum.



AWARDS

The INTC Factory has received several accolades during the year, including the 'Gold Award' from FICCI for Quality Systems Excellence in Manufacturing, the Greentech Safety 'Super Achiever Award' for Outstanding Achievement in Safety Management, the Greentech Environment Excellence 'Gold Award' for Exceptional Achievement in Environment Management and the EKDN 'Gold Award' for OHSAS Practices. The factory is ISO 50001, ISO 14001 and OSHAS 18001 certified.

The Ghaziabad Chewing Factory has also received several awards, including the Best Food Safety Award at the ASSOCHAM's 10th International Food Processing Summit and the HR Domain - Best Practices Award from the Ghaziabad Management Association (GMA).





GOLD AWARD

from FICCI for

Quality Systems Excellence in Manufacturing



NEW CIGARETTE R&D CENTRE

A new 15,000 sq. ft. R&D Centre has been set up at Rabale, Maharashtra for the development of cigarettes and e-cigarettes. This is one of the two state-of-the art R&D Centres in GPI. The new unit has 19 highly qualified and experienced employees and is well known for its vibrant, exciting and innovative culture. The laboratories have the latest state-of-art testing equipment for analyzing a variety of parameters in cigarette, tobacco and NTMs along with e-cigarettes. There is a fully equipped automatic pilot plant for development of new products. The analytical facility is ISO 17025 certified and commercial testing services for overseas customers have already been initiated.



GPS TRACKING

A GPS Tracking System has been implemented from January 2018, to track high value cigarettes shipments in order to mitigate the risk of hijacking, ensure real time tracking and improve the servicing of customers. Within just a span of six months from implementation, two cases of hijack and theft have been resolved, resulting in the recovery of stolen goods worth INR 1.4 crores. The police have also expressed their appreciation for the efforts being made by GPI to implement this technology, stating that it has made their work much easier.

INFORMATION AND TECHNOLOGY

At Godfrey Phillips India, we have always been ahead of our time and have been the forerunners in technology investments that can help us streamline processes and function more efficiently. Therefore, we implemented a state-of-the-art product for enterprise applications using Oracle technologies for all processes from purchase-to-pay to order-to-cash. We also extended automation to operations and collections and invested heavily in upgrading our infrastructure to ensure security while giving all users the speed and reporting required.

We automated Sales processes by implementing a mobile-enabled sales force and dealer management system. With this enablement, we now have end-to-end visibility into the sales process from primary to secondary sales via a set of applications implemented on cloud and enabled by mobile phones. This is available to the salesmen posted at over 125 distribution points.

We also enabled a very successful telesales model for sales. This was done via a set of integrated tools made available to the telemarketer who interacts with retailers (instead of salesmen) to get orders which are then sent to the delivery man for fulfillment. This model has already been successfully implemented in over 80 distribution points.



Keeping abreast with IT advancements worldwide, we have ensured that all our technology initiatives are aligned with business goals to ensure direct impact on top line and efficiency improvement. We have moved all our mail to the more secure environment of Microsoft O365 and are also the first in the industry to implement a big data application on cloud using data models and embedded AI models. Once ready, this application will enable data-driven decision making across the organisation by way of interactive and real time dashboards. We are also working on an AI enabled chat bot system for our sales force, with the idea of giving users access to real time data as and when required, in whatever form, with unstructured questions. We are also exploring various efficiency upgradation initiatives like robotics to automate some of the manual processes in enterprise applications.

24SEVEN

24SEVEN Convenience Stores are now known for being India's first and New Delhi's, only organised retail chain which functions round-the-clock. Conceptualised to provide young millennials with a luxurious, modern and an international standard shopping experience, these new age stores provide various services to meet the emerging India's incessant lifestyle.

Aligning with the digital world and embracing the latest technology is the focus and the future for 24 SEVEN, which is why all stores have invested in the latest technology and the finest equipment to keep abreast with the times and constantly evolve with new age innovations. This new age mindset and focus has contributed in enhancing the consumer's shopping experience and made sure that every customer is served only the freshest and the best quality of produce across domestic as well as imported sections of fruits, popular global brands of wine, beer and liquor along with chocolates, fine cheese and more.



With an aim to become the largest chain of retail stores in the country, 24 SEVEN is focused towards acquiring further locations and adding a store every three days. Today this fast growing chain of convenience stores is poised to reach the 100 store milestone and has doubled its revenue this year.

CORPORATE SOCIAL RESPONSIBILITY

With our roots dating back over 30 decades, we have grown and flourished as a Company. Now with our pan-India presence and impact on the lives of several thousand people involved in the industry, we take our social responsibilities very seriously. Especially committed to the communities that are the backbone of the industry, our strategic CSR program is centered on

- *Burley Tobacco Farmers Community in Vinukonda, Andhra Pradesh*
- *Women Tobacco Graders Community, Ongole, Andhra Pradesh*

BURLEY TOBACCO FARMERS COMMUNITY PROGRAMME

The marginalised Burley Tobacco Farmers from the Guntur district with land holdings between 1 to 5 acres continue to struggle with the drought like conditions that allow them to only grow a single crop- tobacco. Given this context, farmers are caught in the trap of seasonal employment, low incomes, lower bargaining power, increasing debts and a downward trend in labour prices. Along with these issues, there are larger community issues arising from drought such as low access to safe and potable water, high fluoride contamination in groundwater, poor access to toilets, lack of community sanitation and hygiene, limited access to education and skills beyond farming. Moreover, with the non-availability of social protection, the children of farmers and labourers inadvertently get pushed into child labour.



THE PROGRAMME HAS IMPACTED OVER 45 VILLAGES IN THE PAST 3 YEARS IMPACTING OVER 150000 DIRECT AND INDIRECT BENEFICIARIES.

Godfrey Phillips India is working closely with the farmers in the region to address these challenges through a programme created with the objective of creating a safety network for the farmers and sustainable livelihood through tobacco farming. Under the programme, we at Godfrey Phillips India have actioned desiltations to retain soil moisture capacity, increase the ground water table and the storage capacity, constructed farm ponds which aid in storing water and add to the ground water table, installed Community RO plants and provided access to de-flourinated mineral water for daily consumption. We have also introduced an efficient After School Program to keep children back in school and eliminate child labour, created Farmer's Development Societies enabling farmers easier access to credit, thrift, savings as well as robust training in the managerial skills required to develop into a self-driven cooperative. The farmers have benefitted from increased awareness about the latest systems/methods, training programs and exposure to better agricultural practices. We have constructed curing sheds in an effort to prevent destruction of crops and therefore livelihood, built toilets with added assistance over the govt. funds to create an open defecation free village and held Health Camps for the community with access to specialists and free medicines.

THE ONGOLE WOMEN TOBACCO GRADERS COMMUNITY PROGRAMME

The programme was designed to enhance work life conditions and promote sustainable development in the communities of women who earn their livelihood from tobacco grading. These women, working under contract with tobacco grading units that Godfrey Phillips India sources from, are minimum wage earning and mostly from marginalised communities (SC/ST).

Before the programme started, these women were bereft of any facilities or benefits at their working place and communities. They had no access to safe drinking water, no toilets, poor sanitation and hygiene, low level health care and poor access to good education for their children due to lack of infrastructure in govt. schools and child labour was quite prominent.

The programme started with 3 grading units and 4 villages and now in its 5th year, the initiatives are being concentrated in Edugundlapadu.

Edugundlapadu which is now a model village, is open defecation free with 100% toilets built, is open garbage free, has access to safe drinking water for the entire community through RO, has constructed permanent drains to remove all stagnant sewage water, has conducted tree plantation for greenery & beautification, has regular health camps for healthy community, has fully overhauled, restored and painted primary schools and anganwaadis with toilets for girls & boys, landscaping, playground, and equipped with all study material required to retain children in school and eliminate child labour. **The programme has impacted over 10,000 direct and indirect beneficiaries.**



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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)

CHIEF FINANCIAL OFFICER
Mr. Sunil Agrawal

COMPANY SECRETARY
Mr. Sanjay Gupta

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

CORPORATE OFFICE
49, Community Centre, Friends Colony,
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 & Co. LLP, Chartered Accountants

INTERNAL AUDITORS
Lodha & Co., Chartered Accountants

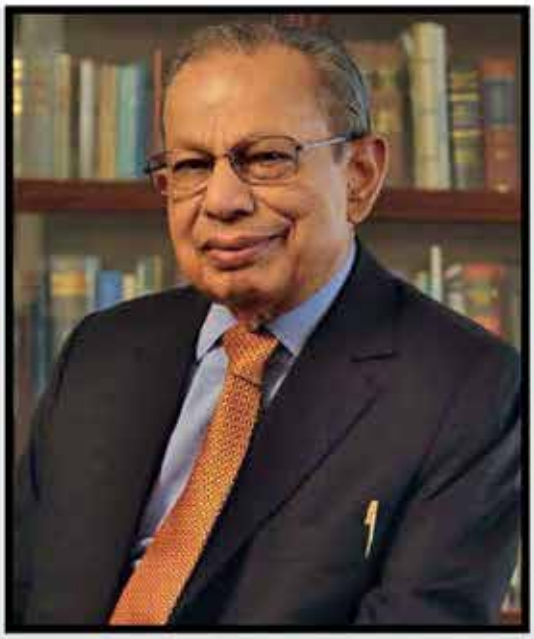
REGISTRAR AND TRANSFER AGENT
Link Intime India Pvt. Ltd., C-101, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai - 400083

SOLICITORS
Crawford Bayley & Co.

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

CORPORATE IDENTITY NUMBER
L16004MH1936PLC008587

www.godfreyphillips.com



R. A. SHAH
Chairman's Message

Dear Shareholder,

The year 2017-18 has been a successful year for Godfrey Phillips across all business units but particularly with our cigarette volumes growing after successive declines in recent years due to steep tax increases. This has resulted in enhanced top-line growth and pleasingly an increased market share reflecting the overall strength of our brand portfolio. During the year, we also continued to expand our 24Seven convenience stores from 46 to 61 retail outlets and our chewing products also performed well. However, as we continue to operate in a challenging environment, I am proud of our sustainable growth and confident that we can deliver on the strategy of aggressively building our consumer and retail business lines.

The upswing in the global economy continued its momentum in 2017 driven by positive investment sentiment and a rebound in commodity prices. This broad based growth is a positive development and provides a solid foundation for consumer demand across major economies. With this favourable business backdrop, our international business should continue to build momentum and deliver profitable growth.

In context to the global landscape, India delivered a GDP growth of 6.7% in 2017 and remains one of the fastest growing economies. Domestic economic developments have had a positive impact and provided the impetus for consumer demand growth. One of the most important developments during the year was the introduction of the Good and Service Tax (GST), "One Nation One Tax" policy. This has allowed small and medium enterprises to streamline their business operations across the country and is expected to bring increased transparency. These economic reforms are set to boost medium term investment sentiment and have a cumulative impact on economic growth in the coming years.

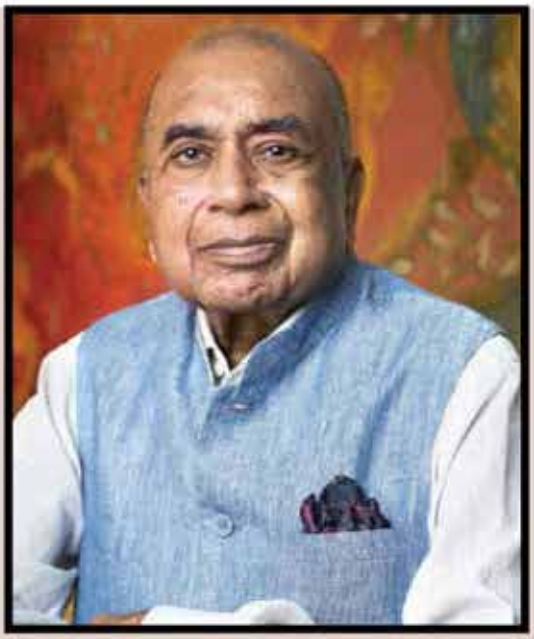
Not only does India have the second largest population globally but also the highest ratio of 34% of the population in the age bracket of 18-35. This demographic is the underlying reason for the change in disposable income and purchasing power which is driving consumer spending in India. With continued urbanisation, rapid adoption of technology and greater public awareness, consumer preferences are also changing across product categories and geographies. As an example, the Electronic Nicotine Delivery System (ENDS) is being accepted and growing rapidly and Godfrey Phillips is well placed to capitalise on this changing consumer trend. Overall, we are well positioned to cater to high growth new consumer markets through our successful product and process innovation track record.

Although, the tobacco industry in India is heavily regulated, Godfrey Phillips readiness to adapt to changing environments continues to improve. Despite the much debated subject of the disproportionate taxation on cigarettes compared with other tobacco forms in India, we are all fully aware of our responsibilities and remain committed to the regulatory framework as a responsible corporate citizen.

Our experienced management team remains fully committed to implementing the growth strategy particularly by focusing on expanding the consumer & retail segment. 24Seven is capitalising on the fast-growing retail space and continues to successfully adopt innovative marketing strategies and product offerings.

I would like to extend my sincere appreciation to the Board of Directors for their guidance and all of our employees for their relentless commitment and contribution to the growth of the Company. At this time, I would also like to thank our shareholders, consumers, business partners and the wider community of stakeholders for their continued support to our strategic vision. Godfrey Phillips is well positioned to take up new challenges in the coming years and continue to successfully build our consumer and retail brand platform.

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



K. K. MODI
President's Message

Dear Shareholder,

It gives me great pleasure to report that Godfrey Phillips recorded Gross Sales of Rs. 5,803 Cr representing a growth of 7.7% in the fiscal year 2017-18. In the context of a market that did not grow by volume, we managed to deliver a marginal growth in cigarette volumes and increased our market share from 11.3% in FY2017 to 11.7% in FY2018. From a profitability perspective, the Company realised a Net profit growth of 18% in 2017-18 over the last fiscal year. In light of this strong financial performance, the Board of Directors recommended a dividend of Rs. 8 per share for the year ended 31st March, 2018.

The growth in our cigarette business was driven by the success of our new product launches with new formats and flavours which further supported the recovery of volumes in selective markets. In addition, we continued to deploy technology driven solutions in our go to market practices to drive sales and distribution of our products.

The chewing business delivered significant growth with Gross Sales value increasing by 58.6% to Rs. 460 Cr. The Company's chewing business portfolio straddles market segments being successful in both the premium Pan Vilas brand and mid-premium Raag brand. Our consumer reach is underpinned by a strong network of 800 exclusive distributors across the country.

As a core part of our strategy, we continue to expand our 24Seven convenience stores in India. 24Seven is an organised retail chain in the 'round-the-clock' convenience store format and delivers an international shopping experience, stocking a wide variety of products and providing a range of services. The business generated a Gross Sales value of Rs. 191Cr an increase of 12.3% over the prior year.

The business environment in India is increasingly favourable towards the organised sectors. Executing structural reforms have been a major accomplishment of the Indian government. Godfrey Phillips has benefitted from the implementation of GST through the greater ease of conducting business across the country.

Godfrey Phillips has always focused on markets, brands and consumers. We continue to expand our business in new markets through strong distribution networks, investing in brands for the future, new product development and consumer connect initiatives. The Company's clear focus and strategy, coupled with operational excellence, has allowed it to deliver long term sustainable growth.

Going forward, Godfrey Phillips has charted a growth path for all of its business divisions. At the highest level, senior management will focus on the traditional business of tobacco but enhance future growth with the scalable and profitable expansion of the consumer and retail segment. With this context, the tea business was divested in 2017 allowing for greater focus on other priority areas.

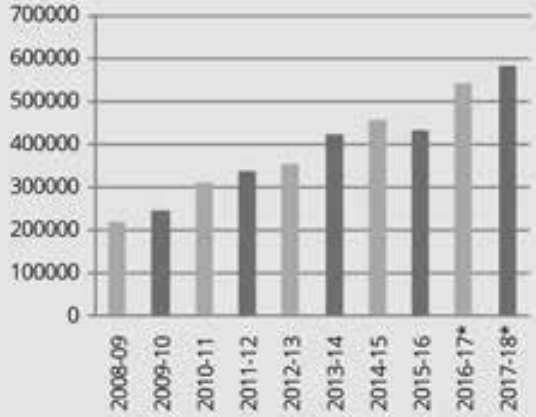
As a part of our commitment to social and economic development in India, the Company has great pride in sponsoring programmes for Tobacco Grading Women and for Burley Tobacco Farmerts. These programmes aim to establish better sanitation facilities, health camps, schools and Aanganwadis to ensure higher standard of living of our workforce.

In conclusion, I would like to offer my sincere gratitude to all shareholders and stakeholders for their partnership and their ongoing support. Godfrey Phillips remains disciplined in delivering long term profitable growth and sustainable value for all stakeholders.

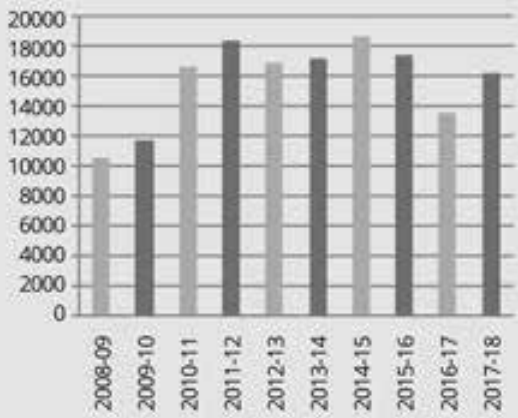
Warm regards
K. K. Modi

Financial Highlights
Trends

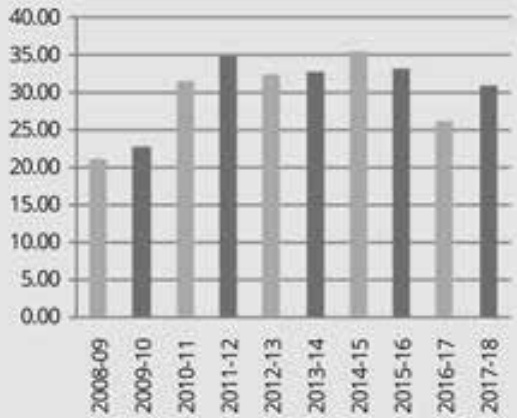
Gross Revenue Amt (Rs lacs)



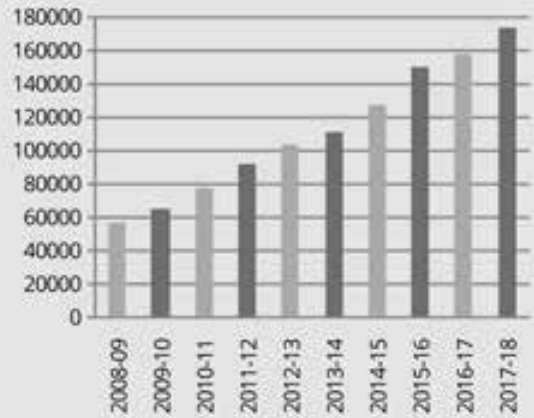
Profit After Tax (Rs lacs)



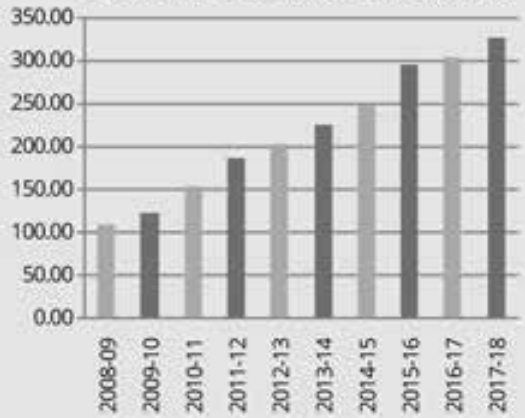
Earning Per Share (Rs.)



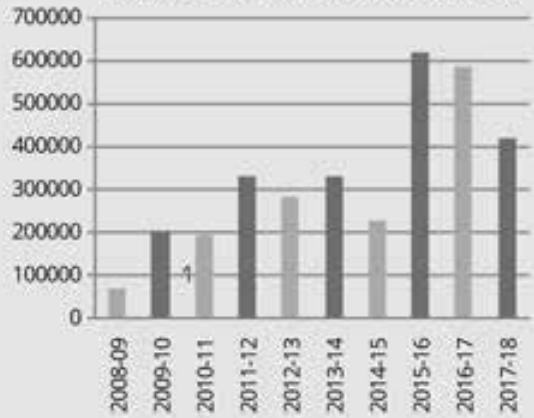
Share Holder Funds (Rs. in lacs)



Book Value Per Equity Share (in Rs.)

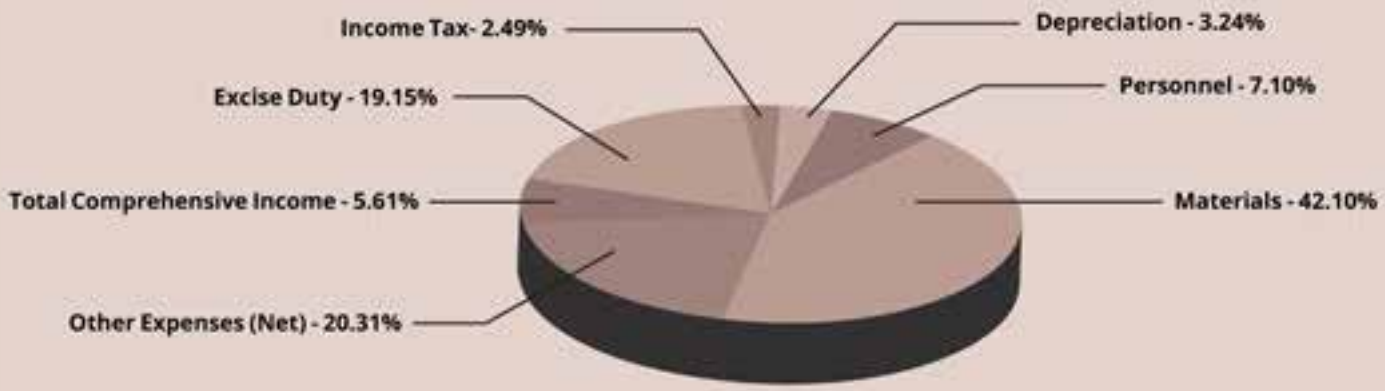


Market Capitalisation (Rs. in lacs)



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

Financial Highlights
Revenue Distribution



(Rs. Lakhs)

PARTICULARS	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
CAPITAL EMPLOYED										
Property, Plant and Equipment (including Capital Work-in-Progress, Investment property & Intangible Assets)	**65001**	68709	72434	71393	71694	71887	67443	47387	31896	25980
Investments	**89516**	50006	39588	32238	35529	31853	35833	32314	19485	20986
Working Capital	**18955**	47504	50719	51634	32052	31172	21016	21797	26823	20172
Deferred Tax Assets (net)	**-**	180	1186	1653	973	—	752	79	—	236
Total	**173472**	166399	163927	156918	140248	134912	125044	101577	78204	67374
FINANCED BY										
Shareholders' Funds	**170728**	159183	150964	129262	116370	104172	92091	79025	66652	57845
Borrowings	**2672**	7216	12963	27656	23878	30356	32953	22552	11455	9529
Deferred Tax Liabilities (net)	**72**	—	—	—	—	384	—	—	97	—
Total	**173472**	166399	163927	156918	140248	134912	125044	101577	78204	67374
OPERATING PERFORMANCE										
Gross Revenue	**293027**	444281	429876	448589	422067	367282	341858	310838	267292	232445
Excise Duty	**56509**	200923	195922	196897	171653	157777	146058	146768	121386	115636
Depreciation	**9565**	9413	10220	10226	8655	8800	6263	4000	3391	2803
Profit Before Taxation	**23429**	19777	24562	27140	25468	23690	25723	24147	16740	16591
Profit After Taxation	**16076**	13635	17166	18308	17064	16948	18136	16603	11839	10890
Total Comprehensive Income**	**16551**	13226	16947	—	—	—	—	—	—	—
Proposed Dividend	**4159**	4159	4159	4159	4159	4159	4159	3640	2600	2600
Corporate Dividend Tax	**855**	847	847	847	707	707	675	590	432	442
INVESTORS' DATA										
Earning Per Equity Share (Rs)***	**30.92**	26.22	33.02	35.21	32.82	32.60	34.88	31.93	22.77	20.95
Dividend Per Equity Share (%)	**400**	400	400	400	400	400	400	350	250	250
Number of Shareholders	**21707**	20000	16825	16169	11137	10839	11125	11242	11364	12350

* 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 feel privileged to present the 81st Annual Report on the business and operations of the Company along with the Audited Accounts for the financial year, ended March 31, 2018.

ECONOMIC ENVIRONMENT

2017 was a bright and promising year for the global economy as about 75% of world's countries witnessed growth acceleration. IMF estimated the global economic growth in 2017 to 3.8 percent, which was 0.5 percentage points higher than 2016 and highest since 2011. The key drivers included an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. Economic growth in 2018 is expected to move up to 3.9 percent, supported by strong momentum, favourable market sentiments and the domestic and international repercussions of expansionary fiscal policy in the United States. However there are emerging headwinds as well such as rising crude oil prices, trade policy disagreements and geopolitical tensions.

India continued to grow at significantly higher rate than global economy, shining as a beacon among other countries. 2017-18 witnessed a growth of 6.6% despite initial hiccups in GST implementation. It is important to note that this growth was achieved with a lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio. In addition to the introduction of GST, the year also witnessed some other major initiatives such as re-capitalization of banks, bringing in insolvancy and bankruptcy code, further liberalization of FDI, etc., thereby further strengthening the momentum of reforms. After remaining in negative territory for a couple of years, growth of exports rebounded into positive one during 2016-17 and strengthened further in 2017-18. There was an augmentation in the spot levels of foreign exchange reserves to close to US$ 424 billion, as on end of 2017-18. Going by the recent trends, the average crude oil prices are moving northwards and this could impact growth this year. However, with world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, likely recovery in investment levels, and ongoing structural reforms, should be supporting higher growth. On balance, India's economic performance should witness an improvement in 2018-19.

TOBACCO INDUSTRY

In 2017, Euromonitor, a global business intelligence provider estimated the global cigarettes industry at 5.5 trillion sticks worth about US$ 700 billion and growing at 2%. Declining cigarette volumes in China and developed markets were key drivers for fall in volume. In India, the industry witnessed a marginal decline in volume.

The growth of vapour products continues both globally and in India. It is now an US$ 18 billion industry globally. The emergence and rapid adoption of the 'heat not burn' segment is key in driving the growth. The category as a whole is forecast to grow to US$ 50 billion by 2022. Your Company is already present in this segment through select products in a few markets and has growth plans both for the domestic and international markets.

Your Company operates in the tobacco segment which is an extremely important crop providing livelihood to over 45 million people. India is the second largest global producer of tobacco. Tobacco and tobacco products contribute to more than Rs. 30,000 crore to the country's exchequer annually. It should be mentioned that more than 85% of this government revenue is from cigarettes despite having a mere 15% share in total tobacco consumption in India. Frequent annual tax hikes in the past have led to this skewed taxation and volume distortions over a period of time. The industry welcomes GST, which has tried to address this distortion to some extent.

Regulation

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

Global leading tobacco producers like Malawi, China and Zimbabwe have more than 1% of their arable landmass under tobacco cultivation, while India has only around 0.25% of land under tobacco cultivation. This is despite farmers deriving much higher income from tobacco crop than other agricultural crops in India. We strongly believe that the farmer interests should be paramount in a time when farmers are not realizing their investments in agriculture.

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

CONSUMER AND RETAIL INDUSTRY

The consumer and retail industry in India is quickly emerging as one of the largest sectors in the economy. The retail industry is expected to continue on this growth trajectory and is poised to grow to US$ 1.3 trillion by 2020. However, sector is divided into both organized and unorganized players.

Overall, Organised Retail Penetration (ORP) in India is still low at only 7%, especially compared with that in other developed countries such as the US at 85%. This indicates strong growth potential for organised retail in India yet to be tapped. The organised retail in India is currently growing at a swift pace, registering a CAGR of 20-25 per cent per year.

Indian consumer sector is witnessing a strong growth due to increased consumption. This is attributable to numerous factors such as the significant growth in disposable income and changing lifestyles are among the major growth drivers of Indian retail. Further, rising urbanization and increasing households under the nuclear structure are also creating a consumer group which is likely to spend more and also willing to pay a premium for convenience.

Additionally, the availability of credit and use of 'plastic money' have contributed to a strong and growing consumer culture in India. This coupled with the expansion in the size of the upper middle class has led to greater spending on the luxury and high brand products. These positive sectoral developments bode well for the company consumer and retail segment and your Company is well positioned to capitalize on the market opportunities ahead.

SEGMENTWISE PERFORMANCE IN 2017-2018

Cigarettes

The last few years have proven to be tumultuous ones for the legal cigarette industry and the year gone by fell in line with this trend. While the markets adjusted quickly to the new tax regime of GST which led to stability on the taxation front, the challenge posed by the flourishing illicit cigarette industry continued the negative sentiment and drove declines in the legal cigarette volumes.

While the legal cigarette industry declined sharply last year, your Company increased volumes from products launched in last 2 years, by driving mix and process improvements and increasing margins; which enabled it to defend its volumes in a declining market and thereby increased its market share.

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

Tea

Tea has been an insignificant contributor to the Company's business. During the course of 2017-18, it was decided to divest from this line of business.

Chewing Products

Your Company's Chewing Products business continues on a stellar growth path with a record growth of 58.6% in gross sales revenue, growing from Rs. 290 crores in 2016-17 to highest ever gross revenue of Rs. 460 crores in 2017-18.

This is another year in which the Company has made significant inroads in capturing market share in both premium & mid premium segments of the Pan Masala Industry & continues on its growth path.

Your Company believes in the process of constant improvement, unrelenting consumer focus and will continue to deliver consistently high quality products to the consumer by understanding his unfulfilled needs. Through relentless brand work, supported by efficiency in distribution and single minded focus to deliver a high quality product, your Company was not only able to increase market share in stronghold market of Gujarat, but also revive growth in Key geographies like Madhya Pradesh & Uttar Pradesh.

Pan Vilas, your Company's flagship brand, has grown by over 40%, achieving a 26% segment share in the premium solus segment. With several innovations and optimizations in both product and packaging, the focus of Pan Vilas is to continue providing high quality Pan Masala at an optimum price point backed by a high end consumer acquisition plan.

Similarly in the mid premium segment, your Company's brand Raag has grown by 45%, capturing a 2 % segment share in a span of 2 years.

Your Company also showcased continued growth of 8 % 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	2016-17
Commodity/Product	**Value (Rs. in crores)**	Value (Rs. in crores)
Cigarette	**145.06**	179.38
Unmanufactured tobacco	**183.22**	302.41
Cut tobacco/CLB	**42.28**	34.99
Tea	**34.18**	40.52
Candy	**1.86**	1.17

Overall exports of your Company were at Rs. 407 crores as against Rs. 558 crores in the preceding financial year. This de-growth has primarily been due to loss of business from major customer of unmanufactured tobacco. However your Company will largely be able to cover up the loss and reduce the dependency on single customer now.

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 Jaisalmer, Originals, Business Kings in markets of West Africa, parts of Europe, Cambodia, Aruba, Grenada, etc.

Various initiatives are underway which are expected to improve performance of our export business in times to come.

Retail

The 24Seven chain of convenience stores is another example of Company's innovative approach to business. It is India's only organized retail chain in the 'round – the – clock' convenience store format. 24Seven stores deliver an international shopping experience, stocking a wide variety of products and providing a range of services, round the clock. Stores offer daily needs groceries, ready-to-eat foods, beverages, cosmetics and personal care products, domestic and international courier services, bill payments, mobile phone recharges, movie tickets and several other offerings.

24Seven stores are giving India's young working people new and more comfortable options that meet their requirements and also fulfill the needs of today's modern Indian work culture.

In 2017-18, gross sales value increased by 12.3% to Rs. 191 crores from Rs. 170 crores during previous year. Number of stores increased from 46 to 61 in FY 18.

Your Company is pursuing ambitious growth plans for this segment of business.

HUMAN RESOURCE DEVELOPMENT

Human Resource Function remains committed towards reinventing people processes that enable organizational performance and build platform for positive business outcomes of your Company by encouraging & empowering employees to take voluntary performance stretches in hitherto uncharted functional domains. A concerted effort has also been made to reshape the organizational culture with a focus on enhancing the levels of transparency, fairness, joint performance assessments & multi-level rewards & recognition. Your Company also continues to undertake employee engagement surveys and annual health check-ups of employees to build an engaged and healthy workforce.

CORPORATE DEVELOPMENT (GROWTH OFFICE)

Growth Office remains pivotal in executing the 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 that suitable mitigation actions are initiated and the 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. In addition, the team is also engaged in working with partners towards development of your Company.

INFORMATION TECHNOLOGY (IT)

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

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

TREASURY OPERATIONS

Your Company continues to enjoy the highest rating of 'CRISIL A1+' for Short Term Debt Programme, 'CRISIL AA+/Stable' for Long Term Loan, 'CRISIL AA+/Stable' for fund based credit facilities and 'CRISIL A1+' for non-fund based facilities. With these ratings in place, your Company is able to raise funds at most competitive terms. 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

	2017-18 Rs. in Lakhs	2016-17 Rs. in Lakhs
Gross Profit	**30993.53**	29190.30
Less : Depreciation and amortization	**9564.73**	9412.82
Profit before exceptional items and tax	**21428.80**	19777.48
Exceptional Items	**2000.00**	-
Profit Before Tax	**23428.80**	19777.48
Less : Provision for tax		
- current tax	**7100.69**	5136.50
- deferred tax charge	**251.87**	1005.64
Profit after tax for the year	**16076.24**	13635.34
Add: Other comprehensive income/(loss)-net of tax	**474.84**	(409.83)
Total Comprehensive Income	**16551.08**	13225.51

During the year, the gross sales value registered a growth of 7.7% by reaching the level of Rs. 5803 crores from Rs. 5389 crores last year. Similarly, the profit after tax jumped to Rs. 160.76 crores from Rs. 136.35 crores last year.

DIVIDEND

Your Directors are pleased to recommend the same dividend as last year of 400% i.e. Rs.8/- per equity share of face value of Rs.2/- each. The proposed dividend (including tax thereon) will absorb Rs. 5014.50 lakhs.

DEPOSITS

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as on 31st March, 2018 is attached as 'Annexure - 1' to this Report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on 31st March, 2018, your Company had eight subsidiaries and four associate companies. The basic details of these companies form part of the extract of Annual Return given in 'Annexure - 1'.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

INTERNAL CONTROL SYSTEMS

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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. R.A. Shah (DIN 00009851) and Mrs. Bina Modi (DIN 00048606) 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.

The Securities and Exchange Board of India ("SEBI") vide its notification dated 9th May, 2018 has inserted Regulation 17(1A) to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') with effect from 1st 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 re-appointment of Mrs. Bina Modi who would attain the age of 75 years during her proposed term and Mr. R.A. Shah who has already attained the age of 75 years, is recommended to be approved by passing special resolutions. Further, the Board of Directors, at their Meeting held on 11th August, 2018, have

recommended the continuation of directorship of Dr. Lalit Bhasin and Mr. Anup N. Kothari, Non-Executive Directors who have already attained the age of 75 years, by passing special resolution at the ensuing AGM.

The continuation of payment of remuneration of Mr. Ruchir Kumar Modi (DIN 07174133) is being recommended for approval of shareholders by way of special resolution in pursuance of Regulation 17(6)(ca) inserted vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 2019.

The present term of appointment of Mr. K.K. Modi and Mr. Samir Modi as Managing Director and Executive Director is valid upto 13th August, 2018 and 30th September, 2018 respectively. The Board, subject to the approval of the Members in the forthcoming AGM, has approved the re-appointment of Mr. K.K. Modi as Managing Director and Mr. Samir Modi as Executive Director for another term of three years from the date of completion of their present term.Further re-appointment of Mr. Samir Modi is being recommended for approval of shareholders by way of special resolution in pursuance of Regulation 17(6)(e) of SEBI (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(ii) appropriate accounting policies have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;

(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 11th August, 2018.

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 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.

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.

BUSINESS RESPONSIBILITY REPORT

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

UNCLAIMED SHARE CERTIFICATES

Status of the unclaimed shares as on 31st March, 2018 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 15th September 2017, to hold office for a term of five (5) consecutive years from the conclusion of the Eightieth Annual General Meeting until the conclusion of the Eighty Fifth Annual General Meeting, subject to the ratification at the Annual General Meeting in each of the subsequent years during the aforementioned term of their appointment. However, the requirement of annual ratification has been dispensed with under the Companies (Amendment) Act, 2017 which has been notified on 7th May, 2018.

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

COST AUDIT

Since the Company has discontinued its business operations in Tea Products, there is no requirement for cost audit now on.

Further, the cost audit report for the financial year 2017-18 doesn't contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL AUDIT

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

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

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 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. Your Company will continue to explore new product offerings including reduced harm products in times to come.

ACKNOWLEDGEMENT

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

Respectfully submitted on behalf of the Board

R.A. SHAH
CHAIRMAN

New Delhi
Dated: 11th August, 2018

Annexure - 1

Annual Return Extracts in MGT 9

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC code of the product/services	% to total turnover of the Company
1	Cigarettes	12003	72.25

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 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1984PLC017448	Subsidiary	100	2(87)(ii)
3.	Unique Space Developers Limited 43 Kalpataru Square,4th Floor, Andheri Kurla Road, Kondivita Lane , JB Nagar, Andheri-E, Mumbai -400059	U70100MH1988PLC046854	Subsidiary	Chase Investments holds 51.44% International Tobacco holds 15.23%	2(87)(ii)
4	Gopal Krishna Infrastructure & Real Estate Limited 49, Community Centre, Friends Colony, New Delhi-110025	U45200DL2006PLC156875	Subsidiary	Unique Space Developers holds 100%	2(87)(ii)
5	Friendly Reality Projects Limited 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1973PLC006528	Subsidiary	Company holds 57.46% and Chase Investments holds 28.18%	2(87)(ii)
6.	Rajputana Infrastructure Corporate Limited 49, Community Centre, Friends Colony, 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)

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 49, Community Centre, Friends Colony, 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)

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 (01.04.2017)				No. of shares held at the end of the year (31.03.2018)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	22950	0	22950	0.04	22950	0	22950	0.04	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	22659981	0	22659981	43.58	22659981	0	22659981	43.58	0
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other (Trusts)	1756380	45000	1801380	3.46	1756380	45000	1801380	3.46	0
Sub-total (A)(1)	**24439311**	**45000**	**24484311**	**47.09**	**24439311**	**45000**	**24484311**	**47.09**	**0**
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	13050475	0	13050475	25.10	13050475	0	13050475	25.10	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	**13050475**	**0**	**13050475**	**25.10**	**13050475**	**0**	**13050475**	**25.10**	**0**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**37489786**	**45000**	**37534786**	**72.19**	**37489786**	**45000**	**37534786**	**72.19**	**0**

B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	124135	375	124510	0.24	748962	0	748962	1.44	1.20
b) Banks/ FI	46324	22375	68699	0.13	35939	21970	57909	0.11	(0.02)
c) Central Govt/ State Govt (s)	0	24000	24000	0.05	178090	24000	24000	0.05	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) FIIs / FPI	5607029	500	5607529	10.78	6200126	0	6200126	11.92	1.14
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others Foreign Bank	1500	0	1500	0	1500	0	1500	0	0
Sub-total (B)(1)	**5778988**	**47250**	**5826238**	**11.21**	**6896527**	**45970**	**7032497**	**13.53**	**2.32**
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian	1061322	0	1061322	2.04	469524	0	469524	0.90	(1.14)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4655541	1457306	6112847	11.76	4374994	977591	5352585	10.30	(1.46)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	927000	0	927000	1.78	771500	0	771500	1.48	(0.30)
c) Others									
IEPF	0	0	0	0	178090	0	178090	0.34	0.34
HUF	216310	0	216310	0.42	174043	0	174043	0.34	(0.08)
Other Directors and relatives	28500	0	28500	0.05	28000	0	28000	0.05	0
Foreign Individuals	2424	0	2424	0	2432	0	2432	0	0
Non-Resident Individuals	132924	11525	144449	0.28	162640	4525	167165	0.32	0.04
Trusts	3031	17500	20531	0.04	485	15000	15485	0.03	(0.01)
NBFCs registered with RBI	0	0	0	0	0	0	0	0	0
Unclaimed Shares	0	0	0	0	190595	20955	211550	0.41	0.41
Clearing Members	119513	0	119513	0.23	56263	0	56263	0.11	(0.12)
Sub-total (B)(2)	**7146565**	**1486331**	**8632896**	**16.60**	**6408566**	**1018071**	**7426637**	**14.28**	**(2.32)**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**12925553**	**1533581**	**14459134**	**27.81**	**13395093**	**1064041**	**14459134**	**27.81**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**50415339**	**1578581**	**51993920**	**100**	**50884879**	**1109041**	**51993920**	**100**	**0**

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			
		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	% of change during the year
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.	Spicebulls Investments Ltd.	83591	0.16	0	83591	0.16	0	0
14.	Longwell Investment Pvt Ltd	80000	0.15	0	80000	0.15	0	0
15.	Swasth Investment Pvt Ltd	80000	0.15	0	80000	0.15	0	0
16.	Motto Investment Private Limited	79000	0.15	0	79000	0.15	0	0
17.	HMA Udyog Private Limited	68000	0.13	0	68000	0.13	0	0
18.	Kedarnath Modi (Trustee) Modi Spg & Wvg Mills Co. Ltd Head office Employees Welfare Trust	45000	0.09	0	45000	0.09	0	0
19.	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

(iii) Change in Promoters' Shareholding

There were no changes in the Promoters' shareholding during the Financial Year 2017-18.

(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 (01.04.2017)		Cumulative Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**National Westminster Bank PLC as Trustee of The Jupiter India Fund**				
	At the beginning of the year	3089482	5.94		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.04.2017	7730	0.01	3097212	5.96
	28.04.2017	215491	0.41	3312703	6.37
	30.06.2017	177199	0.34	3489902	6.71
	29.09.2017	145185	0.28	3635087	6.99
	09.02.2018	32635	0.06	3667722	7.05
	At the End of the year			3667722	7.05
2.	**Jupiter South Asia Investment Company Limited - South Asia Access Fund**				
	At the beginning of the year	1100000	2.12		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	23.06.2017	(117022)	(0.23)	982978	1.89
	05.01.2018	(18505)	(0.04)	964473	1.85
	09.02.2018	(11064)	(0.02)	953409	1.83
	At the End of the year			953409	1.83
3.	**APMS Investment Fund Ltd**				
	At the beginning of the year	488275	0.94		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			488275	0.94
4.	**Kavitha Jain**				
	At the beginning of the year	400000	0.77		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			400000	0.77
5.	**Sonia Jain**				
	At the beginning of the year	204500	0.39		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			204500	0.39

6.	**National Westminster Bank PLC as Trustee of The Jupiter Asian Fund**				
	At the beginning of the year	170000	0.33		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			170000	0.33
7.	**Siddharth Iyer**				
	At the beginning of the year	150000	0.29		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	16.06.2017	(10834)	(0.02)	139166	0.27
	23.06.2017	(14166)	(0.03)	125000	0.24
	07.07.2017	(25000)	(0.05)	100000	0.19
	14.07.2017	(100000)	(0.19)	0	0
	At the End of the year			0	0
8.	**Sundaram Mutual Fund**				
	At the beginning of the year	110311	0.2122		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	14.04.2017	25000	0.05	135311	0.26
	05.05.2017	1	0.00	135312	0.26
	12.05.2017	10000	0.02	145312	0.28
	02.06.2017	42608	0.08	187920	0.36
	09.06.2017	57392	0.11	245312	0.47
	30.06.2017	5000	0.01	250312	0.48
	14.07.2017	5000	0.01	255312	0.49
	13.10.2017	42400	0.08	297712	0.57
	27.10.2017	22000	0.04	319712	0.61
	10.11.2017	20000	0.04	339712	0.65
	At the End of the year			339712	0.65
9.	**Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG)**				
	At the beginning of the year	100642	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	09.06.2017	6200	0.01	106842	0.21
	23.03.2018	1803	0.00	108645	0.21
	At the End of the year			108645	0.21
10.	**Geeti Jain**				
	At the beginning of the year	100000	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	At the End of the year			100000	0.19

11.	**Milky Investment And Trading Company**				
	At the beginning of the year	100000	0.19		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	07.07.2017	(10000)	(0.02)	90000	0.17
	14.07.2017	(15000)	(0.03)	75000	0.14
	04.08.2017	(8946)	(0.02)	66054	0.13
	13.10.2017	(6054)	(0.01)	60000	0.12
	17.11.2017	(5914)	(0.01)	54086	0.10
	24.11.2017	(4086)	(0.01)	50000	0.10
	01.12.2017	(12500)	(0.02)	37500	0.07
	12.01.2018	(37500)	(0.07)	0	0
	At the End of the year			0	0
12.	**Vanaja Sundar Iyer**				
	At the beginning of the year	50000	0.09		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.04.2017	(25000)	(0.05)	25000	0.05
	28.04.2017	(25000)	(0.05)	0	0
	At the End of the year			0	0
13.	**Kotak Equity Arbitrage Fund**				
	At the beginning of the year	13574	0.03		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	05.05.2017	48000	0.09	61574	0.12
	12.05.2017	4500	0.01	66074	0.13
	19.05.2017	35500	0.07	101574	0.20
	26.05.2017	8000	0.01	109574	0.21
	02.06.2017	5000	0.01	114574	0.22
	07.07.2017	32000	0.06	146574	0.28
	14.07.2017	3000	0.01	149574	0.29
	21.07.2017	(5000)	(0.01)	144574	0.28
	28.07.2017	(5500)	(0.01)	139074	0.27
	04.08.2017	31500	0.06	170574	0.33
	18.08.2017	(27500)	(0.05)	143074	0.28
	25.08.2017	(1500)	(0.00)	141574	0.27
	01.09.2017	1000	0.00	142574	0.27
	15.09.2017	1000	0.00	143574	0.27
	22.09.2017	(6000)	(0.01)	137574	0.26
	29.09.2017	(1000)	(0.00)	136574	0.26
	06.10.2017	24000	0.05	160574	0.31
	17.11.2017	7500	0.01	168074	0.32
	08.12.2017	(2000)	(0.00)	166074	0.32
	22.12.2017	2426	0.00	168500	0.32

	29.12.2017	1000	0.00	169500	0.33
	19.01.2018	5000	0.01	174500	0.34
	02.03.2018	60000	0.11	234500	0.45
	16.03.2018	3598	0.01	238098	0.46
	23.03.2018	305	0.00	238403	0.46
	31.03.2018	97	0.00	238500	0.46
	At the End of the year			238500	0.46
14.	**MV SCIF MAURITIUS**				
	At the beginning of the year	0	0		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	16.03.2018	29206	0.06	29206	0.06
	23.03.2018	89541	0.17	118747	0.23
	At the End of the year			118747	0.23

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

Sl. No		**Shareholding at the beginning of the year (01.04.2017)**		**Cumulative Shareholding during the year (31.03.2018)**	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1.	**Mr. R. A. Shah**				
	At the beginning of the year	20000	0.04		
	Increase / Decrease in Shareholding during the year and reasons	0	0	20000	0.04
	At the End of the year			20000	0.04
2.	**Mr. K. K. Modi**				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
3.	**Mr. R. Ramamurthy***				
	At the beginning of the year	500	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	500	0
	At the End of the year			500	0
4.	**Mr. Sharad Aggarwal****				
	At the beginning of the year	0	0	0	0
	Increase / Decrease in Shareholding during the year and reasons	0	0	0	0
	At the End of the year			0	0
5.	**Dr. Lalit Bhasin**				
	At the beginning of the year	2000	0		
	Increase / Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0

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

*- Ceased to be a Director w.e.f. 15th September, 2017
**- Appointed as a Whole-time Director w.e.f 1st October, 2017

V. INDEBTEDNESS

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

(Rs. in lakhs)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the Financial year				
i) Principal Amount	7,215.93	-	-	7,215.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.76	-	-	4.76
Total (i+ii+iii)	**7,220.69**	**-**	**-**	**7,220.69**

Change in indebtedness during the Financial year					
Addition	-	-	-	-	-
(Reduction)	(4,545.14)	-	-	(4,545.14)	
Indebtedness at the end of the Financial year					
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	
Total (i+ii+iii)	**2,673.68**	**-**	**-**	**2,673.68**	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in lakhs)

Sl. No	Particulars of Remuneration		Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Modi	Mr. R. Ramamurthy*	Mr. Sharad Aggarwal**	Mr. Samir Modi	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	77.00	59.19	240.00	376.19
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0.39	12.90	202.02	215.31
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission					
	- as % of profit	0	0	0	620.00	620.00
	- others	0	0	0	0	0
5.	Others	0	0	0	0	0
	Total (A)	**0**	**77.39**	**72.09**	**1062.02**	**1211.50**
	Ceiling as per the Act Rs. 2124.40 lacs (being 10% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013)					

*- Ceased to be a Director w.e.f. 15th September, 2017
**- Appointed as Whole-time Director w.e.f. 1st October, 2017

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	17.00	13.00	13.00				43.00
	• Commission	0	0	0				0
	• Others	0	0	0				0
	Total (1)	**17.00**	**13.00**	**13.00**				**43.00**

(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Name of Director						Total Amount
2.	**Other Non-Executive Directors**				**Mr. R.A. Shah**	**Mrs. Bina Modi**	**Mr. Ruchir Kumar Modi**	
	• Fee for attending board / committee meetings				13.00	3.00	0	16.00
	• Commission				0	0	150.00	150.00
	• Others				0	0	0	0
	Total (2)				**13.00**	**3.00**	**150.00**	**166.00**
	Total (B)= (1+2)							**209.00**
	Total Managerial Remuneration							**1420.50**
	Ceiling as per the Act Rs. 212.44 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
		Mr. Sunil Agrawal (CFO)	**Mr. Sanjay Gupta (Company Secretary)**	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	121.90	94.58	**216.48**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	44.69	13.60	**58.29**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	**0**
2.	Stock Option	0	0	**0**
3.	Sweat Equity	0	0	**0**
4.	Commission			
	- as % of profit	0	0	**0**
	- others	0	0	**0**
5.	Others	0	0	**0**
	Total	**166.59**	**108.18**	**274.77**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : None

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

Annexure - 2

Form AOC - 1

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

Part A : Subsidiaries

Rupees in Lakhs

Particulars	International Tobacco Company Limited	Chase Investments Limited	Friendly Reality projects Limited	Unique Space Developers Limited	Gopal Krishna Infrastructure & Real Estate Limited	Rajputana Infrastructure Corporate Limited	Rajputana Developers Project	Flavors and More, Inc., USA	Godfrey Phillips middle east, DMCC
Date since when subsidiary was acquired	30-Jun-69	1-Feb-94	31-Jan-91	12-Aug-94	10-Jan-07	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	Not applicable
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	US Dollars USD 1 = INR 65.17	US Dollars USD 1 = INR 65.17
Share Capital	300.00	280.46	18.10	81.96	5.00	8.00	6,757.70	1,298.90	35.50
Reserves and Surplus	4,367.47	8,935.89	3,602.34	(18.01)	(2.31)	1,211.29	(88.70)	(1,264.47)	(43.66)
Other Liabilities	1,348.73	1,809.42	2.09	0.13	0.10	2,591.91	1.37	23.07	2,243.19
Total Liabilities	6,016.20	11,025.77	3,622.53	64.08	2.79	3,811.20	6,670.37	57.50	2,235.03
Total Assets	6,016.20	11,025.77	3,622.53	64.08	2.79	3,811.20	6,670.37	57.50	2,235.03
Investments (other than in subsidiaries/fellow subsidiaries)	-	10,772.65	19.11	-	-	202.48	-	-	-
Turnover/ Total Income	5,105.87	450.22	2.44	2.50	0.08	16.94	0.07	25.46	13,136.87
Profit/(loss) before taxation	80.71	422.03	(3.58)	(3.04)	(0.07)	14.14	(22.34)	(564.31)	(41.61)
Provision for taxation	28.81	(30.93)	0.22	-	(0.08)	4.71	-	-	-
Profit/(loss) after taxation	51.90	452.96	(3.80)	(3.04)	0.01	9.43	(22.34)	(564.31)	(41.61)
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	85.64%	66.67%	66.67%	85.64%	54.38%	100.00%	100.00%

Remarks

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

Part B : Associates and Join Ventures

Rupees in Lakhs

Particulars	**KKM Management Centre Pvt. Limited**	**Success Principles India Limited**	**IPM India Wholesale Trading Pvt.Limited**	**KKM Management Centre Middle East (FZC)**
Latest audited Balance Sheet Date	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
Shares of Associate/ Joint Venture held by the Company on the year end				
Number of shares	1,102,500	199,673	4,960,000	144
Amount of Investment	110.25	19.97	496.00*	25.89
Extent of Holding %	36.75	48.89	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#	334.97	59.95	-**	29.96
Profit / (Loss) for the year	57.10	(0.89)	9933.07	11.31
Considered in consolidation	20.98	(0.43)	-**	4.07
Not considered in consolidation	36.12	(0.46)	9,933.07	7.24

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

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

as reflected in the consolidated financial statements of the Company.

Notes on Part A and B.

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

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

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

Place : New Delhi
Date : May 29, 2018

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

SANJAY GUPTA
Company Secretary

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

BINA MODI
(DIN 00048606)

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

Directors

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 5th July, 2014 and was further amended and approved by the Board in its meeting held on 29th 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.

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* (*Both Mrs. Bina Modi and Dr. Lalit Bhasin were inducted as a member of Committee in the Board Meeting held on 29th May, 2018) as its members.

3. Average net profit of the Company for last three financial years: Rs. 21601.16 lakhs.

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : Rs. 432.02 lakhs.

5. Details of CSR expenditure during the financial year:

   (a) Total amount to be spent for the financial year : Rs.432.02 lakhs

   (b) Amount unspent, if any : Nil

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

Sr. No.	CSR project or activity	Sector in which the project or activity is covered	Location of the project or activity	Amount outlay (budget) (Rs. Lakhs)	Amount spent on the project or activity Sub heads: (Rs. Lakhs)		Cumulative expenditure up to the reporting period (Rs. Lakhs)	Amount spent: Direct or through Implementing Agency
					Direct expenditure on projects/ activities	Project Overheads		
1.	Promotion of education & healthcare	Education & Healthcare improvement	Khwabgah, Ambassadors of Change, Partners in Change, New Delhi and Noida	230.00	230.00	-	230.00	Implementing Agency - Modicare Foundation
2.	Community Development Initiative	Livelihood Improvement	Guntur/ (Ongole)	185.00	184.10	-	184.10	Implementing Agency - Assist
3.		Others (including 5% of the CSR expenditure towards Administrative expenditure)-		21.00	-	20.70	20.70	Direct
	Total amount spent			**436.00**	**414.10**	**20.70**	**434.80**	

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

K.K. Modi
Managing Director

R.A. Shah
Chairman of the CSR Committee

Date: 11th August, 2018

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	

R.A. Shah
Chairman of the Board

Date: 11th August, 2018

Annexure - 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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, 2018 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, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

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

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

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

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

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

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

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

For Chandrasekaran Associates
Company Secretaries

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

Date : 6th August, 2018
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.

GODFREY PHILLIPS
INDIA LIMITED

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
Partner
Membership No. 16302
Certificate of Practice No. 5673

Date : 6th August, 2018
Place : New Delhi

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 2017-18 is as follows:

Mr. K.K. Modi*	N.A.
Mr. Samir Modi	153.58:1
Mr. R. Ramamurthy**	11.19:1
Mrs. Bina Modi***	0.43:1
Mr. R.A. Shah***	1.88:1
Dr. Lalit Bhasin***	2.46:1
Mr. Anup N. Kothari***	1.88:1
Mr. Atul Kumar Gupta***	1.88:1
Mr. Sharad Aggarwal****	10.42:1
Mr. Ruchir Kumar Modi	21.69:1

* Mr. K.K Modi ceased to draw any remuneration from the Company w.e.f. 1st April, 2017.
** Mr. R. Ramamurthy ceased to be a Director w.e.f. 15th September, 2017
***the ratio has been calculated based on sitting fees paid.
**** Mr. Sharad Aggarwal was appointed as Whole Time Director w.e.f. 1st October, 2017

(ii) Percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2017-18 is as follows:

DIRECTORS	DESIGNATION	
Mr. K. K. Modi*	Managing Director (MD)	N.A.
Mr. Samir Modi	Executive Director (ED)	117.72
Mr. R. Ramamurthy**	Whole-time Director (WTD)	(54.04)
Mrs. Bina Modi	Non-Independent and Non-executive Director	0.00
Mr. R. A. Shah	Non-Independent and Non-executive Director	(7.14)
Dr. Lalit Bhasin	Independent Director	21.43
Mr. Anup N. Kothari	Independent Director	(0.07)
Mr. Atul Kumar Gupta	Independent Director	30.00
Mr. Ruchir Kumar Modi	Non-Independent and Non-executive Director	32.16
Mr. Sharad Aggarwal***	Whole-time Director (WTD)	N.A.
KEY MANAGERIAL PERSONNEL (other than Directors)		
Mr. Sunil Agrawal	Chief Financial Officer	26.12
Mr. Sanjay Gupta	Company Secretary	15.98

*Mr. K.K Modi ceased to draw any remuneration from the Company w.e.f 1st April, 2017.

**Mr. R. Ramamurthy ceased to be a director w.e.f 15th September, 2017.

***Mr. Sharad Aggarwal was appointed as Whole Time Director w.e.f 1st October, 2017

(iii) The Percentage increase in the median remuneration of all employees in the financial year 2017-18 was 9.65.

(iv) The Company had 972* permanent employees on its rolls as on 31st March, 2018
(*including those employed by its wholly owned subsidiary International Tobacco Company Limited)

(v) The average percentile decrease in salaries of employees other than managerial personnel in the financial year 2017-18 was 0.17% in comparison with 19% decrease in total managerial remuneration.

(vi) The Company confirms that remuneration paid during the year 2017-18, 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 LED lights free of toxic chemicals with zero UV emission in place of metal halide lamps.
2. Reduced compressed air consumption by almost 10% by undertaking a six sigma project.
3. Replaced screw conveyor with modified pipeline for gravitational free flow of cut supari at the chewing products factory.
4. Installed air receiver on packing machines to optimize air pressure set point from 6.8 Kgf/cm2 to 6.5 Kgf/cm2 in order to reduce loading hours of air compressor.
5. Installed innovative buffer storage system on packing machines for auto splicing of laminate rolls with zero stoppage & rejection, at 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. Modified GD packing machine to implement printed inner frame in 10s cigarette packs.
2. Implemented 2D bar code on packs, outers and bundling paper to enhance traceability for cigarette.
3. Developed and commissioned wrapper to bundler link unit at GD 10s cigarette packer to enhance productivity.
4. Developed cork tipping paper wandering detection and rejection system for GD cigarette packing lines.
5. Implemented printed/offset inner frame on 64mm bevel edge cigarette pack.
6. Installed online moisture analyzer at final stage of pan masala processing to evaluate & record moisture of each processed batch.
7. Modified plan sifter lower sieve size of supari processing plant by replacing bottom sieve which has resulted in supari yield improvement by almost 1%.
8. Developed in-house the flavor mixing tank to ensure uniform mixing and product integrity for chewing products.

(C) RESEARCH & DEVELOPMENT

(i) New Product Development:

1. Carried out development work for differentiated and innovative products in all categories.
2. Initiated competition product analysis to better understand the trends in product development/ improvement.
3. Work is on for smoke improvement by enhancing sensory profile in order to give superior smoking experience to consumers.
4. Worked to develop products suitable for newer geographies, both in domestic and international markets.
5. Company's R&D head worked as convener of the worldwide ISO/TC126/WG12 for developing ISO standard for Bidi.

(ii) Benefits derived as result of these developments:

1. Achieved product cost optimization.
2. Achieved process improvement and reduction in generation of waste.
3. Created differentiated products in all categories.
4. Cigarette R&D Lab has been recommended for continuation of accreditation to ISO 17025 till the year 2020.
5. New methods have been developed in analytical testing to measure various tobacco smoke specific parameters.

(iii) Future plan of action:

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

(iv) Expenditure incurred on Research & Development **(Rs. Lakhs)**

	2017-18	2016-17
(a) Revenue Expenditure	**965.63**	1044.10
(b) Capital Expenditure	**24.54**	306.74
Total	**990.17**	1350.84

AWARDS AND RECOGNITION

Our Cigarette plant is ISO 50001, ISO 14001 and OSHAS 18001 certified & Chewing plant is ISO 22000 certified.

- Rabale Cigarette Factory received Vasundhara Award for Environment Performance, Green Tech Platinum Award for Safety Performance and Excellence Award from "INSAAN" Society.
- Ghaziabad Chewing Factory received Best Food Safety Award by ASSOCHAM and Gold Award in Best Practices in HR Domain by GMA.

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. 407 crores (previous year Rs. 559 crores) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 224 crores (previous year Rs. 192 crores).

Annexure - 8

DIVIDEND DISTRIBUTION POLICY

Background

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

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

Factors considered while declaring Dividend :

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

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

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

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

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

a. by way of interim dividends declared by the Board from time to time during that financial year; and/or

b. by way of an annual dividend within thirty (30) days from the Annual General Meeting at which such dividend is declared, (the above, being the "Dividend Policy")."

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

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

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

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

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

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

The Corporate Governance initiatives of the Company are dedicated towards achieving basic objective of wealth creation for the benefit of all its stakeholders i.e. shareholders, employees, business associates and the society at large. The Company believes in giving its executives ample freedom to operate and secure the Company's target by putting in their best efforts. The Board of the Company is primarily responsible for protecting and enhancing shareholders' value besides fulfilling the Company's obligations towards other stakeholders. The role of the Board of Directors is to provide strategic superintendence over the Company's management. The day to day management of the Company is vested in the managerial personnel and sufficient authority is delegated at different operating levels. Delegation of authority in the operating people helps generation of creativity and innovation. This also helps in harnessing potential of employees to the best advantage of the Company.

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

2. BOARD OF DIRECTORS

i) Composition of the Board

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

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

As at 31st March, 2018, 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, 2018.

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, 2018	Membership/ Chairmanship of other Board Committees** as at March 31, 2018
1.	Mr. R.A. Shah DIN 00009851	Non-Executive & Non-Independent	5	Yes	9 (includes 2 as Chairman and 1 as Vice- Chairman)	8 (includes 5 as Chairman)
2.	Mr. K.K. Modi DIN 00029407	Executive	5	Yes	6	1 (as Chairman)
3.	Mr. R. Ramamurthy% DIN 00030463	Executive	3	Yes	NA	NA
4.	Mr. Sharad Aggarwal# DIN 07438861	Executive	2	NA	1	Nil
5.	Dr. Lalit Bhasin DIN 00001607	Non-Executive & Independent	5	Yes	7	4 (includes 2 as Chairman)
6.	Mr. Anup N. Kothari DIN 00294737	Non-Executive & Independent	4	Yes	2	Nil
7.	Mr. Samir Modi@ DIN 00029554	Executive	4	Yes	5	Nil
8.	Mrs. Bina Modi@@ DIN 00048606	Non-Executive & Non-Independent	3	No	1	Nil
9.	Mr. Atul Kumar Gupta DIN 01734070	Non-Executive & Independent	5	Yes	2	1
10.	Mr. Ruchir Kumar Modi DIN 07174133	Non-Executive & Non-Independent	2	Yes	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.

% Ceased to be a Director w.e.f. 15th September, 2017.

Appointed as a Director and subsequently as a Whole-time Director w.e.f. 1st October, 2017.
NA means Not Applicable

iii) Board Meetings held during the year

5 (Five) Board Meetings were held during the financial year 2017-18. They were held on 30th May, 2017, 12th August, 2017, 15th September, 2017, 11th November, 2017 and 13th February, 2018. The necessary quorum was present at all the meetings.

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

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

S. No.	Name(s) of the director	Amount involved (Rs. in lakhs)	Nature of transactions
1	Mr. R.A. Shah (Senior Partner of Crawford Bayley & Co.)	88.23	Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates
2	Dr. Lalit Bhasin (Proprietor of Bhasin & Co.)	7.53	Payment for professional services to Bhasin & Co., Advocates

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

Mr. R. A. Shah and Mrs. Bina 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:

Name of the Director	**Mr. R. A. Shah**
Director Identification Number	00009851
Date of joining the Board	7th June, 1969
Qualification	Solicitor
Profile of the Director	- Leading Solicitor and Senior Partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, Mumbai - Specialises in a broad spectrum of Corporate Laws in general with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti Trust and Competition Law. - Member of the Managing Committee of Bombay Chamber of Commerce - Member of Indo German Chamber of Commerce.
Directorships and Committee memberships in other companies*	1. Pfizer Limited (Chairman of the Board and Audit Committee) 2. Procter & Gamble Hygiene and Healthcare Limited (Chairman of the Board and Audit Committee) 3. Colgate-Pamolive (India) Limited (Vice-Chairman of the Board and Chairman of Audit Committee) 4. Abbott India Limited (Chairman of Audit Committee and Member of Stakeholders Relationship Committee) 5. The Bombay Dyeing & Manufacturing Company Limited (Member of Audit Committee) 6. BASF India Limited (Member of Audit Committee) 7. Deepak Fertilizers & Petrochemicals Corporation Limited (Chairman of Stakeholders Relationship Committee) 8. Lupin Limited 9. Atul Limited
Number of Shares held in the Company	20000
Name of the Director	**Mrs. Bina Modi**
Director Identification Number	00048606
Date of joining the Board	7th April, 2014
Profile of the Director	Bina Modi is a businesswoman with interests in the multiple areas. She has founded and built several successful businesses such as the 'Ego' chain of Specialty Restaurants, Bina Fashions, Dessange Salon and Beacon Travels. With her deep understanding of the K.K. Modi Group's intrinsic strengths and potentials, she plays a key role in aligning the core leadership team towards achieving the Group's goals. She is currently leading the initiative to develop the next generation of leaders to enable succession planning for the Group.

Directorships and Committee memberships in other companies*	Quick Investment (India) Ltd
Number of Shares held in the Company	Nil
Note: Mrs. Bina Modi is wife of Mr. K.K. Modi, Managing Director and mother of Mr. Samir Modi, Executive Director of the Company.	

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

vi) Legal Compliances

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

vii) Familiarisation Programme for Directors

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

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

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

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

viii) Code of Conduct

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

All the directors and senior management team personnel who are associated with the Company as on the date of this report, have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2018. A declaration to this effect signed by Mr. K.K. Modi, Managing Director as the Chief Executive Officer of the Company is annexed to this report.

3. AUDIT COMMITTEE

i) Composition and Terms of Reference

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

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

All the members of the Audit Committee are financially literate and the Chairman, Dr. Lalit Bhasin, possesses the required accounting and financial management expertise. Mr. Sanjay Gupta, 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 15th September, 2017 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 2017-18 i.e. on 30th May, 2017, 12th August, 2017, 11th November, 2017 and 13th February, 2018.

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	3
3	Mr. R. A. Shah	Non-Executive & Non-Independent	4
4	Mr. Atul Kumar Gupta	Non-Executive & Independent	4

4. SUBSIDIARY COMPANIES

i) The Company has formulated a policy on material subsidiaries and updated the same on the website of the Company with web link: https://www.godfreyphillips.com/policy-for-determining-material-subsidiary-company

ii) Since the Company does not have any material unlisted subsidiary, the requirement for appointment of an independent director on the Board of such subsidiary is not applicable.

iii) The Audit Committee of the Company has reviewed the financial statements in respect of the investments made by its unlisted subsidiaries at its meeting held on 29th May, 2018.

iv) Copies of the minutes of the board meetings of all the unlisted subsidiaries held during the year 2017-18 were placed at the board meeting of the Company held on 29th May, 2018.

v) The requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiaries is not applicable to the Company since none of its subsidiaries is material.

5. DISCLOSURES

(A) Basis of related party transactions

i) Transactions with related parties in the ordinary course of business:
Transactions with the related parties disclosed in note 45 to the financial statements for the year ended 31st March, 2018 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meetings held on 12th August, 2017, 11th November, 2017, 13th February, 2018 and 29th May, 2018. The said transactions have no potential conflict with the interests of the Company at large. All details of such transactions are provided to the Audit Committee and Board, if required. It is also ensured that interested directors neither participate in the discussion nor do they vote on such matters.

ii) Transactions with related parties not in the normal course of business:
There are no transactions entered into by the Company with the related parties during the financial year ended 31st March, 2018, whose terms and conditions are not in the ordinary course of business.

iii) Transactions with related parties not on arm's length basis:
There are no transactions entered into by the Company with the related parties during the financial year ended 31st March, 2018, 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/policy-on-related-party-transactions

(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.

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

(D) Whistle Blower Policy

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

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

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

(F) Strictures and penalties

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

(G) Adoption of discretionary requirements

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

6. REMUNERATION TO DIRECTORS

i) Remuneration policy

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

A Non-executive Director including a Non-independent Director can be paid remuneration by way

of commission either by way of quarterly payments or at a specified percentage of net profits of the Company or partly by one way and partly by the other, as per recommendations of Nomination and Remuneration Committee and then decided by the Board subject to approval of the Shareholders.

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

The Company does not have any stock option scheme.

ii) Details of remuneration paid/payable to the directors

(Amount in Rs.)

Name of the Director	Salary and Other Allowances *	Perquisites	Commission	Sitting Fees for Board/ Committee Meetings $	Total
Mr. R.A. Shah	Nil	Nil	Nil	13,00,000	13,00,000
Mr. K.K. Modi[1]	Nil	Nil	Nil	Nil	Nil
Mr. R. Ramamurthy[2]	77,00,000	39,600	Nil	Nil	77,39,600
Mr. Sharad Aggarwal[3]	59,18,869	12,89,778	Nil	Nil	72,08,647
Dr. Lalit Bhasin	Nil	Nil	Nil	17,00,000	17,00,000
Mr. Anup N. Kothari	Nil	Nil	Nil	13,00,000	13,00,000
Mr. Atul Kumar Gupta	Nil	Nil	Nil	13,00,000	13,00,000
Mr. Samir Modi[4]	2,40,00,000	2,02,01,710	6,20,00,000	Nil	10,62,01,710
Mrs. Bina Modi	Nil	Nil	Nil	3,00,000	3,00,000
Mr. Ruchir Kumar Modi[5]	Nil	Nil	1,50,00,000	Nil	1,50,00,000
Total	**3,76,18,869**	**2,15,31,088**	**7,70,00,000**	**59,00,000**	**14,20,49,957**

* 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

[1]The Company has service contract with Mr. K.K. Modi, Managing Director for a period of three years with effect from 14th August, 2015. Notice period is six months. No severance fees is payable to him. However, the Board had altered the terms of remuneration of Mr. K.K. Modi w.e.f. 1st April, 2017, for the remaining period of his current tenure and the same was approved by the Shareholders in the AGM held on 15th September, 2017. The Board has re-appointed him on existing terms and conditions for a period of three years from 14th August, 2018, subject to approval of the Shareholders in the ensuing AGM.

[2]The Company had service contract with Mr. R. Ramamurthy, Whole-time Director for a period of three years with effect from 14th August, 2015. Since Mr. Ramamurthy ceased to be a Director w.e.f. 15th September, 2017, the said service contract ceased to be operational from that date.

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

[4]The Company has service contract with Mr. Samir Modi, Executive Director for a period of three years with effect from 1st October, 2015. The notice period is three calendar months by either party. No severance fees is payable to him. However, the Board had altered the terms of remuneration of Mr. Samir Modi w.e.f. 1st April, 2017, for the remaining period of his current tenure and the same was approved by the Shareholders at the AGM held on 15th September, 2017. The Board of Directors has decided to re-appoint him on existing terms and conditions for a period of three years w.e.f. 1st October,

2018, subject to approval of the Shareholders at the ensuing AGM. Mr. Samir Modi is the son of Mr. K.K. Modi and Mrs. Bina Modi.

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

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, 2018
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 13th February, 2018 and Independent Directors in their separate meeting held on 17th March, 2018 evaluated the replies/feedbacks received in response to the questionnaire circulated and expressed their satisfaction with the evaluation process.

7. MANAGEMENT

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

The senior management team comprising of top executives of the Company and who have been associated with the Company as on the date of this report, have disclosed to the Board of Directors about all the material financial and commercial transactions that have taken place during the financial year ended 31st March, 2018 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 11th August, 2018.

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 Committee has been re-constituted on 29th May, 2018 whereby Mrs. Bina Modi was inducted as a new member.

The terms of reference of the Committee are as under:

(i) To identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board of Directors their appointment and removal.

(ii) To carry out evaluation of every director's performance.

(iii) To formulate the criteria for determining qualifications, positive attributes and independence of a director.

(iv) To recommend to the Board a policy, relating to the remuneration for the directors, key management personnel and the employees in senior management.

(v) Any other matter as may be assigned by the Board from time to time.

The Committee met three times during the financial year 2017-18 i.e. on 30th May, 2017, 12th August, 2017 and 13th February, 2018.

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

^ Inducted as a member on 29th May, 2018.

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.

The Committee was re-constituted whereby Mr. Atul Kumar Gupta was inducted as a member in place of Mr. R. Ramamurthy on 11th November, 2017 and Mrs. Bina Modi was inducted as a member on 29th May, 2018.

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

The Committee met twice during the financial year 2017-18 i.e. on 11th November, 2017 and 17th March, 2018. 34 (thirty four) 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 31st March, 2018.

S.No.	Name	Category of directors	No. of meetings attended
1.	Dr. Lalit Bhasin	Non-Executive and Independent	2
2.	Mr. K.K. Modi	Executive	1
3.	Mr. R. Ramamurthy*	Executive	NA
4.	Mr. Atul Kumar Gupta^	Non-Executive and Independent	2
5.	Mrs. Bina Modi%	Non-Executive & Non-Independent	NA

* Ceased to be a member w.e.f. 15th September, 2017.
^ Inducted on 11th November, 2017.
% Inducted on 29th May, 2018.

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 Committee has been re-constituted whereby Mrs. Bina Modi and Dr. Lalit Bhasin were inducted as members on 29th May, 2018.

The terms of reference of the Committee are as under:

(i) To formulate and recommend to the Board of Directors, the Corporate Social Responsibility Policy (CSR Policy) indicating the activities/programs to be undertaken by the Company in line with those specified in Schedule VII to the Companies Act, 2013.

(ii) To recommend the amount of expenditure to be incurred on each of such activities/programs.

(iii) To monitor the CSR activities/programs undertaken by the Company from time to time.

(iv) Any other function as may be assigned by the Board from time to time.

During the year, the Committee met once on i.e. 30th May, 2017 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 17th March, 2018, inter - alia, to evaluate the:

(i) Performance of Non-Independent Directors and the Board as a whole;

(ii) Performance of the Chairman of the Board, taking into account the views of the Executive and Non-Executive Directors;

(iii) Quality, content, and timeliness of flow of information between the Management and the Board that is necessary for the Board to act effectively and reasonably perform its duties.

12. GENERAL BODY MEETINGS

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

Financial year	Date of the AGM	Time	Location	Particulars of special resolutions passed
2014-15	29th September, 2015	3:00PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	(1) Re-appointment of Mr. K.K. Modi as Managing Director for a period of three years w.e.f. 14th August, 2015. (2) Re-appointment of Mr. R. Ramamurthy as Whole- time Director for a period of three years w.e.f. 14th August, 2015. (3) Alteration in the Articles of Association of the Company in accordance with the provisions of the Companies Act, 2013.
2015-16	26th September, 2016	3:00PM	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	15th 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 1st April, 2017 for the remaining period of his current tenure i.e. upto 13th August, 2018.

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

No resolution was put through postal ballot during the financial year 2017-18.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 25th September, 2018.

13. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published by the Company in Economic Times (English) and in Maharashtra Times (Marathi). The quarterly and yearly results are also available on the Company's website : www.godfreyphillips.com as well as on Bombay Stock Exchange and National Stock Exchange websites: www.bseindia.com & www.nseindia.com.The half-yearly results are not sent to household of the shareholders.

Earnings Presentation relating to Quarter and Year ended on 31st March, 2018 was submitted to the Stock Exchange(s) and it is 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 : 25th September, 2018 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 2018-19

First Quarter Results : 11th August, 2018
Second Quarter Results : Latest by 14th November, 2018
Third Quarter Results : Latest by 14th February, 2019
Annual Results : Latest by 30th May, 2019

iii) Date of Book Closure : 19th September, 2018 to 25th September, 2018 (both days inclusive)

iv) Dividend Payment Date : Dividend payment shall be made from 29th September, 2018 to those shareholders whose names shall appear on the Members' Register as on 25th September, 2018.

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

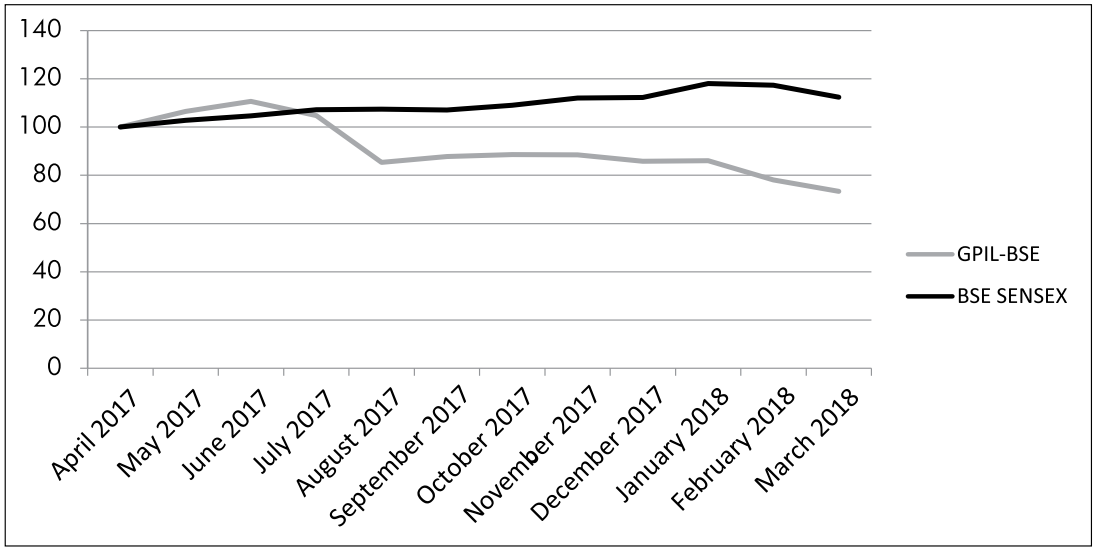
The Company has paid the listing fees to the above Stock Exchange(s) for the financial year 2018-19.

vi) Market Price Data of equity shares of the Company

The High and Low prices of the equity shares of the Company at BSE Limited (BSE) and National Stock Exchange (NSE) for the year ended 31st March, 2018 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
Apr-17	1,246.00	1,075.00	1249.00	1070.00
May-17	1,317.20	1,155.40	1317.70	1154.05
Jun-17	1,375.80	1,192.45	1322.40	1192.00
Jul-17	1,330.00	1,100.05	1329.00	1077.85
Aug-17	1,146.00	835.10	1140.00	830.00
Sep-17	1,083.75	952.55	1085.00	950.00
Oct-17	1,059.65	995.00	1061.00	1000.00
Nov-17	1,076.80	975.60	1076.25	980.00
Dec-17	1,025.95	965.00	1025.95	960.15
Jan-18	1,079.75	917.55	1080.00	917.00
Feb-18	985.00	826.00	984.00	825.15
Mar-18	909.00	792.00	910.65	785.00

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



Note: The chart above has average of high & low of the share price vis a vis average of high & low of Sensex indexed to 100 of each month for the financial year 2017-18.

viii) Registrar and Share Transfer Agents

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

ix) Share Transfer System

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

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

x) Distribution of shareholding as on March 31, 2018

Range of Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1-5000	21510	99.09	51,69,247	9.94
5001-10000	110	0.51	7,55,581	1.45
10001-20000	27	0.12	3,70,045	0.71
20001-30000	13	0.06	3,14,921	0.61
30001-40000	6	0.03	2,11,218	0.41
40001-50000	2	0.01	93,500	0.18
50001-100000	15	0.07	11,39,970	2.19
100001 and above	24	0.11	4,39,39,438	84.51
TOTAL	**21707**	**100.00**	**5,19,93,920**	**100.00**

xi) Categories of shareholding as on March 31, 2018

Category of Shareholder	Number of Shares	Percentage of Shares
A. Promoter and Promoter Group	3,75,34,786	72.19
B. Public Shareholding		
Foreign Institutional Investors		
Foreign Banks	1500	0.00
Foreign Portfolio Investors – Corp.	62,00,126	11.92
Mutual Funds/UTI	7,48,962	1.44
Financial Institutions/Banks	57,909	0.11
Bodies Corporate	4,69,524	0.90
Individuals	61,24,085	11.79
Central Government/ State Government(s)	2,02,090	0.39
NRIs and OCBs	1,69,597	0.33
Other Directors & Relatives	28,000	0.05
Unclaimed Suspense Account		
a. Physical	20955	0.04
b. Demat	190595	0.37
Others	2,45,791	0.47
Total Public Shareholding	**1,44,59,134**	**27.81**
Total Shareholding (A+B)	**5,19,93,920**	**100.00**

xii) Dematerialisation of shares

The shares of the Company are compulsorily traded in the dematerialised form and are available for trading under both the Depository Systems- NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd). As on March 31, 2018, a total of 5,08,84,879 equity shares of the Company, which forms 97.87% 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. During the year under report, the Company closed its Tea Packaging & Blending plant at Bazpur.

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

xv) Address for Correspondence

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

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

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

xvi) Corporate Identity Number (CIN): L16004MH1936PLC008587

15. DETAILS OF UNCLAIMED SHARES

Equity Shares in the Suspense Account

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

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2017	Nil	Nil
Number of shareholders and the outstanding shares are transferred to suspense account during the reporting period	591	329,290
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	2	645*
Shareholders to whom shares were transferred from the suspense account during the year	1	500
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	306	117,240
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2018	284**	211,550**

* 145 shares belonging to a shareholder were transferred out after 31st March, 2018.

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

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 : 11th August, 2018

R.A. SHAH
Chairman

CERTIFICATE

GODFREY PHILLIPS
INDIA LIMITED

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

The Board of Directors
Godfrey Phillips India Limited
49, Community Centre
Friends Colony
New Delhi – 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, 2018.

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

Place : New Delhi
Date : May 29, 2018

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, 2018 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, 2018 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, 2018 there has not been any significant change in internal control over financial reporting and in accounting policies and that there is no instance of any fraud involving management or other employees having significant role in the Company's internal control system over financial reporting.

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

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

Place : New Delhi
Date : May 29, 2018

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

THE MEMBERS OF
GODFREY PHILLIPS INDIA LIMITED

1. The Corporate Governance Report prepared by Godfrey Phillips India Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

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 express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 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. Reading and understanding of 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 w.r.t executive and non-executive directors has been met throughout the reporting period;
   iii. Obtained and read the Directors Register as on March 31, 2018 and verified that at-least one women director was on the Board during the year;
   iv. Obtained and read the minutes of the following committee meetings held from April 1, 2018 to March 31,2018:
      (a) Board of Directors meeting;
      (b) Audit committee;
      (c) Annual General meeting;
      (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; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

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

8. 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, 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. 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.

10. 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

Place : New Delhi
Date : August 11, 2018

{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	www.godfreyphillips.com
5.	E-mail id	isc-gpi@modi.com
6.	Financial Year reported	2017-18
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. 287666.74 Lakhs
3.	Total profit after taxes	Rs 16076.24 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/Directors responsible for implementation of the BR policy/policies

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

(b) Details of the BR head

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

2.

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

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.								

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

4. Governance related to BR	As a statutory requirement this report has been compiled and is annexed to the duly approved report of the Board of Directors. Various policies are disclosed on the Company's website www.godfreyphillips.com. Various policies and procedures are already aligned to this endeavor on continuous basis.

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.

There were 34 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, 2018.

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. Various measures are taken to save energy at factory locations.

Sustainable sourcing policies are followed by the Company, including in vendor selection and vendor evaluation mechanism. 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 standard 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 supplier 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 training to unskilled employees in order to upgrade their level of skills and thereby improve their earning ability.

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: 972
2. Total number of employees hired on temporary/contractual/casual basis: 774
3. The Number of permanent women employees: 53
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? : 16.15%

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

The employee data provided above is inclusive of those employed by the wholly owned subsidiary, International Tobacco Company Limited, which operates a cigarette manufacturing facility for the Company.

8. Percentage of under mentioned employees were given safety & skill up-gradation training in the last year?
   (a) Permanent employees : 42%
   (b) Permanent women employees : 25%
   (c) Casual/Temporary/Contractual employees : 87%
   (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 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.

Principle 4 – Responsiveness to Stakeholders

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

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

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

Principle 5 – Respect for Human Rights

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

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), PHDCCI, ASSOCHAM, Tobacco Institute of India, Thane Belapur Industrial Association, Trans Thane Creek Waste Management Association, Kumaun Garhwal Chamber of Commerce and Industry.

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. 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.

GODFREY PHILLIPS
—INDIA LIMITED—

INDEPENDENT AUDITOR'S REPORT

To the members of Godfrey Phillips India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Godfrey Phillips India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 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 purpose 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, 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 Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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) 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, 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

Other Matter

The Ind AS financial statements of the Company as at and for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 30, 2017.

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 29, 2018

(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 not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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 31 March 2018 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of tea, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, in respect of any other segment 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, sales tax and value added tax and service tax which have not been deposited on account of any dispute and where the Company is in appeal are as follows:

Nature of the Statute	Nature of the Dues	Amount (Rs. In Lakhs)	Amount Deposited (Rs. In Lakhs)	Financial Years 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
		4.05	1.72	2011-12, 2014-15 & 2015-16	Upto Commissioner (Appeals) Level
Madhya Pradesh VAT Act, 2002	Value Added Tax	2.13	0.23	2014-15	Sales Tax Tribunal
		21.50	6.06	2012-13	Upto Commissioner (Appeals) Level
Goa VAT Act, 2005		0.99	-	2009-10	Upto Commissioner (Appeals) Level
Rajasthan VAT Act, 2003		205.50	64.53	2008-09 to 2013-14	Upto Commissioner (Appeals) Level
West Bengal VAT Act, 2003		4.55	0.68	2014-15	Upto Commissioner (Appeals) Level
Uttar Pradesh (UP) VAT Act, 2008		222.40	151.96	2007-08, 2012-13	Sales Tax Tribunal
		18.36	12.52	2006-07	High Court
		66.82	46.78	2015-16	Upto Commissioner (Appeals) Level
Central Excise Act, 1944	Excise Duty	22.69	-	2010-11 to 2016-17	Upto Commissioner (Appeals) Level
		1,291.18	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
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:

Nature of the Statute	Nature of the Dues	Amount (Rs. In Lakhs)	Financial Years to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Income Tax	340.54	1969-70, 1974-75 to 1977-78, 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
Central Excise Act, 1944	Excise duty	13,878.03	2002-03 to 2007-08, 2009-10 & 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	10.4	2007-08	High Court

There are no dues of custom duty, goods and service tax 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

per Atul Seksaria
Partner
Membership Number: 086370

Place of Signature: New Delhi
Date: May 29, 2018

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 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, 2018 in conjunction with our audit of the standalone 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 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.

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 and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 29, 2018

GODFREY PHILLIPS
INDIA LIMITED

BALANCE SHEET
as at March 31, 2018

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2018	As at 31.3.2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	**61057.31**	66094.59
Capital work-in-progress	6	**1761.42**	1270.49
Investment property	7	**853.95**	484.13
Intangible assets	8	**432.81**	635.79
Financial assets			
- Investments	9	**72483.19**	40972.19
- Loans	10	**627.91**	659.20
- Other financial assets	15	**1249.16**	780.18
Deferred tax assets (Net)	11	**-**	179.88
Income tax assets (Net)	24	**2056.20**	2014.03
Other non-current assets	16	**3037.87**	2347.85
Total non-current assets		**143559.82**	115438.33
Current assets			
Inventories	12	**51101.31**	57731.73
Financial assets			
- Investments	9	**17032.91**	9034.12
- Trade receivables	13	**8750.61**	17536.94
- Cash and cash equivalents	14	**1460.04**	587.03
- Other bank balances	14	**2211.91**	2134.70
- Loans	10	**120.35**	131.85
- Other financial assets	15	**285.48**	132.95
Other current assets	16	**7058.20**	5043.35
		88020.81	92332.67
Assets classified as held for sale	17	**-**	215.45
Total current assets		**88020.81**	92548.12
Total assets		**231580.63**	207986.45
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**1039.88**	1039.88
Other equity	19	**169687.92**	158143.13
Total equity		**170727.80**	159183.01
Liabilities			
Non-current liabilities			
Financial liabilities			
- Other financial liabilities	21	**86.53**	43.03
Provisions	22	**4725.09**	5698.71
Deferred tax liabilities (Net)	11	**71.99**	-
Total non-current liabilities		**4883.61**	5741.74
Current liabilities			
Financial liabilities			
- Borrowings	20	**2671.94**	4621.93
- Trade payables	23	**17418.95**	16332.93
- Other financial liabilities	21	**2022.26**	5465.88
Other current liabilities	25	**31545.76**	15208.22
Provisions	22	**1589.37**	938.31
Income tax liabilities (Net)	24	**720.94**	494.43
Total current liabilities		**55969.22**	43061.70
Total liabilities		**60852.83**	48803.44
Total equity and liabilities		**231580.63**	207986.45
Notes forming part of the 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 Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

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

BINA MODI
(DIN 00048606)

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

Directors

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

GODFREY PHILLIPS
INDIA LIMITED

Rupees in Lakhs

Particulars	Note No.	Year ended 31.3.2018	Year ended 31.3.2017
I. Revenue from operations	26	**287666.74**	439572.33
II. Other income	27	**5360.67**	4708.86
III. Total income (I+II)		**293027.41**	444281.19
IV. Expenses			
Cost of materials consumed	28	**67133.12**	59857.51
Purchases of traded goods	29	**39145.25**	55326.08
Changes in inventories of finished goods, traded goods and work-in-process	30	**12845.06**	11857.56
Excise duty		**56509.40**	200922.95
Employee benefits expenses	31	**20939.56**	23294.79
Finance costs	32	**151.24**	345.00
Depreciation and amortisation expenses	6,7 & 8	**9564.73**	9412.82
Other expenses	33	**65310.25**	63487.00
Total expenses		**271598.61**	424503.71
V. Profit before exceptional items and tax (III-IV)		**21428.80**	19777.48
VI. Exceptional items	47	**2000.00**	-
VII. Profit before tax (V+VI)		**23428.80**	19777.48
VIII. Tax expense:	11		
- Current tax		**7100.69**	5136.50
- Deferred tax charge		**251.87**	1005.64
		7352.56	6142.14
IX. Profit for the year (VII-VIII)		**16076.24**	13635.34
X. Other comprehensive income			
Items that will not to be reclassified to profit or loss			
(i) Profit/(Loss) on remeasurements of the defined benefit plans		**726.15**	(626.73)
(ii) Tax relating to items that will not be reclassified to profit or loss		**(251.31)**	216.90
Total other comprehensive income, net of tax (i+ii)		**474.84**	(409.83)
XI. Total comprehensive income for the year (IX+X)		**16551.08**	13225.51
Basic and Diluted Earnings per share after tax and exceptional items (Face value of share - Rs. 2 each)	35	**Rs. 30.92**	Rs. 26.22
Basic and Diluted Earnings per share after tax but before exceptional items (Face value of share - Rs. 2 each)	35	**Rs. 28.40**	Rs. 26.22
Notes forming part of the 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 Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

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

BINA MODI
(DIN 00048606)

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
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Directors

GODFREY PHILLIPS
—INDIA LIMITED—

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

Rupees in Lakhs

(a) Equity share capital	**Amount**
Balance at April 1, 2016	**1039.88**
Changes in equity share capital during the year	-
Balance at March 31, 2017	**1039.88**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**1039.88**

(b) Other equity	**Reserves and surplus**			
	General reserves	**Capital redemption reserve**	**Retained earnings**	**Total**
Balance at April 01, 2016	**29930.72**	**30.00**	**119963.19**	**149923.91**
Profit for the year	-	-	13635.34	13635.34
Other comprehensive income for the year, net of income-tax	-	-	(409.83)	(409.83)
Total comprehensive income	**-**	**-**	**13225.51**	**13225.51**
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	(4159.51)
Dividend distribution tax	-	-	(846.78)	(846.78)
Transfer to general reserve from retained earnings	2000.00	-	(2000.00)	-
Balance at March 31, 2017	**31930.72**	**30.00**	**126182.41**	**158143.13**
Profit for the year	-	-	16076.24	16076.24
Other comprehensive income for the year, net of income-tax	-	-	474.84	474.84
Total comprehensive income	**-**	**-**	**16551.08**	**16551.08**
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)	-
Balance at March 31, 2018	**34430.72**	**30.00**	**135227.20**	**169687.92**

Notes forming part of the 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 Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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Directors

CASH FLOW STATEMENT
for the year ended March 31, 2018

GODFREY PHILLIPS
INDIA LIMITED

Rupees in Lakhs

Particulars	For the year ended 31.3.2018	For the year ended 31.3.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**23428.80**	19777.48
Adjustments for:		
Depreciation and amortisation expenses	**9564.73**	9412.82
Interest income from:		
- Debts, deposits, loans and advances, etc.	**(184.17)**	(208.14)
- Non-current investments	**(35.57)**	(34.80)
Dividend income	**(271.76)**	-
Net gain on sale/redemption/fair value of long term investments	**(3605.35)**	(3396.16)
Net gain on sale/redemption/fair value of short term investments	**(397.04)**	(646.73)
Exchange loss on foreign currency bank balance	**1.01**	0.69
Exchange loss on non-current foreign currency borrowings	**-**	31.65
Interest expenses		
- On borrowings	**43.15**	216.18
- Others	**74.50**	64.73
Bad debts and advances written off	**122.41**	53.54
Provision for doubtful debts and advances	**186.20**	-
Liabilities written back	**(129.04)**	(86.66)
Investments written off	**-**	0.25
Property, plant and equipment written off	**37.00**	12.92
Loss on sale of property, plant and equipment (net)	**196.39**	37.23
Write down in the value of assets classified as held for sale	**215.45**	217.01
Operating profit before working capital changes	**29246.71**	25452.01
Adjustments for:		
Decrease/(Increase) in Trade receivables, loans, other financial assets and other assets	**5930.99**	(6434.83)
Decrease in Inventories	**6630.42**	8900.97
Increase in Trade payables, other financial liabilities, other liabilities and provisions	**16786.53**	2560.99
	29347.94	5027.13
Cash generated by operating activities	**58594.65**	30479.14
Income taxes paid (net)	**(7167.66)**	(5673.18)
Net cash generated by operating activities	**51426.99**	24805.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(6000.87)**	(6587.54)
Proceeds from sale of property, plant and equipment	**259.34**	119.91
Purchase of current and non-current investments	**(400300.43)**	(261938.90)
Proceeds from sale of current and non-current investments	**364793.02**	255563.04
Dividend income	**271.76**	-
Interest received	**154.09**	160.18
Fixed deposit made	**(60.80)**	(460.80)
Net cash (used in) investing activities	**(40883.89)**	(13144.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of non-current borrowings	**(2594.00)**	(6063.88)
Repayment of current borrowings (Net)	**(1949.99)**	(651.47)
Interest paid	**(118.80)**	(282.78)
Dividend paid	**(4143.10)**	(4151.25)
Dividend distribution tax paid	**(846.78)**	(846.78)
Net cash (used in) financing activities	**(9652.67)**	(11996.16)
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B +C)	**890.43**	(334.31)
Cash and cash equivalents at the beginning of the year (Refer Note 1 below)	**781.26**	1116.26
	1671.69	781.95
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	**(1.01)**	(0.69)
Cash and cash equivalents at the end of the year (Refer Note 1 below)	**1670.68**	781.26

Note 1:

For the purpose of statement of cash flows, cash and cash equivalents comprises the following:

	As at 31.3.2018	As at 31.3.2017
Cash and cash equivalents (Refer Note No.14)	**1460.04**	587.03
Earmarked unpaid dividend accounts* (Refer Note No.14)	**210.64**	194.23
Total	**1670.68**	781.26

*Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend

Note 2:

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

Notes forming part of the financial statements 1-51

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

Place : New Delhi
Date : May 29, 2018

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

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ANUP N. KOTHARI
(DIN 00294737)

Directors

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, tea 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 29, 2018.

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.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. 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. 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.

4.1.1. 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.

4.1.2. **Income from services**

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

4.1.3. **Dividend and interest income**

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

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

4.1.4. **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 except in respect of the Plant and Machinery pertaining to retail business, in which case the life of the assets has been assessed as 5 years, taking into account their nature, their estimated usage, their operating conditions, past history of their replacement and maintenance support, etc.

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

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

The useful life estimated above are 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 assesment 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 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 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 assert 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 basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.21. 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.

5. Significant accounting judgements, estimates and assumptions

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

Judgements and estimates

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

Defined benefit plans (Gratuity)

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

reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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

Fair value measurement of financial instruments

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

Useful lives of property, plant and equipment and intangible assets

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

Provisions and contingent liabilities

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

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

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
Carrying amount of:		
Property, plant and equipment	**61057.31**	66094.59
Capital work-in-progress	**1761.42**	1270.49

	Land-freehold	**Buildings***	**Leasehold building improvements**	**Plant and machinery**	**Electrical installation and equipments**	**Computers & information technology equipments**	**Furniture, fixtures and office equipments**	**Motor vehicles**	**Total**
Cost									
Balance at April 01, 2016	**942.41**	**17491.82**	**1814.59**	**48903.95**	**475.09**	**1966.17**	**2184.18**	**2243.37**	**76021.58**
Additions	16.70	3887.96	117.22	3888.88	107.70	101.40	547.76	610.50	**9278.12**
Disposals	-	-	-	3.25	0.67	11.31	13.93	194.75	**223.91**
Balance at March 31, 2017	**959.11**	**21379.78**	**1931.81**	**52789.58**	**582.12**	**2056.26**	**2718.01**	**2659.12**	**85075.79**
Additions	-	115.57	824.00	2455.98	173.97	223.78	673.41	720.29	**5187.00**
Transfer out**	-	420.51	-	-	-	-	-	-	**420.51**
Disposals	-	-	-	490.11	2.46	13.92	146.79	233.12	**886.40**
Balance at March 31, 2018	**959.11**	**21074.84**	**2755.81**	**54755.45**	**753.63**	**2266.12**	**3244.63**	**3146.29**	**88955.88**
Accumulated depreciation									
Balance at April 01, 2016	**-**	**1218.18**	**50.99**	**7260.36**	**54.42**	**453.14**	**414.10**	**387.80**	**9838.99**
Depreciation expense	-	693.47	109.87	7064.42	67.98	426.11	422.18	412.03	**9196.06**
Eliminated on disposals of assets	-	-	-	1.96	0.09	3.99	3.06	44.75	**53.85**
Balance at March 31, 2017	**-**	**1911.65**	**160.86**	**14322.82**	**122.31**	**875.26**	**833.22**	**755.08**	**18981.20**
Depreciation expense	-	701.51	196.21	7127.70	75.68	442.50	400.18	390.85	**9334.63**
Transfer out**	-	23.57	-	-	-	-	-	-	**23.57**
Eliminated on disposals of assets	-	-	-	186.98	0.80	5.41	66.81	133.69	**393.69**
Balance at March 31, 2018	**-**	**2589.59**	**357.07**	**21263.54**	**197.19**	**1312.35**	**1166.59**	**1012.24**	**27898.57**
Net book value									
Balance at March 31, 2018	**959.11**	**18485.25**	**2398.74**	**33491.91**	**556.44**	**953.77**	**2078.04**	**2134.05**	**61057.31**
Balance at March 31, 2017	959.11	19468.13	1770.95	38466.76	459.81	1181.00	1884.79	1904.04	66094.59

Notes:

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

** In current 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 have been transferred to Investment Property (Refer Note No. 7).

Rupees in Lakhs

7. Investment Property

	Freehold Land	Building	Total
Cost			
Balance as at April 1, 2016	1.60	506.29	507.89
Additions	-	-	-
Disposals	-	-	-
Balance as at March 31, 2017	**1.60**	**506.29**	**507.89**
Additions	-	-	-
Transfer in (Refer Note No.6)	-	420.51	420.51
Disposals	-	-	-
Balance as at March 31, 2018	**1.60**	**926.80**	**928.40**
Accumulated depreciation and impairment			
Balance as at April 1, 2016	-	11.88	11.88
Depreciation expense	-	11.88	11.88
Disposals	-	-	-
Balance as at March 31, 2017	**-**	**23.76**	**23.76**
Depreciation expense	-	27.12	27.12
Transfer in (Refer Note No.6)	-	23.57	23.57
Disposals	-	-	-
Balance as at March 31, 2018	**-**	**74.45**	**74.45**
Carrying amount			
Balance at March 31, 2018	**1.60**	**852.35**	**853.95**
Balance at March 31, 2017	1.60	482.53	484.13

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 31.3.2018	As at 31.3.2017
Located in Maharashtra	**29177.43**	27646.20
Located in Uttarakhand	**629.34**	-
	29806.77	27646.20

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. 44.15 lakhs (previous year Rs. Nil) 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 arive at the fair values.

Description of valuation technique

	Valuation technique	Significant unobservable inputs	Assumption used	
			As at March 31, 2018	As at March 31, 2017
Located in Maharashtra				
Factory Land and Building (including Godown)	Market Value Method	Industrial rate for sales (Rs./Sq.Ft.)	15000 to 17500	15000 to 17000
Office Building	Market Value Method	Fair Market Value (Rs./Sq.Ft.)	35000	35000
Located in Uttarakhand				
Factory Building (including Admin Block)	Market Value Method	Fair Market Value (Rs./Sq.Ft.)	10350 to 15750	-

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 31.3.2018	As at 31.3.2017
8. Intangible assets		
Carrying amount of		
- Computer software	**432.81**	635.79
	432.81	635.79
	Computer Software	
Cost		
Balance at April 1, 2016	**578.66**	
Additions	422.60	
Disposals	-	
Balance at March 31, 2017	**1001.26**	
Additions	-	
Disposals	-	
Balance at March 31, 2018	**1001.26**	
Accumulated amortisation		
Balance at April 1, 2016	**160.59**	
Amortisation expense	204.88	
Disposals	-	
Balance at March 31, 2017	**365.47**	
Amortisation expense	202.98	
Disposals	-	
Balance at March 31, 2018	**568.45**	
Net book value		
Balance at March 31, 2018	**432.81**	
Balance at March 31, 2017	635.79	
9. Financial assets - Investments		
Non-current		
Investment in equity instruments		
- Subsidiary Companies	**8358.55**	7627.90
- Associate Companies	**130.22**	130.22
Investment in mutual funds	**63359.23**	32779.06
Investment-others	**635.19**	435.01
	72483.19	40972.19
Current		
Investment in mutual funds	**17032.91**	9034.12
	17032.91	9034.12
Aggregate value of unquoted investments non-current	**8984.77**	8254.12
Aggregate value of quoted investments non-current	**63994.42**	33214.07
Aggregate value of quoted investments current	**17032.91**	9034.12
Market value of quoted investments non-current	**64036.89**	33266.22
Market value of quoted investments current	**17032.91**	9034.12
Aggregate value of diminution other than temporary in value of investments non-current	**496.00**	496.00
Classification of investments as per Ind AS 109		
Investments carried at fair value through profit or loss (FVTPL)	**80592.32**	41813.18
Investments carried at amortised cost	**435.01**	435.01
	81027.33	42248.19

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
9.1 Investment in subsidiaries		
Break-up of investment in subsidiaries (carrying amount at cost)		
Unquoted investment		
International Tobacco Company Limited		
3,00,000 Equity shares of Rs.100 each fully paid up	**3250.00**	3250.00
Godfrey Phillips Middle East DMCC		
200 Equity shares of AED 1000 each fully paid up	**35.50**	35.50
Flavors And More, Inc. (Refer Note No.48)		
980 (Previous year 725) Ordinary shares with no par value	**1298.90**	968.25
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 Rs.75 paid up (Previous year Rs.50 paid up)	**1200.00**	800.00
	8358.55	7627.90
9.2 Investment in associates		
Break-up of investment in associates (carrying amount at cost)		
Unquoted investment		
IPM India Wholesale Trading Private Limited		
49,60,000 Equity shares of Rs. 10 each fully paid up	**496.00**	496.00
Less: Provision for impairment 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		
1,99,673 Equity shares of Rs.10 each fully paid up	**19.97**	19.97
	130.22	130.22
	8488.77	7758.12
9.3 Other equity instruments		
Investments in equity investments (valued at fair value)		
Unquoted investment		
Molind Engineering Limited		
3,500 Equity shares of Rs.10 each fully paid up	**0.25**	0.25
Less: Written-off	**0.25**	0.25
Investment in other equity instruments	**-**	-
9.4 Investment in mutual funds		
Non-current investment in mutual funds		
(valued at fair value through profit or loss)	**63359.23**	32779.06
Current investment in mutual funds		
(valued at fair value through profit or loss)	**17032.91**	9034.12
Break-up of non-current investment in mutual funds		
Franklin Templeton Mutual Fund		
1,00,00,000 Units of Franklin India Fixed Maturity Plan-Series 2- Plan C- Direct-Growth of Rs. 10 each (purchased during the year)	**1015.72**	-
50,00,000 Units of Franklin India Fixed Maturity Plan-Series 3- Plan C- Direct- of Rs. 10 each (purchased during the year)	**502.73**	-
ICICI Prudential Mutual Fund		
13,88,808 Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each	**764.56**	726.03
41,57,762 Units of ICICI Prudential Short Term-Direct Plan-Growth of Rs.10 each	**1559.34**	1456.50
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	**1545.55**	1452.09
29,21,824 Units of ICICI Prudential Banking & PSU Debt Fund-Direct-Growth of Rs.10 each	**590.72**	553.08
75,73,199 (Previous year - 38,32,196) Units of ICICI Prudential Corporate Bond Fund Direct Growth of Rs. 10 each	**2142.46**	1008.31
28,01,120 Units of ICICI Prudential Balanced Advantage Fund-Direct -Growth of Rs.10 each (purchased during the year)	**985.71**	-
Aditya Birla Sunlife Mutual Fund (formerly known as Birla Mutual Fund)		
19,53,831 Units of Aditya Birla Sun Life Income Plus-Growth-Regular Plan of Rs.10 each	**1484.73**	1431.91
8,72,520 Units of Aditya Birla Sun Life Short Term Fund-Growth-Direct Plan of Rs. 10 each	**583.02**	545.70
50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) - Growth Direct Plan of Rs. 10 each	**539.77**	500.45

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
Break-up of non-current investment in mutual funds (continued)		
46,01,340 Units of Aditya Birla Sunlife Medium Term Plan-Direct-Growth of Rs.10 each (purchased during the year)	**1045.39**	-
38,98,939 Units of Aditya Birla Sunlife Corporate Bond Fund-Direct-Growth of Rs.10 each (purchased during the year)	**518.75**	-
1,00,00,000 Units of Aditya Birla Sunlife Fixed Term Plan -Series PG (1148 Days) - Direct-Growth of Rs.10 each (purchased during the year)	**1010.68**	-
61,167 Units of Aditya Birla Sunlife Balanced 95 Fund - Direct-Growth of Rs.10 each (purchased during the year)	**475.86**	-
IDFC Mutual Fund		
52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan-Growth-(Direct Plan) of Rs.10 each	**2275.24**	2209.24
HDFC Mutual Fund		
60,89,466 Units of HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option of Rs.10 each	**1181.83**	1106.91
2,60,51,855 (Previous year - 76,71,948) Units of HDFC Banking & PSU Debt Fund Direct Growth Plan of Rs. 10 each	**3696.39**	1018.66
68,09,948 Units of HDFC Corporate Debt Opportunities Fund-Direct -Growth of Rs.10 each (purchased during the year)	**1016.98**	-
50,00,000 Units of HDFC Fixed Maturity Plan 1177D March, 2018(1) -Direct-Growth-Series 39 of Rs.10 each (purchased during the year)	**500.00**	-
3,20,842 Units of HDFC Balanced Fund-Direct-Growth of Rs.10 each (purchased during the year)	**489.96**	-
SBI Mutual Fund		
1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	**2257.09**	2185.44
83,68,134 Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs. 10 each.	**1715.54**	1609.30
36,78,702 Units of SBI Corporate Bond Fund-Direct-Growth of Rs.10 each (purchased during the year)	**1058.08**	-
50,00,000 Units of SBI Debt Fund Series -C-12-(1122 Days) -Direct-Growth of Rs. 10 each (purchased during the year)	**502.69**	-
3,81,300 Units of SBI Magnum Balanced Fund -Direct-Growth of Rs. 10 each (purchased during the year)	**491.23**	-
AXIS Mutual Fund		
79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	1**492.73**	1423.02
72,29,194 Units of AXIS Fixed Income Opportunities Fund-Direct-Growth of Rs.10 each (purchased during the year)	**1029.11**	-
DSP BlackRock Mutual Fund		
1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	**2237.55**	2164.51
34,77,511 Units of DSP BlackRock Credit Risk Fund -Direct-Growth (purchased during the year)	**1024.63**	-
1,00,00,000 Units of DSP BlackRock Fixed Maturity Plan- Series 221-40M -Direct-Growth (purchased during the year)	**1013.21**	-
DHFL Pramerica Mutual Fund		
63,55,000 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs.10 each	**2113.13**	1962.57
1,62,327 Units of DHFL Pramerica Insta Cash Plus Fund-Bonus of Rs.10 each	**249.68**	233.85
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AC - Direct Plan-Growth of Rs. 1000 each	**547.46**	503.55
35,20,904 Units of DHFL Pramerica Medium Term Income Fund-Direct-Growth of Rs. 10 each (purchased during the year)	**532.41**	-
35,80,149 Units of DHFL Pramerica Credit Opportunities Fund -Direct -Growth (purchased during the year)	**511.01**	-
50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AR -Direct Plan-Growth (purchased during the year)	**502.46**	-
Reliance Mutual Fund		
Nil (Previous year 1,00,00,000 Units) of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	**-**	1383.33
33,73,190 Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	**553.41**	532.17
32,66,543 Units of Reliance Short Term Fund-Direct Growth Plan of Rs. 10 each	**1100.33**	1032.25
1,00,00,000 Units of Reliance Fixed Horizon Fund XXXIII-Series 5 -Direct Plan-Growth of Rs. 10 each	**1094.38**	1000.00
73,87,161 Units of Reliance Corporate Bond Fund-Direct-Growth of Rs.10 each (purchased during the year)	**1069.62**	-
1,00,00,000 Units of Reliance Fund Horizon Fund -XXXV-Series 16- Direct Growth of Rs.10 each (purchased during the year)	**1019.61**	-
50,00,000 Units of Reliance Fixed Horizon Fund -XXXV-Series 8- Direct Growth of Rs.10 each (purchased during the year)	**502.23**	-

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
Break-up of non-current investment in mutual funds (continued)		
UTI Mutual Fund		
1,51,52,603 Units of UTI- Short Term Income Fund- Institutional Option-Direct Growth of Rs. 10 each	**3278.37**	3079.47
76,42,438 Units of UTI- Dynamic Bond Fund- Direct Plan-Growth of Rs.10 each	**1582.98**	1503.70
1,52,09,282 Units of UTI Income Opportunities Fund -Direct-Growth of Rs. 10 each (purchased during the year)	**2567.94**	-
TATA Mutual Fund		
34,85,851 Units of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	**1168.95**	1097.50
50,00,000 Units of Tata Fixed Maturity Plan Series 53 Scheme A-Direct -Growth of Rs. 10 each (purchased during the year)	**502.51**	-
KOTAK Mutual Fund		
33,48,603 Units of Kotak Bond (Short Term)-Direct Plan-Growth of Rs. 10 each	**1127.76**	1059.52
76,74,987 Units of Kotak Income Opportunities Fund-Direct-Growth of Rs. 10 each (purchased during the year)	**1540.64**	-
50,00,000 Units of Kotak Fixed Maturity Plan Series 220 - Direct-Growth (purchased during the year)	**500.00**	-
Edelweiss Mutual Fund		
74,63,076 Units of Edelweiss Corporate Bond Fund-Direct Growth (CD-D1) of Rs. 10 each (purchased during the year)	**1015.74**	-
IIFL Mutual Fund		
35,22,764 Units of IIFL Dynamic Bond Fund -Direct -Growth of Rs. 10 each (purchased during the year)	**502.48**	-
HSBC Mutual Fund		
1,00,00,000 Units of HSBC FTS 133-Growth-Direct -1134 days of Rs.10 each (purchased during the year)	**1000.00**	-
L&T Mutual Fund		
24,92,473 Units of L&T Income Opportunities Fund -Direct -Growth of Rs. 10 each (purchased during the year)	**508.06**	-
Sundaram Mutual Fund		
1,50,00,000 Units of Sundaram FTP IE Series 1200 Days-Direct -Growth of Rs. 10 each (purchased during the year)	**1520.82**	-
Total aggregate non-current investment in mutual funds	**63359.23**	32779.06
Aditya Birla Sunlife Mutual Fund		
Nil (Previous year 50,00,000) Units of Aditya Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs. 10 each	**-**	635.62
TATA Mutual Fund		
Nil (Previous year 50,00,000) Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	**-**	637.17
Sundaram Mutual Fund		
Nil (Previous year 1,00,00,000) Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	**-**	1333.78
SBI Mutual Fund		
Nil (Previous year 50,00,000) SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	**-**	651.23
HDFC Mutual Fund		
Nil (Previous year 50,00,000) Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs. 10 each	**-**	635.38
ICICI Prudential Mutual Fund		
Nil (Previous year 50,00,000) Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each	**-**	639.75
UTI Mutual Fund		
Nil (Previous year 1,69,011) Units of UTI- Liquid Cash Plan Growth Fund- Direct Plan-Growth of Rs.1,000 each	**-**	4501.19
ICICI Mutual Fund		
66,43,408 Units of ICICI Prudential Liquid Fund-Growth of Rs.100 each (purchased during the year)	**17032.91**	-
Total aggregate current investment in mutual funds	**17032.91**	9034.12
9.5 Investment-others		
Investments in bonds (valued at amortised cost)		
Indian Railway Finance Corporation Limited		
43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up	**435.01**	435.01
Investment in Alternative Investment Funds (valued at fair value through profit or loss)		
19,96,885 units of India Housing Fund of Rs. 10 each (purchased during the year)	**200.18**	-
	635.19	435.01

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
10. Financial assets - Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)		
Non-current		
Loans to related parties (Refer Note No.45)		
- Loan to officers	**21.10**	12.13
Loans to employees	**606.81**	647.07
	627.91	659.20
Current		
Loans to related parties (Refer Note No.45)		
- Loan to officers	**4.70**	2.70
- Loan to subsidiary companies	**14.28**	2.29
- Loan to other parties	**-**	0.01
Loans to employees	**101.37**	126.85
	120.35	131.85
Total	**748.26**	791.05

11. Income taxes

The major components of Income tax expenses are:

	Year ended 31.3.2018	Year ended 31.3.2017
Statement of profit and loss:		
Current income tax		
In respect of the current year	**7268.69**	5136.50
In respect of the prior years	**(168.00)**	-
Deferred tax		
In respect of the current year	**91.57**	1005.64
In respect of the prior years	**160.30**	-
Total income tax expense recognised in the statement of profit and loss	**7352.56**	6142.14
Statement of Other Comprehensive Income:		
Current tax related to items recognised in OCI during the year:		
In respect of the current year	**(251.31)**	216.90
Income tax charge to OCI	**(251.31)**	216.90
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**23428.80**	19777.48
Income tax expense calculated at corporate tax rate of 34.608%	**8108.24**	6844.59
Investment allowance on plant and machinery	**-**	(195.65)
Differential tax rate on long term capital gain on sale of investments and fair value (gain)/loss on investments	**(659.58)**	(677.39)
Effect of expenses that are not deductible in determining taxable profit	**177.86**	183.95
Effect of exempt non-operating income	**(106.06)**	(12.04)
Others	**(167.90)**	(1.32)
At the effective income tax rate of 31.38% (Previous year: 31.06%)	**7352.56**	6142.14

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

Deferred tax balances

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

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
Deferred tax asset		
Provisions for compensated absences	**2206.52**	2134.59
Accrued expenses deductible on payment basis	**968.68**	1144.92
Foreign exchange difference arising on account of import of fixed assets	**33.95**	71.00
Voluntary retirement scheme payments deductible in instalments	**-**	244.90
Provision for doubtful debts	**65.07**	-
Long term capital loss on investments sold*	**0.38**	154.52
Total deferred tax assets	**3274.60**	3749.93
Deferred tax liability		
Investment in mutual funds fair valued through profit or loss	**(1099.41)**	(1031.13)
Other financial assets (net)	**(0.45)**	(5.18)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	**(2246.73)**	(2533.74)
	(3346.59)	(3570.05)
Deferred tax (liability)/asset (net)	**(71.99)**	179.88

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

	Opening Balance	**Recognised in Profit & loss**	**Closing Balance**
For the year ended March 31, 2018			
Deferred tax assets in relation to:			
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 fixed assets	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
	3749.93	**(475.33)**	**3274.60**
Deferred tax liabilities in relation to:			
Investment in mutual funds fair valued through profit or loss	(1031.13)	(68.28)	(1099.41)
Other financial assets	(5.18)	4.73	(0.45)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2533.74)	287.01	(2246.73)
	(3570.05)	**223.46**	**(3346.59)**
Net deferred tax (liability)/asset	**179.88**	**(251.87)**	**(71.99)**

Rupees in Lakhs

	Opening Balance	Recognised in Profit & loss	Closing Balance
For the year ended March 31, 2017			
Deferred tax assets in relation to:			
Provisions for compensated absences	2075.33	59.27	2134.60
Accrued expenses deductible on payment basis	1109.06	35.86	1144.92
Foreign exchange difference arising on account of import of fixed assets	487.86	(416.86)	71.00
Voluntary retirement scheme payments deductible in instalments	489.81	(244.91)	244.90
Long term capital loss on investments sold*	265.92	(111.41)	154.51
	4427.98	**(678.05)**	**3749.93**
Deferred tax liabilities in relation to:			
Investment in mutual funds fair valued through profit or loss	(625.19)	(405.94)	(1031.13)
Other financial assets	(11.34)	6.16	(5.18)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	(2605.93)	72.19	(2533.74)
	(3242.46)	**(327.59)**	**(3570.05)**
Net deferred tax assets	**1185.52**	**(1005.64)**	**179.88**

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

	As at 31.3.2018	As at 31.3.2017
12. Inventories		
(Lower of cost and net realisable value)		
Raw and packing materials	**40539.03**	34327.46
Work-in-process	**640.28**	832.43
Finished goods*		
- Cigarettes	**6374.92**	13256.99
- Chewing products	**443.97**	1726.04
Traded goods	**1709.44**	6198.21
Stores and spare parts (Net of provision of Rs. 127.07 lakhs (Previous year Rs. 99.13 lakhs))	**1393.67**	1390.60
	51101.31	57731.73
Inventories include in-transit inventory of:		
Raw and packing materials	**3117.44**	1595.37
Finished goods		
- Cigarettes	**581.66**	138.23
Traded goods	**21.57**	-
Stores and spare parts	**0.79**	9.58

The cost of inventories recognised as an expense include Rs. 70.35 lakhs (Previous year Rs. 67.71 lakhs) in respect of write-downs of inventory to net realisable value.

* Includes excise duty of Rs. 501.28 lakhs (Previous year Rs. 8598.72 lakhs)

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
13. Financial assets - Trade receivables (at amortised cost)		
Unsecured - considered good		
Unsecured - considered good	**6824.93**	15486.60
Unsecured - considered doubtful	**186.20**	-
Receivable from Subsidiary (Refer Note No.45)	**1925.68**	2050.34
	8936.81	17536.94
Less: Provision for doubtful debts and advances	**186.20**	-
Total	**8750.61**	17536.94
The average credit period on sale of goods ranges upto 90 days. Generally no interest is charged on trade receivables.		
Age of receivables		
1-30 days past due	**4716.27**	3106.81
31-60 days past due	**564.91**	588.07
61-90 days past due	**1016.96**	401.35
91-180 days past due	**330.19**	440.32
More than 180 days past due	**266.73**	535.67
14. Financial assets - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	**55.08**	42.10
Cheques, drafts on hand	**62.16**	23.80
Balances with banks		
- In current accounts	**1342.80**	521.13
	1460.04	587.03
Other bank balances:		
In earmarked accounts for		
- Margin money*	**1999.25**	1938.60
- Unpaid dividend	**210.64**	194.23
- Fixed deposit receipts lodged with government authorities	**2.02**	1.87
	2211.91	2134.70
Cash and bank balances	**3671.95**	2721.73
*The Company has given margin money to fulfil collateral requirements.		
15. Other financial assets (at amortised cost)		
(unsecured considered good unless otherwise stated)		
Non-current		
Security deposits	**1249.16**	780.18
	1249.16	780.18
Current		
Security deposits	**82.41**	76.41
Interest accrued on bank and other deposits	**68.05**	56.54
Other receivables	**135.02**	-
	285.48	132.95

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
16. Other assets		
(unsecured considered good unless otherwise stated)		
Non-current		
Capital advances	**895.21**	223.99
Prepaid expenses	**483.67**	427.95
Leasehold land under operating lease	**1658.63**	1695.55
Others	**0.36**	0.36
	3037.87	2347.85
Current		
Balance with government authorities	**4479.66**	1222.44
Prepaid expenses	**496.32**	318.21
Leasehold land under operating lease	**36.92**	36.92
Export incentives accrued/available	**273.61**	509.47
Recoverable from gratuity fund (Refer Note No.42)	**110.09**	-
Prepayment to suppliers	**1347.87**	1671.48
Others	**313.73**	1284.83
	7058.20	5043.35
17. Assets classified as held for sale		
Property, plant and equipment held for sale-carrying value	**215.45**	434.03
Less: Write down in the value	**215.45**	217.01
Less: Disposal	**-**	1.57
	-	215.45
18. Equity share capital		
Authorised		
60,000 preference shares of Rs. 100 each	**60.00**	60.00
12,20,00,000 equity shares of Rs. 2 each	**2440.00**	2440.00
	2500.00	2500.00
Issued, subscribed and fully paid up		
5,19,93,920 equity shares of Rs. 2 each	**1039.88**	1039.88

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

(ii) The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share.
The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

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

	As at 31.3.2018		As at 31.3.2017	
Name of the shareholder	**Number of shares**	**% holding**	Number of shares	% holding
a) Philip Morris Global Brands Inc.	**13050475**	**25.10%**	13050475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	**15196660**	**29.23%**	15196660	29.23%
c) Good Investment (India) Ltd.	**4309220**	**8.29%**	4309220	8.29%
d) National Westminster Bank Plc As Trustee of The Jupiter India Fund	**3667722**	**7.05%**	3089482	5.94%

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

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
19. Other equity		
Capital redemption reserve	**30.00**	30.00
General reserve	**34430.72**	31930.72
Retained earnings	**135227.20**	126182.41
	169687.92	158143.13
General reserve		
Opening balance	**31930.72**	29930.72
Add: Transfer from retained earnings	**2500.00**	2000.00
Closing balance	**34430.72**	31930.72
Retained earnings		
Balance at beginning of year	**126182.41**	119963.19
Profit for the current year	**16076.24**	13635.34
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax*	**474.84**	(409.83)
Payment of dividend on equity shares (Rs.8 per share; previous year Rs.8 per share)	**(4159.51)**	(4159.51)
Dividend distribution tax	**(846.78)**	(846.78)
Transfer to general reserve	**(2500.00)**	(2000.00)
Balance at end of year	**135227.20**	126182.41

* Net of income tax of Rs. (251.31) lakhs (Previous year Rs.216.90 lakhs)

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

General reserve:
The amount transferred to the general reserve is Rs.2500 lakhs (previous year Rs.2000 lakhs). As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Retained earnings:
Retained earnings is the amount that can be distributed by the Company as dividends to its equity shareholders subject to the requirements of the Companies Act, 2013. The amount reported above are not distributable in entirety.
In respect of the year ended March 31, 2018, the directors have, in the board meeting held on May 29, 2018, proposed a dividend of Rs.8 per fully paid equity share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liability in the financial statements. The proposed equity dividend is payable to all the holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.4159.51 lakhs apart from Rs.855.00 lakhs towards dividend distribution tax.

	As at 31.3.2018	As at 31.3.2017
20. Financial liabilities - Borrowings		
Current borrowings-carried at amortised cost		
Secured		
Loans from banks repayable on demand*	**2671.94**	4621.93
Total current borrowings	**2671.94**	4621.93

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 8.05% to 9.85% per annum.

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
21. Other financial liabilities		
Non-current		
Security deposits - at amortised cost	**86.53**	43.03
	86.53	43.03
Current		
Current maturities of long term debts	**-**	2594.00
Interest accrued but not due on borrowings	**1.74**	2.89
Interest accrued on other than borrowings	**758.03**	713.07
Unclaimed dividends	**210.64**	194.23
Payable to gratuity fund (Refer Note No.42)	**-**	1253.37
Liability towards property, plant & equipments	**1039.38**	691.11
Security deposits - at amortised cost	**12.47**	17.21
	2022.26	5465.88
22. Provisions		
Non-current		
Provision for employee benefits		
-provision for compensated absences	**4725.09**	5698.71
	4725.09	5698.71
Current		
Provision for employee benefits		
-provision for compensated absences	**1589.37**	938.31
	1589.37	938.31
	6314.46	6637.02
23. Financial liabilities - Trade payables		
Micro and small enterprises (Refer Note No.39)	**5.94**	100.22
Other than Micro and small enterprises	**15757.96**	14331.76
Payables to subsidiary	**832.09**	1026.31
Employee payables	**822.96**	874.64
	17418.95	16332.93

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

24. Income tax assets and liabilities		
Income tax assets (net)		
Income tax recoverable	**2056.20**	2014.03
Total income tax assets	**2056.20**	2014.03
Income tax liabilities (net)		
Income tax payable (net of advance tax and TDS recoverable)	**720.94**	494.43
Total income tax liabilities	**720.94**	494.43
25. Other liabilities		
Current		
Statutory dues	**28768.80**	13786.59
Advances from customers	**2236.85**	1275.63
Book overdrafts	**505.86**	-
Others	**34.25**	146.00
	31545.76	15208.22

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
26. Revenue from operations		
Sale of products (including excise duty)*	**284624.05**	435944.17
Other operating revenues		
Export incentives	**312.75**	623.56
Contract manufacturing charges-Tea business	**129.09**	-
Recovery towards services rendered	**601.56**	1545.94
Receipts from sale of scrap and ancillary products	**655.29**	727.29
Insurance claims	**310.19**	83.23
Other receipts	**1033.81**	648.14
	3042.69	3628.16
Total revenue from operations	**287666.74**	439572.33

* 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 – 18 on Revenue and Schedule III of the Companies Act, 2013, levies like GST, GST Compensation Cess and VAT are not included in Gross Revenue from sale of products. Accordingly, Gross Revenue from sale of products and excise duty for the year ended March 31, 2018 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)	**580321.06**	538884.22
Taxes other than Excise Duty/NCCD (B)	**295697.01**	102940.05
Gross Revenue from sale of products and services [C=(A-B)]	**284624.05**	435944.17

27. Other income		
Interest income from:		
- Debts, deposits, loans and advances, etc.*	**184.17**	208.14
- Non-current investments valued on amortised cost	**35.57**	34.80
Dividend income	**271.76**	-
Rent and hire charges from:		
- Subsidiary company	**4.80**	4.80
- Others (Refer Note No. 41)	**235.91**	148.53
Net gain on sale/redemption/fair valuation of:		
- Long term investments fair valued through profit or loss	**3605.35**	3396.16
- Short term investments fair valued through profit or loss	**397.04**	646.73
Liabilities written back	**129.04**	86.66
Foreign currency fluctuation (net)	**308.13**	-
Misc Income	**188.90**	183.04
	5360.67	4708.86
*includes interest income calculated in relation to financial assets valued on amortised cost basis.	**54.13**	68.61

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
28. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	**23953.62**	21431.47
Cigarette paper	**721.01**	773.84
Cardboard (shells, slides and others)	**8123.73**	8799.02
Filter rods	**8360.75**	7752.53
Aluminium foil/metallised paper	**1429.30**	1387.79
Cellulose paper	**911.28**	897.39
Flavours for chewing products	**1131.35**	1642.99
Betel nut	**8002.79**	5687.27
Katha, lime and bulking agent	**2731.64**	2244.78
Paper/Laminate pouches for chewing products	**3839.75**	3091.77
Miscellaneous	**7927.90**	6148.66
	67133.12	59857.51
29. Purchases of traded goods		
Unmanufactured tobacco (transferred from raw and packing materials)	**14856.83**	24352.06
Cigarettes	**354.13**	542.73
Other goods	**23934.29**	30431.29
	39145.25	55326.08
30. Changes in Inventories of finished goods, traded goods and work-in-process		
Opening stock:		
Work-in-process	**832.43**	575.76
Finished goods		
- Cigarettes	**13256.99**	27548.36
- Chewing products	**1726.04**	1042.47
Traded goods	**6198.21**	4704.64
Opening stock	**22013.67**	33871.23
Closing stock:		
Work-in-process	**640.28**	832.43
Finished goods		
- Cigarettes	**6374.92**	13256.99
- Chewing products	**443.97**	1726.04
Traded goods	**1709.44**	6198.21
Closing stock	**9168.61**	22013.67
Decrease in inventories	**12845.06**	11857.56
31. Employee benefits expenses		
Salaries and wages	**17333.42**	19717.61
Contribution to provident and other funds	**1307.38**	1364.08
Workmen and staff welfare expenses	**1527.60**	1420.52
Contribution to gratuity and superannuation fund (refer Note No.42)	**771.16**	792.58
	20939.56	23294.79

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
32. Finance costs		
Interest expenses on:		
- Borrowings	**43.15**	216.18
- Others*	**74.50**	64.73
Other borrowing costs	**33.59**	32.37
Exchange differences regarded as an adjustment to borrowing costs	**-**	31.72
	151.24	345.00

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

33. Other Expenses		
Manufacturing charges paid to a subsidiary company for cigarette manufactured on our behalf (Refer Note No. 45)	**5079.58**	5231.66
Consumption of stores and spare parts*	**80.34**	62.27
Power and fuel	**2418.15**	2297.43
Rent (Refer Note No. 41)	**3068.98**	2863.81
Repairs and maintenance		
- Buildings	**689.71**	397.70
- Plant and machinery	**961.08**	907.85
- Others	**1329.75**	1183.46
Insurance	**475.27**	542.47
Rates and taxes	**2269.14**	3634.24
Freight and cartage	**3865.73**	3851.23
Legal and professional expenses	**6668.23**	5744.46
Auditors' Remuneration (net of cenvatable indirect tax)		
- Audit fees	**92.00**	82.00
- For tax audit	**21.00**	20.05
- For limited review of unaudited financial statements	**57.65**	53.61
- For corporate governance, consolidated financial statements and other certificates	**8.20**	7.25
- For other services	**3.40**	2.59
- Reimbursement of expenses	**15.32**	9.06
Commission paid to other than sole selling agents	**318.62**	355.07
Commission paid to non-executive director (Refer Note No.45)	**150.00**	112.50
Advertising and sales promotion	**13140.32**	13138.04
Selling and distribution expenses	**6901.31**	6779.97
Travelling and conveyance	**3216.11**	2834.47
Donations	**583.67**	558.96
Contributions/expenses towards Corporate social responsibility (Refer Note No.34)	**434.80**	498.87
Bad debts and advances written off	**122.41**	53.54
Provision for doubtful debts and advances	**186.20**	-
Investments written off	**-**	0.25
Property, plant and equipment written off	**37.00**	12.92
Loss on sale of property, plant and equipment (net)	**196.39**	37.23
Foreign currency fluctuation (net)	**-**	124.26
Technical services fee and royalty	**1096.42**	1052.64
Consumer research activity	**600.00**	400.45
Machine and material handling expenses	**68.97**	88.02
Write down in the value of assets classified as held for sale	**215.45**	217.01
Miscellaneous expenses	**10939.05**	10331.66
	65310.25	63487.00

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

Rupees in Lakhs

34. Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and woman economic empowerment, providing disaster relief and undertaking rural development projects.
Gross amount required to be spent by the Company during the year is Rs. 432.00 lakhs (Previous year Rs. 501.00 lakhs) and the details of amount spent are as under:

	Year ended 31.3.2018	Year ended 31.3.2017
a) By way of contribution for the above mentioned activities	**414.10**	475.11
b) Administrative expenses incurred (restricted to 5%)	**20.70**	23.76
	434.80	498.87

35. Earnings per share

Profit after tax and exceptional items (A)	**16076.24**	13635.34
Less: Exceptional items (net of tax)	**(1307.84)**	-
Profit after tax but before exceptional items (B)	**14768.40**	13635.34
Weighted average number of equity shares for the purpose of basic earning per share and diluted earning 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)	**30.92**	26.22
Basic and Diluted Earnings per share after tax but before exceptional items (Rs.) [B/C] (Face value of Rs. 2 each)	**28.40**	26.22

36. Managerial remuneration

a) Included in expenses are:		
Salaries*	**376.19**	888.00
Monetary value of benefits	**215.31**	148.63
Commission**	**770.00**	572.50
Sitting fees (excluding service tax /GST paid under reverse charge)	**59.00**	56.00
	1420.50	1665.13

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

** includes Rs.150 lakhs (Previous year Rs. 112.50 lakhs) payable to a non-working director.

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

Profit before tax	**23428.80**	19777.48
Add/(less):		
Directors' remuneration	**1420.50**	1665.13
Net gain on sale/redemption/fair valuation of long term investments	**(3605.35)**	(3396.16)
Investments written off	**-**	0.25
	21243.95	18046.70
Maximum remuneration to working directors @ 10% of above	**2124.40**	1804.67
Restricted to	**1211.50**	1496.63
Maximum remuneration to non-working directors @ 1% of above	**212.44**	180.47
Restricted to	**150.00**	112.50

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
37. Contingent liabilities not provided for		
a) Demands from excise, income tax, sales tax and other authorities not accepted by the Company @	**4316.57***	4350.19*
b) Uncalled liability on shares partly paid (including share premium)	**479.24**	879.24
c) Guarantee given to a bank on behalf of subsidiary company:		
– International Tobacco Company Limited	**52.60**	52.60
– Godfrey Phillips Middle East DMCC (AED 34.36 lakhs)	**609.89@@**	608.50@@

*includes Rs. 1622.91 lakhs (Previous year - Rs. 1825.39 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, 2018 was Rs. 11.04 lakhs (AED 0.62 lakhs); (Previous year Rs.123.09 lakhs) (AED 6.97 lakhs)

d) The following are the particulars of dues on account of sales tax, value added tax, excise duty and income-tax as at March 31, 2018 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
		4.05	1.72	2011-12, 2014-15 & 2015-16	Upto Commissioner (Appeals) Level
Madhya Pradesh VAT Act, 2002	Value Added Tax	2.13	0.23	2014-15	Sales Tax Tribunal
		21.50	6.06	2012-13	Upto Commissioner (Appeals) Level
Goa VAT Act, 2005	Value Added Tax	0.99	-	2009-10	Upto Commissioner (Appeals) Level
Rajasthan VAT Act, 2003	Value Added Tax	205.5	64.53	2008-09 to 2013-14	Upto Commissioner (Appeals) Level
		4.55	0.68	2014-15	Upto Commissioner (Appeals) Level
Uttar Pradesh (UP) VAT Act, 2008	Value Added Tax	222.40	151.96	2007-08, 2012-13	Sales Tax Tribunal
		18.36	12.52	2006-07	High Court
		66.82	46.78	2015-16	Upto Commissioner (Appeals) Level
Central Excise Act, 1944	Excise duty and Service tax	22.69	-	2010-11 to 2016-17	Upto Commissioner (Appeals) Level
		1291.18	195.05	2008-09 to 2015-16	Customs, Excise & Service Tax Appellate Tribunal
		918.08	244.09	2007-08 to 2011-12	High Court
Finance Act, 1994	Service Tax	34.94	11.70	2008-09 to 2012-13	Upto Commissioner (Appeals) Level

Rupees in Lakhs

37. Contingent liabilities not provided for (continued)

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
Income-tax Act, 1961	Income tax	244.00	244.00	1979 to 1982, 1995-96 to 1997-98	High Court
		128.45	127.16	2009-10 to 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:

Name of the statute	Nature	Amount (Rs.)	Period to which the amount relates	Forum where department has preferred appeal
Income-tax Act, 1961	Income tax	340.54	1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
Central Excise Act, 1944	Excise duty and service tax	13878.03*	2002-03 to 2007-08, 2009-10, 2010-11 & 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.4	2007-08	High Court

* includes Rs 13867.29 for which similar matter was decided in favour of the subsidiary company.

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.

	As at 31.3.2018	As at 31.3.2017
38. Commitments		
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	**1584.37**	1866.31

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, 2018 are as under:

Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of Year are as under:		
-Principal amount	**5.94**	100.22
-Interest due thereon	**0.03**	0.04

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
39. Dues to micro and small enterprises (continued)		
Amount of payments made to suppliers beyond the appointed day during the year are as under:		
-Principal amount	**7.72**	7.77
-Interest actually paid under section 16 of MSMED	-	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED are as under:		
-Interest accrued during the year	**0.03**	0.04
-Interest remaining unpaid as at the end of the year	**2.08**	2.05
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961.	**0.03**	0.04

	Year ended 31.3.2018	Year ended 31.3.2017
40. Expenditure on scientific research and development		
Revenue expenditure	956.63	1044.10
Capital expenditure	24.54	306.74

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	**514.34**	358.03
Later than one year but not later than five years	**1565.56**	53.21
Later than five years	**92.74**	93.85

The Company as a lessor

The Company has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges receivable in respect thereof have been accrued as income in Note No.27.

42. Employee benefit plans

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

	Year ended 31.3.2018	Year ended 31.3.2017
Contribution towards provident fund (Refer Note No.31)	**1307.38**	1364.08
Contribution towards superannuation fund	**155.11**	165.93
Employers' contribution to employee's state insurance scheme	**13.36**	5.14
	1475.85	1535.15

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

Compensated absences – amount recognized in the Statement of profit and loss	**338.54**	1595.07

(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:

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
Current service cost	**566.39**	564.80
Past service cost	**31.72**	-
Net interest cost	**52.60**	39.77
	650.71	604.57
(Shortfall)/excess of fair value over book value of plan assets	**(34.66)**	22.08
Net employee benefit expense recognized in employee cost	**616.05**	626.65
Amount recognised in other comprehensive income:		
Actuarial (gain)/loss on obligations arising from changes in financial assumptions	**(249.41)**	722.71
Actuarial (gain) on obligations arising from changes in demographic assumptions	**(356.30)**	-
Actuarial (gain) on obligations arising on account of experience adjustments	**(52.63)**	(81.38)
Return on plan assets (excluding amounts included in net interest expense)	**(67.81)**	(14.61)
Net (income)/expense for the year recognized in other comprehensive income	**(726.15)**	626.72

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
(I) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined obligation	**8576.65**	8060.61
Current service cost	**566.39**	564.80
Past service cost	**31.72**	-
Interest cost (gross)	**588.45**	614.45
Benefits paid	**(656.23)**	(1304.56)
Actuarial (gain)/loss on obligations arising from changes in financial assumptions	**(249.41)**	722.71
Actuarial (gain) on obligations arising from changes in demographic assumptions	**(356.30)**	-
Actuarial (gain) on obligations arising on account of experience adjustments	**(52.63)**	(81.38)
Closing defined benefit obligation	**8448.64**	8576.63
(II) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	**7361.00**	7081.48
Interest income (gross)	**535.85**	574.68
Return on plan assets (excluding amounts included in net interest expense)	**67.81**	14.61
Contribution by employer	**1253.38**	994.79
Benefits paid	**(656.23)**	(1304.56)
Closing fair value of plan assets	**8561.81**	7361.00
(III) Excess of fair value over book value of plan assets	**3.08**	37.74
(IV) Net (recoverability)/liability recognised in the balance sheet (I - II + III)	**(110.09)**	1253.37

The major categories of plan assets of the fair value of the total plan assets are as follows:

	Amount	% of total plan assets
As at March 31, 2018		
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%**
As at March 31, 2017		
Government debt securities	563.75	7.66%
Other debt instruments	485.41	6.60%
Insurer managed funds	6232.81	84.67%
Others	79.03	1.07%
	7361.00	100.00%

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

	As at 31.3.2018	As at 31.3.2017
Discount rate (in %)	**7.85%**	7.35%
Salary escalation rate (in %)	**8.00%**	8.00%
Expected rate of return on plan assets	**7.50%**	7.50%
Expected average remaining working lives of employees	**6.36 years**	12.49 years

A quantitative sensitivity analysis for significant assumption shown above as at March 31, 2018 is as shown below:

Assumption	Impact on defined benefit obligation	
	As at 31.3.2018	As at 31.3.2017
Impact of increase in 0.5% in discount rate	**-2.80%**	-4.58%
Impact of decrease in 0.5% in discount rate	**2.95%**	4.94%
Impact of increase in 0.5% in salary escalation rate	**2.93%**	4.88%
Impact of decrease in 0.5% in salary escalation rate	**-2.80%**	-4.57%

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

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

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

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
Within the next 12 months (next annual reporting period)	**1895.56**	1141.02
Between 2 and 5 years	**3588.59**	1873.00
Between 5 and 10 years	**3165.85**	2787.98
10 years and above	**6156.08**	14493.91
Total expected payments	**14806.08**	20295.91

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.74 years (Previous year 9.51 years).

43. Financial instruments and risk management

43.1. Fair value measurements

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

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

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

ii) The financial instruments with fixed and variable interest rates are evaluated by the 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.

Rupees in Lakhs

43.2. Fair value hierarchy

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

As at March 31, 2018	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- in mutual funds	80392.14	80392.14	80392.14	-	-
- in others	200.18	200.18	200.18	-	-
Financial instruments at amortised cost:					
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			
Total financial assets	**95732.79**	**95775.26**	**81069.80**	**-**	**-**
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	2671.94	2671.94			
Trade payables	17418.95	17418.95			
Other financial liabilities					
- Security deposits	99.00	99.00			
- 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 & equipments	1039.38	1039.38			
Total financial liabilities	**22199.68**	**22199.68**			
As at March 31, 2017					
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- in mutual funds	41813.18	41813.18	41813.18	-	-
Financial instruments at amortised cost:					
Investment in					
- others (IRFC Bonds)	435.01	487.16	487.16	-	-
Trade receivables	17536.94	17536.94			
Cash and cash equivalents	587.03	587.03			
Other bank balances	2134.70	2134.70			
Loans	791.05	791.05			
Other financial assets					
- Security deposits	856.59	856.59			
- Interest accrued on bank and other deposits	56.54	56.54			
Total financial assets	**64211.04**	**64263.19**	**42300.34**	**-**	**-**
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	4621.93	4621.93			
Trade payables	16332.93	16332.93			
Other financial liabilities					
- Security deposits	60.24	60.24			

Rupees in Lakhs

43.2. Fair value hierarchy (continued)

As at March 31, 2017	Carrying amount	Fair Value	Level 1	Level 2	Level 3
- Current maturities of long term debts	2594.00	2594.00			
- Interest accrued but not due on borrowings	2.89	2.89			
- Interest accrued on other than borrowings	713.07	713.07			
- Unclaimed dividends	194.23	194.23			
- Payable to gratuity fund	1253.37	1253.37			
- Liability towards property, plant & equipments	691.11	691.11			
Total financial liabilities	**26463.77**	**26463.77**			

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. 100,549.61 lakhs (previous year Rs. 69247.43 lakhs). The Company has excluded the balances with the banks and fixed deposit 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. 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

Contractual maturities of financial liabilities	Less than 1 Year	More than 1Year	Total
As at March 31, 2018			
Borrowings	2671.94	-	2671.94
Trade payables	17418.95	-	17418.95
Other financial liabilities	2022.26	86.53	2108.79
	22113.15	**86.53**	**22199.68**
As at March 31, 2017			
Borrowings	4621.93	-	4621.93
Trade payables	16332.93	-	16332.93
Other financial liabilities	5465.88	43.03	5508.91
	26420.74	**43.03**	**26463.77**

(B) Foreign currency risk exposure

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

Particulars	Currency	As at 31.3.2018		As at 31.3.2017	
		Amount in foreign currency Lakhs	Amount in Rs. Lakhs	Amount in foreign currency Lakhs	Amount in Rs. Lakhs
Borrowings	USD	-	-	40.00	2594.00
Trade receivables	USD	83.31	5429.14	180.98	11734.74
	EURO	1.94	155.95	1.27	88.02
Current liabilities	USD	7.63	497.67	19.32	1252.90
	EURO	1.62	130.94	1.57	108.83
	GBP	0.16	15.14	0.27	21.56
	SGD	0.02	0.91	0.57	26.47
	JPY	75.48	46.34	100.00	58.02
	NPR	1.77	1.11	13.84	8.58

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:

Rupees in Lakhs

Currency of exposure	**As at 31.3.2018**		As at 31.3.2017	
	5% increase	**5% decrease**	5% increase	5% decrease
Impact on profit before tax as at the end of the reporting year - USD	**246.57**	**(246.57)**	394.39	(394.39)

(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 31.3.2018 would have increased/decreased by Rs.803.92 lakhs (for the year ended 31.3.2017 by Rs. 418.13 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.

Rupees in Lakhs

Gearing ratio	**As at 31.3.2018**	As at 31.3.2017
Borrowings	**2671.94**	4621.93
Trade payables	**17418.95**	16332.93
Other financial liabilities	**2108.79**	5508.91
Other current liabilities	**31545.76**	15208.22
Less : Cash and cash equivalents as per cash flow	**1460.04**	587.03
: Current investments	**17032.91**	9034.12
Net debt (A)	**35252.49**	32050.84
Total equity	**170727.80**	159183.01
Capital and net debt (B)	**205980.29**	191233.85
Gearing Ratio (A/B)	**17.11%**	16.76%

No changes were made in the objectives, policies or processes during the year ended 31 March, 2018.

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 31.3.2018	As at 31.3.2017
(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 * Held partly through other subsidiary	Real Estate	India	**85.64%***	84.57%*
(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	**85.64%**	84.57%
Gopal Krishna Infrastructure & Real Estate Limited (subsidiary of Unique Space Developers Limited)		India	**66.67%**	66.67%
Rajputana Developers Projects (AOP)		India	**54.38%**	49.90%
(c) Associates:				
Success Principles India Limited		India	**48.89%**	48.89%
IPM India Wholesale Trading Private Limited		India	**24.80%**	24.80%
KKM Management Centre Private Limited		India	**36.75%**	36.75%
(d) Associate through the subsidiary companies				
KKM Management Centre Middle East (FZC) (w.e.f. January 11, 2018)		U.A.E.	**36.00%**	-

(e) Entities of which the Company is an associate:

K K Modi Investment & Financial Service Private Limited, India
Philip Morris Global Brands Inc.,USA

(f) 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

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

Modicare Limited
Beacon Travels Private Limited
Indofil Industries Limited
HMA Udyog Private Limited
Bina Fashion N Food Private Limited
Modicare Foundation
Priyal Hitay Nidhi
Colorbar Cosmetics Private Limited
Gujarmal Modi Science Foundation
Modi Healthcare Placement India Private Limited
Modi Innovative Education Society
International Research Park Laboratories Limited
Crawford Bayley & Co.
Bhasin & Co.
Rajputana Developers Limited
Quick Investment (India) Limited
Good Investment (India) Limited
Super Investment (India) Limited

(h) 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		Enterprises having significant influence over the entity		Other related parties	
		Year ended 31.3.2018	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017
i)	**Trading transactions**												
	Sale of goods, spare parts, etc.	**12228.63*****	14120.84***	**33676.79@**	60331.44@	**-**	-	**447.22**	342.63	**-**	-	**-**	-
	Purchase of goods/ services/spare parts	**8.04***	3.62*	**354.31@**	542.71@	**-**	-	**1510.27**$^{\$}$	1264.17$^{\$}$	**-**	-	**-**	-
	Receipts from secondment of services	**-**	-	**552.85@@**	1382.70@@	**-**	-	**67.82**	163.24	**-**	-	**-**	-
	Interest income	**-**	-	**127.97@**	134.29@	**-**	-	**-**	-	**-**	-	**-**	-
	Miscellaneous income	**-**	-	**268.74@**	240.43@	**-**	-	**-**	-	**-**	-	**-**	-
	Rent and hire charges received	**4.80***	4.80*	**36.97**	43.15	**-**	-	**91.56**	92.74	**-**	-	**-**	-
	Manufacturing charges paid	**5079.58***	5231.66*	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	Rent paid	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	Payments for professional services availed	**-**	-	**853.49@@**	1982.60@@	**-**	-	**95.76**	4.94	**-**	-	**-**	-
	Donation given $$$	**-**	-	**-**	-	**-**	-	**764.96**	764.96	**-**	-	**-**	-
	Expenses recovered	**82.25**$^{\#}$	77.01$^{\#}$	**7769.29@***	6409.43@*	**-**	-	**0.75**	0.56	**-**	-	**-**	-
	Expenses reimbursed	**32065.61**$^{\#\#}$	110598.75$^{\#\#}$	**173.68**	10.93	**-**	-	**19.57**	18.24	**-**	-	**-**	-
ii)	**Other related party transactions**												
	Subscription to share capital												
	- Friendly Reality Projects Limited	**400.00**	400.00	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	- Flavors And More,Inc.	**330.64**	638.90	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	Dividend payment (gross)												
	- Philip Morris Global Brands Inc.	**-**	-	**-**	-	**-**	-	**-**	-	**1044.04**	1044.04	**-**	-
	- K K Modi Investment & Financial Service Private Limited	**-**	-	**-**	-	**-**	-	**-**	-	**1215.73**	1215.73	**-**	-
	- Quick Investment (India) Limited	**-**	-	**-**	-	**-**	-	**178.86**	178.86	**-**	-	**-**	-
	- Good Investment (India) Limited	**-**	-	**-**	-	**-**	-	**344.74**	344.74	**-**	-	**-**	-
	- Super Investment (India) Limited	**-**	-	**-**	-	**-**	-	**42.18**	42.18	**-**	-	**-**	-
	- HMA Udyog Private Limited	**-**	-	**-**	-	**-**	-	**5.44**	5.44	**-**	-	**-**	-
	Technical services fee and royalty												
	- Philip Morris Global Brands Inc									**1096.42**	1052.64	**-**	-
iii)	**Contribution to trusts**												
	Godfrey Phillips India Limited Management Staff Superannuation Fund	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**155.11**	165.93
	Godfrey Phillips India Limited Provident Fund	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1307.38**	1364.08
iv)	**Compensation & Post Employment benefits of key management personnel and other directors $$**												
	- K.K.Modi	**-**	-	**-**	-	**-**	840.40	**-**	-	**-**	-	**-**	-
	- Samir Modi	**-**	-	**-**	-	**1062.02**	487.84	**-**	-	**-**	-	**-**	-
	- R.Ramamurthy	**-**	-	**-**	-	**77.40**	168.40	**-**	-	**-**	-	**-**	-
	- Bina Modi	**-**	-	**-**	-	**3.00**	3.00	**-**	-	**-**	-	**-**	-
	- Ruchir Kumar Modi (last year includes sitting fee Rs.1 lakh)	**-**	-	**-**	-	**150.00**	113.50	**-**	-	**-**	-	**-**	-
	- Bhisham Wadhera	**-**	-	**-**	-	**361.71**	259.34	**-**	-	**-**	-	**-**	-
	- Sunil Agrawal	**-**	-	**-**	-	**166.59**	132.08	**-**	-	**-**	-	**-**	-
	- Sharad Aggarwal	**-**	-	**-**	-	**72.09**	-	**-**	-	**-**	-	**-**	-
	- Sanjay Gupta	**-**	-	**-**	-	**108.18**	93.81	**-**	-	**-**	-	**-**	-
	- R A Shah	**-**	-	**-**	-	**13.00**	14.00	**-**	-	**-**	-	**-**	-
	- Lalit Bhasin	**-**	-	**-**	-	**17.00**	14.00	**-**	-	**-**	-	**-**	-
	- Anup N Kothari	**-**	-	**-**	-	**13.00**	14.00	**-**	-	**-**	-	**-**	-
	- Atul Kumar Gupta	**-**	-	**-**	-	**13.00**	10.00	**-**	-	**-**	-	**-**	-

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		Enterprises having significant influence over the entity		Other related parties	
		As at 31.3.2018	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017
	Trade receivables	**1925.68****	2050.34**	**2.53@**	519.19@	**-**	-	**7.55**	41.40				
	Loans given	**14.28###**	2.29###	**-**	-	**25.80**	14.83	**-**	0.01				
	Trade payables	**-**	-	**2641.84@**	524.68@	**-**	-	**187.30**	158.42				
	Dues payable	**832.09***	1026.31*	**28.63#***	124.43#*	**4.39**	1.61	**4.95**	4.95				
	Commission payable	**-**	-	**-**	-	**306.55**	460.00	**-**	-				
	Other recoverable (from IPM India Wholesale Trading Private Limited)	**-**	-	**-**	86.87	**-**	-	**-**	-				
	Other recoverable							**0.67**	0.05				
	Guarantees given by the Company to a bank on behalf of												
	- International Tobacco Company Limited	**52.60**	52.60	**-**	-	**-**	-	**-**	-				
	- Godfrey Phillips Middle East DMCC	**609.89**	608.50	**-**	-	**-**	-	**-**	-				
	Technical services fee and royalty payable												
	- Philip Morris Global Brands Inc.									**299.96**	249.42		
	Other payable/(recoverable)												
	- Godfrey Phillips India Limited employees Gratuity Fund No.1											**2.15**	91.87
	- Godfrey Phillips India Limited employees Gratuity Fund No.2											**(112.24)**	1161.50

*related to transaction with wholly owned subsidiary International Tobacco Company Limited.
**relates to transaction with wholly owned subsidiary Godfrey Phillips Middle East DMCC.
*** includes Rs.12189.77 lakhs (previous year Rs. 14109.69 lakhs) to Godfrey Phillips Middle East DMCC and Rs. 38.86 lakhs (previous year Rs. 11.15 lakhs) to International Tobacco Company Limited.
# includes Rs. 46.26 lakhs (previous year Rs. 39.17 lakhs) from International Tobacco Company Limited and Rs. 35.99 lakhs (previous year Rs. 37.84 lakhs) from Godfrey Phillips Middle East DMCC.
includes Rs. 32065.61 lakhs (previous year Rs. 110598.75 lacs) to International Tobacco Company Limited and Rs.Nil (previous year Rs.Nil) to Godfrey Phillips Middle East DMCC.
includes Rs.1.54 lakhs (previous year Rs. 2.29 lakhs) to Godfrey Phillips Middle East DMCC and Rs. 12.74 lakhs (previous year Rs. Nil) to Flavors And More, Inc.
@relates to transactions with IPM India Wholesale Trading Private Limited and has been reduced by Rs. 78157.18 lakhs (previous year Rs. 103373.63 lakhs on account of sale of Marlboro cigarettes.
@@relates to KKM Management Centre Private Limited amounting to Rs. 725.49 lakhs (previous year Rs. 1982.60 lakhs) & KKM Management Centre Middle East (FZC) amounting to Rs. 128 lakhs (previous year Nil).
@*includes Rs.7769.12 lakhs (Previous year Rs.6409.36 lakhs) from IPM India Wholesale Trading Private Limited and Rs.0.17 lakhs (previous year Rs.0.07 lakhs) from KKM Management Centre Private Limited.
#* includes Rs. 3.24 lakhs (Previous year Rs.124.43 lakhs) from KKM Management Centre Private Limited and Rs. 25.39 lakhs (Previous year Rs. Nil) from KKM Management Centre Middle East (FZC).
$ includes Rs.1233.79 lakhs (previous year Rs. 1047.33 lakhs) from Beacon Travels Private Ltd.
$$ excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.
$$$ including for CSR activities.

Terms and conditions of transactions with related parties:
Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: 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.

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) Tea and other retail products

Segment information for the year ended March 31, 2018 and March 31, 2017 is as follows:

Rupees in Lakhs

		Year ended March 31, 2018			Year ended March 31, 2017		
		Cigarette,Tobacco and related products	**Tea and other retail products**	**Total**	Cigarette,Tobacco and related products	Tea and other retail products	Total
1.	**Segment revenue**						
	- External sales (gross)	**255742.48**	**28881.57**	**284624.05**	404291.55	31652.62	435944.17
	- Other operating income	**2406.58**	**636.11**	**3042.69**	3113.92	514.24	3628.16
	Total Revenue	**258149.06**	**29517.68**	**287666.74**	407405.47	32166.86	439572.33
2.	**Segment result**	**22797.75**	**(3532.79)**	**19264.96**	20409.23	(3825.15)	16584.08
	Unallocable income net of unallocable expenses			**4315.08**			3538.40
	Profit before finance costs and tax			**23580.04**			20122.48
	Less: Finance costs			**151.24**			345.00
	Profit before tax			**23428.80**			19777.48
3.	**Other information**						
	Capital expenditure including capital work in progress and capital advances	**4577.81**	**1771.34**	**6349.15**	5135.88	722.33	5858.21
	Depreciation and amortization	**9108.45**	**456.28**	**9564.73**	9029.97	382.85	9412.82
	Non cash expenditure other than depreciation	**476.11**	**281.33**	**757.44**	312.28	8.68	320.96

Segment information as at March 31, 2018, March 31, 2017 is as follows:

	As at March 31, 2018			As at March 31, 2017		
	Cigarette, Tobacco and related products	**Tea and other retail products**	**Total**	Cigarette, Tobacco and related products	Tea and other retail products	Total
a) Segment assets						
Allocable assets	**130239.65**	**7826.50**	**13806615**	141519.39	12647.05	154166.44
Unallocable assets			**93514.48**			53820.01
Total assets			**231580.63**			207986.45
b) Segment liabilities						
Allocable liabilities	**53838.63**	**3336.95**	**57175.58**	38030.43	2865.53	40895.96
Unallocable liabilities			**3677.25**			7907.48
Total liabilities			**60852.83**			48803.44
c) Equity/Capital Employed			**170727.80**			159183.01
Total (b+c)			**231580.63**			207986.45

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 31.3.2018	Year ended 31.3.2017	**As at 31.3.2018**	As at 31.3.2017
India	**246694.36**	383100.33	**69199.56**	72846.88
Outside India	**40972.38**	56472.00	**-**	-
Total	**287666.74**	439572.33	**69199.56**	72846.88

* 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:

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. Discontinuance of Tea Business:

Vide agreement dated October 17, 2017 the Company has sold/assigned trademarks associated with its packaged tea business to Goodricke Group Limited for a consideration of Rs. 2000.00 lakhs and also agreed to discontinue its packaged tea business. As this material transaction arises from ordinary activity of the business and is not of recurring nature, the same has been disclosed as an exceptional item in the Statement of Profit and Loss.

Further, tea business was not significant considering the overall operations of the Company and was also not disclosed as a separate segment as per Ind AS 108. Hence, disclosures for discontinued operations as required under Ind AS 105 have not been provided in these Financial Statements.

48. The Company has invested Rs.1298.90 lakhs as at 31st March, 2018 in the share capital of its wholly owned foreign subsidiary, Flavors And More, Inc., USA. The subsidiary company, in course of exploring new business opportunities in the U.S. market, has incurred losses as per its standalone financials. The management is formulating and implementing the requisite business plans and is confident of realising the value of its investments in long run. Therefore, no write-down in the value of investment has been considered necessary at this stage.

49. Applicability of new and revised Ind AS

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative

The amendment requires the company to provide disclosure of changes in their liabilities arising from financing activities, including changes arising from both, cash flows and non- cash changes. The amendments are effective for annual periods beginning on or after 01 April 2017, therefore, the company has not provided comparative information of previous year.

Change in liability arising from financing activities

Rupees in Lakhs

Particulars	As at April 1, 2017	Cash Flow	Non cash items	As at March 31, 2018
Borrowing- Non Current (Refer Note No. 21)	2594.00	(2594.00)	-	-
Borrowing- Current (Refer Note No. 20)	4621.93	(1949.99)	-	**2671.94**
Total	**7215.93**	**(4543.99)**	**-**	**2671.94**

Ind AS 115-Revenue from Contract with Customers:

In March 2018, the MCA notified Ind AS 115, Revenue from Contracts with Customers, 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. The amount of revenue recognised should reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improved guidance for multiple element arrangements. The standard will be effective for the Company beginning April 1, 2018 and allow for both retrospective and prospective adoption. In order to identify the potential impact of the standard on the Company's financial statements, the Company has analysed contracts of the relevant revenue streams. The work done is focused on evaluating the contractual arrangements across the Company's principal revenue

streams, particularly key terms and conditions which may impact the timing of revenue recognition and measurement of revenue. Accordingly, the Company has performed an assessment of the impact of the standard and developed a transition methodology. The implementation of changes required as per Ind AS 115 is identified to be not materially effecting the current recognition and measurement of revenues, though there would be significant additional disclosure requirements for the Company to comply with. The Company is in process of making necessary changes to policies, processes, and internal controls as well as system enhancements to generate the information necessary for the new disclosures.

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

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

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

Loans: There are no loans and advances in the nature of loans to the subsidiaries/associates/firms and companies in which directors are interested.

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

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA Chief Executive Officer	SAMIR MODI (DIN 00029554) Executive Director	K.K. MODI (DIN 00029407) President & Managing Director	Directors
SUNIL AGRAWAL Chief Financial Officer	SHARAD AGGARWAL (DIN 07438861) Whole-time Director	BINA MODI (DIN 00048606) DR. LALIT BHASIN (DIN 00001607)	
SANJAY GUPTA Company Secretary		ANUP N. KOTHARI (DIN 00294737)	

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

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Godfrey Phillips India Limited** (hereinafter referred to as "the Holding Company"), 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, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of 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 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, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

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 below, we report, to the extent applicable, that:

(a) We / the other auditors whose reports 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 purpose 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, consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 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 its 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, 2018 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 its associate companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 and 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 – Refer Note 38 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, 2018.

   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, 2018. 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, 2018.

Other Matter

(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. 21,076.86 lakhs and net assets of

Rs. 16,795.56 lakhs as at March 31, 2018, and total revenues of Rs. 13,596.09 lakhs and net cash inflows of Rs 187.66 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 24.62 lakhs for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of four associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of such other auditors.

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

(b) The consolidated Ind AS financial statements of the Company as at and for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 30, 2017.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, 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.

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 29, 2018

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 financial statements of Godfrey Phillips India Limited as of and for the year ended March 31, 2018, 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 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 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 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 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 financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated 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 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 Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, 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 financial statements of the Holding Company, insofar as it relates to these 5 subsidiary companies and 3 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associates incorporated in 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 29, 2018

GODFREY PHILLIPS
INDIA LIMITED

CONSOLIDATED BALANCE SHEET
as at March 31, 2018

Rupees in Lakhs

Particulars	Note No.	As at 31.3.2018	As at 31.3.2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	**63694.310**	68852.89
Capital work-in-progress	6	**1808.19**	1324.19
Investment property	7	**876.86**	507.04
Intangible assets	8	**432.81**	635.79
Financial assets			
- Investments	9	**75125.76**	41500.50
- Loans	10	**672.69**	715.35
- Other financial assets	15	**1407.76**	940.97
Deferred tax assets	11	**146.33**	322.77
Income tax assets (Net)	25	**2335.91**	2259.23
Other non-current assets	16	**3254.99**	2584.84
Total non-current assets		**149755.61**	119643.57
Current assets			
Inventories	12	**58534.79**	65170.26
Financial assets			
- Investments	9	**17320.69**	9217.38
- Trade receivables	13	**8582.88**	17897.63
- Cash and cash equivalents	14	**2071.66**	911.67
- Other bank balances	14	**2290.72**	2234.96
- Loans	10	**123.20**	162.11
- Other financial assets	15	**336.69**	158.21
Other current assets	16	**7611.70**	5477.89
		96872.33	101230.11
Assets classified as held for sale	17	**-**	215.45
Total current assets		**96872.33**	101445.56
Total assets		**246627.94**	221089.13
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**1039.88**	1039.88
Other equity	19	**178295.25**	165004.84
Equity attributable to owners of the Company		**179335.13**	166044.72
Non-controlling interests	20	**3663.74**	4045.89
Total equity		**182998.87**	170090.61
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	21	**74.36**	-
- Other financial liabilities	22	**86.93**	43.43
Provisions	23	**5274.15**	6341.58
Deferred tax liabilities	11	**1919.61**	1311.29
Total non-current liabilities		**7355.05**	7696.30
Current liabilities			
Financial liabilities			
- Borrowings	21	**2682.98**	4745.01
- Trade payables	24	**17100.41**	15692.68
- Other financial liabilities	22	**2084.65**	5705.37
Other current liabilities	26	**31916.13**	15637.86
Provisions	23	**1762.48**	1026.10
Income tax liabilities (Net)	25	**727.37**	495.20
Total current liabilities		**56274.02**	43302.22
Total liabilities		**63629.07**	50998.52
Total equity and liabilities		**246627.94**	221089.13
Notes forming part of the financial statements	1-49		

As per our report of even date

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

Per Atul Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

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

BINA MODI
(DIN 00048606)

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

GODFREY PHILLIPS
INDIA LIMITED

Rupees in Lakhs

	Particulars	Note No.	Year ended 31.3.2018	Year ended 31.3.2017
I	Revenue from operations	27	**289073.07**	441186.56
II	Other income	28	**5457.96**	4723.01
III	**Total income (I+II)**		**294531.03**	445909.57
IV	**Expenses**			
	Cost of materials consumed	29	**67240.16**	59860.26
	Purchases of traded goods	30	**39185.31**	55535.85
	Changes in inventories of finished goods, traded goods and work-in-process	31	**13003.55**	11590.52
	Excise duty		**56509.40**	200922.95
	Employee benefits expenses	32	**23898.00**	26304.13
	Finance costs	33	**166.90**	356.42
	Depreciation and amortisation expenses	6,7 & 8	**9843.06**	9783.64
	Other expenses	34	**63405.41**	61662.32
	Total expenses		**273251.79**	426016.09
	Profit before share of profit of associates, exceptional item and tax (III-IV)		**21279.24**	19893.48
V	**Share of profit of associates**		**24.62**	24.16
VI	**Profit before exceptional item and tax (III-IV+V)**		**21303.86**	19917.64
VII	Exceptional items	47	**2000.00**	-
VIII	**Profit before tax (VI+VII)**		**23303.86**	19917.64
IX	Tax expense:	11		
	- Current tax		**7142.01**	5290.64
	- Deferred tax charge		**257.20**	940.01
			7399.21	6230.65
X	**Profit for the year (VIII-IX)**		**15904.65**	13686.99
XI	**Other comprehensive income**			
	Items that will not to be reclassified to profit or loss			
	(i) Profit/(Loss) on remeasurements of the defined benefit plans		**832.73**	(747.64)
	(ii) Tax impact on remeasurements of the defined benefit plans		**(286.55)**	256.88
	(iii) Gain on equity instruments fair valued through other comprehensive income		**2241.75**	297.67
	(iv) Tax impact on equity instruments fair valued through other comprehensive income		**(527.57)**	(68.68)
	Total other comprehensive income, net of tax (i+ii+iii+iv)		**2260.36**	(261.77)
XII	**Total comprehensive income for the year (X+XI)**		**18165.01**	13425.22
	Profit/(loss) for the year attributable to:			
	Owners of the Company		**15910.70**	13722.80
	Non-controlling interests		**(6.05)**	(35.81)
			15904.65	13686.99
	Other comprehensive income for the year attributable to:			
	Owners of the Company		**2260.36**	(261.77)
	Non-controlling interests		**-**	-
			2260.36	(261.77)
	Total comprehensive income for the year attributable to:			
	Owners of the Company		**18171.06**	13461.03
	Non-controlling interests		**(6.05)**	(35.81)
			18165.01	13425.22
	Basic and Diluted Earnings per share after tax and exceptional items (Rs.) (Face value of share - Rs. 2 each) Computed on the basis of profit attributable to the owners of the company	36	**Rs. 30.60**	Rs. 26.39
	Basic and Diluted Earnings per share after tax but before exceptional items (Face value of share - Rs. 2 each) Computed on the basis of profit attributable to the owners of the company	36	**Rs. 28.09**	Rs. 26.39
	Notes forming part of the financial statements	1-49		

As per our report of even date
For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA
Chief Executive Officer

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DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

Directors

GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

Rupees in Lakhs

(a) Equity share capital	**Amount**
Balance at April 1, 2016	**1039.88**
Changes in equity share capital during the year	-
Balance at March 31, 2017	**1039.88**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**1039.88**

(b) Other equity

	Reserves and surplus								
	General reserve	Capital redemption reserve	Retained earnings	Statutory Reserve	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**
Balance at April 1, 2016	**29931.89**	**30.13**	**122499.71**	**20.89**	**-**	**4067.48**	**156550.10**	**4413.54**	**160963.64**
Profit for the year	-	-	13722.80	-	-	-	13722.80	(35.81)	13686.99
Other comprehensive income for the year, net of income-tax	-	-	(490.76)	-	-	228.99	(261.77)	-	(261.77)
Total comprehensive income	**-**	**-**	**13232.04**	**-**	**-**	**228.99**	**13461.03**	**(35.81)**	**13425.22**
Payment of dividends (Rs. 8 per equity share)	-	-	(4159.51)	-	-	-	(4159.51)	-	(4159.51)
Dividend distribution tax	-	-	(846.78)	-	-	-	(846.78)	-	(846.78)
Transfer to statutory reserve from retained earnings	-	-	(12.32)	12.32	-	-	-	-	-
Transfer to general reserve from retained earnings	2000.00	-	(2000.00)	-	-	-	-	-	-
Arising from change in ownership interests in subsidiaries	-	-	-	-	-	-	-	(331.84)	(331.84)
Balance at March 31, 2017	**31931.89**	**30.13**	**128713.14**	**33.21**	**-**	**4296.47**	**165004.84**	**4045.89**	**169050.73**
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
Total comprehensive income	**-**	**-**	**16456.88**	**-**	**-**	**1714.18**	**18171.06**	**(6.05)**	**18165.01**
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)
Balance at March 31, 2018	**34431.89**	**30.13**	**137648.13**	**48.81**	**125.64**	**6010.65**	**178295.25**	**3663.74**	**181958.99**

Notes forming part of the financial statements 1-49

As per our report of even date
For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

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

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

Directors

CONSOLIDATED CASH FLOW STATEMENT
for the year ended March 31, 2018

GODFREY PHILLIPS
INDIA LIMITED

Rupees in Lakhs

Particulars	For the Year ended 31.3.2018	For the Year ended 31.3.2017]
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**23303.86**	19917.64
Adjustments for:		
Depreciation and amortisation expenses	**9843.06**	9783.64
Share of profit of associates	**(24.62)**	(24.16)
Interest income from:		
- Debts, deposits, loans and advances, etc.	**(214.88)**	(224.80)
- Non-current investments	**(35.57)**	(34.80)
Dividend Income	**(271.76)**	-
Net gain on sale/redemption/fair value of long term investments	**(4005.97)**	(3886.49)
Net gain on sale/redemption/fair value of short term investments	**(413.73)**	(661.75)
Exchange loss on foreign currency bank balance	**1.01**	0.69
Exchange loss on non-current foreign currency borrowings	**-**	31.65
Interest expenses		
- On borrowings	**49.35**	226.28
- Others	**83.96**	66.05
Bad debts and advances written off	**125.16**	85.59
Provision for doubtful debts and advances	**186.20**	-
Property, plant and equipments written off	**37.00**	19.60
Loss on sale of Property, plant and equipment (net)	**196.39**	45.76
Write down in the value of assets classified as held for sale	**215.45**	217.01
Purchase of current and non current investments*	**(301.60)**	(69.50)
Proceeds from sale of current and non current investments*	**261.76**	114.00
Liabilities written back	**(147.20)**	(86.66)
	5584.01	5602.11
Operating profit before working capital changes	**28887.88**	25519.75
Adjustments for changes in working Capital:		
Decrease/(Increase) in Trade receivables, loans, other financial assets and other assets	**6369.94**	(6560.26)
Decrease in Inventories	**6635.46**	8616.23
Increase in Trade payables, other financial liabilities, other liabilities and provisions	**17001.07**	2622.87
	30006.47	4678.84
Cash generated by operating activities	**58894.35**	30198.59
Income taxes paid (net)	**(7273.06)**	(5668.48)
Net cash generated by operating activities	**51621.29**	24530.11
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(6152.26)**	(6935.52)
Proceeds from sale of property, plant and equipment	**261.43**	125.69
Purchase of current and non-current investments	**(399795.67)**	(260806.60)
Proceeds from sale of current and non-current investments	**364793.02**	255449.04
Dividends Income received	**271.76**	-
Interest received	**173.66**	151.58
Fixed deposit made	**(39.35)**	(440.99)
Net cash (used in) investing activities	**(40487.41)**	(12456.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of non-current borrowings	**(2594.00)**	(6068.64)
Repayment of current borrowings (Net)	**(2062.03)**	(724.93)
Interest paid	**(134.46)**	(294.20)
Dividend paid	**(4143.10)**	(4151.25)
Dividend distribution tax paid	**(846.78)**	(846.78)
Proceeds from issue of compound financial instrument (Refer Note No. 21)	**200.00**	-
Acquisition of non controlling interests	**(376.10)**	(400.00)
Net cash (used in) financing activities	**(9956.47)**	(12485.80)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A + B +C)	**1177.41**	(412.49)
Cash and cash equivalents at the beginning of the year (Refer Note 1 below)	**1105.90**	1519.08
	2283.31	1106.59
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	**(1.01)**	(0.69)
Cash and cash equivalents at the end of the year (Refer Note 1 below)	**2282.30**	1105.90
*By the subsidiary company engaged in the business of investments		
Note 1:		
For the purpose of consolidated statement of cash flows, cash and cash equivalents comprises the following:		
	As at 31.3.2018	As at 31.3.2017
Cash and cash equivalents (Refer Note No.14)	**2071.66**	911.67
Earmarked unpaid dividend accounts# (Refer Note No.14)	**210.64**	194.23
Total	**2282.30**	**1105.90**
#Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend		
Note 2:		
The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements		
Notes forming part of the financial statements 1-49		

As per our report of even date

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

Per Atul Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

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Chief Executive Officer

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(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

Directors

Notes forming part of the consolidated financial statements for the year ended March 31, 2018

1. Corporate information

The consolidated financial statements comprise financial statements of Godfrey Phillips India Limited (the company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2018.

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, tea & 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 29, 2018.

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.

Effective April 1, 2016, the Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. The consolidated financial statements are presented in rupees lakhs except when otherwise indicated.

3. Basis of preparation and consolidation

3.1. Basis of preparation and presentation

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

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

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

3.2. Basis of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, has power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity) and has the ability to use its power over the entity to affect its return. Subsidiaries are consolidated from the date on which control is obtained by the Group. They are de-consolidated from the date the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income, expenses and cash flows. Offset (eliminate) the carrying amount of the parent`s investment in each subsidiary and the parent`s portion of equity of each subsidiary. Intragroup transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

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

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

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

Non-controlling interests in the equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of change in equity and the consolidated balance sheet respectively.

The subsidiaries considered in the preparation of these consolidated financial statements are:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership as at 31.03.2018	Proportion of ownership as at 31.03.2017
Indian Subsidiaries				
International Tobacco Company Limited	India	Manufacturing of cigarettes & tobacco products	100.00%	100.00%
Chase Investments Limited	India	Acquisition of securities	100.00%	100.00%
Friendly Reality Projects Limited	India	Real estate development	85.64%*	84.57%*
Unique Space Developers Limited	India	Real estate development	66.67%**	66.67%**
Gopal Krishna Infrastructure & Real Estate Limited	India	Real estate development	66.67%***	66.67%***
Rajputana Infrastructure Corporate Limited	India	Real estate development	85.64%****	84.57%****
Rajputana Developers Projects	India	Real estate development	54.38%#	49.90%#
Foreign Subsidiaries				
Godfrey Phillips Middle East DMCC	U.A.E.	Trading of cigarettes tobacco & other retail products	100.00%	100.00%
Flavors And More, Inc.	U.S.A.	Trading & distribution of vaping devices products	100.00%	100.00%

*Held partly through other subsidiary
**Held through other subsidiaries
***100% subsidiary of Unique Space Developers Limited
****100% subsidiary of Friendly Reality Projects Limited
#Through control exercised by Rajputana Infrastructure Corporate Limited

(ii) Associates

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.This is generally the case where the group holds between 20% to 50% of the voting power. Investments in associates are accounted for using the equity method of accounting (see note (iii) below), after initially being recognised at cost.

Name of Associates	Country of incorporation	Proportion of ownership as at 31.03.2018	Proportion of ownership as at 31.03.2017
Success Principles India Limited	India	48.89%	48.89%
IPM India Wholesale Trading Private Limited	India	24.80%	24.80%
KKM Management Centre Private Limited	India	36.75%	36.75%
KKM Management Centre Middle East (FZC)@	UAE	36.00%	0.00%

@ Held through foreign subsidiaries w.e.f. January 11, 2018

(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. 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.

4.1.1. 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.

4.1.2. Income from services

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

4.1.3. Dividend and interest income

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

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

4.1.4. 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.

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 except in respect of the Plant and Machinery pertaining to retail business, in which case the life of the assets has been assessed as 5 years, taking into account their nature, their estimated usage, their operating conditions, past history of their replacement and maintenance support, etc.

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

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

The useful life estimated above are 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.

5. Significant accounting judgements, estimates and assumptions

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

Judgements and estimates

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

Defined benefit plans (Gratuity)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note No.41

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note No.42 for further disclosures.

Useful lives of property, plant and equipment and intangible assets

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

Provisions and contingent liabilities

The 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.

Rupees in Lakhs

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

	As at 31.3.2018	As at 31.3.2017
Carrying amount of:		
Property, plant and equipment	**63694.31**	68852.89
Capital work-in-progress	**1808.19**	1324.19

	Land-freehold	Buildings*	Leasehold building improvements	Plant and machinery	Electrical installation and equipments	Computers and information technology equipments	Furniture, fixtures and office equipments	Motor vehicles	Total
Cost									
Balance at April 1, 2016	**957.91**	**19320.45**	**1814.59**	**50013.01**	**662.50**	**1978.45**	**2256.74**	**2347.93**	**79351.58**
Additions	16.70	3887.96	117.22	3946.01	322.99	101.40	552.60	610.50	**9555.38**
Disposals	-	0.28	-	38.11	1.40	11.31	14.49	194.75	**260.34**
Balance at March 31, 2017	**974.61**	**23208.13**	**1931.81**	**53920.91**	**984.09**	**2068.54**	**2794.85**	**2763.68**	**88646.62**
Additions	-	182.57	824.00	2497.40	187.79	225.94	676.78	751.66	**5346.14**
Transfer out**	-	420.51	-	-	-	-	-	-	**420.51**
Disposals	-	-	-	490.13	2.46	13.92	146.79	242.08	**895.38**
Balance at March 31, 2018	**974.61**	**22970.19**	**2755.81**	**55928.18**	**1169.42**	**2280.56**	**3324.84**	**3273.26**	**92676.87**
Accumulated depreciation									
Balance at March 31, 2016	**-**	**1291.42**	**50.99**	**7544.51**	**110.02**	**457.61**	**438.88**	**402.71**	**10296.14**
Depreciation expense	-	770.60	109.87	7264.56	126.95	428.99	437.76	428.15	**9566.88**
Eliminated on disposals of assets	-	-	-	17.24	0.11	3.99	3.20	44.75	**69.29**
Balance at March 31, 2017	**-**	**2062.02**	**160.86**	**14791.83**	**236.86**	**882.61**	**873.44**	**786.11**	**19793.73**
Depreciation expense	-	779.57	196.21	7262.93	109.12	444.54	410.85	409.74	**9612.96**
Transfer out**	-	23.57	-	-	-	-	-	-	**23.57**
Eliminated on disposals of assets	-	-	-	186.98	0.80	5.41	66.81	140.56	**400.56**
Balance at March 31, 2018	**-**	**2818.02**	**357.07**	**21867.78**	**345.18**	**1321.74**	**1217.48**	**1055.29**	**28982.56**
Net book value									
Balance at March 31, 2018	**974.61**	**20152.17**	**2398.74**	**34060.40**	**824.24**	**958.82**	**2107.36**	**2217.97**	**63694.31**
Balance at March 31, 2017	974.61	21146.11	1770.95	39129.08	747.23	1185.93	1921.41	1977.57	68852.89

Notes:
*Includes Rs. 0.02 lakhs (Previous year Rs. 0.02 lakhs) being the cost of shares in co-operative societies.
** In current 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 have been reclassified to Investment Property (Refer Note No. 7).

Rupees in Lakhs

7. Investment Property

	Freehold Land	Building	Total
Cost			
Balance as at April 1, 2016	24.51	506.29	530.80
Additions	-	-	-
Disposals	-	-	-
Balance as at March 31, 2017	**24.51**	**506.29**	**530.80**
Additions	-	-	-
Transfer in (Refer Note No.6)	-	420.51	420.51
Disposals	-	-	-
Balance as at March 31, 2018	**24.51**	**926.80**	**951.31**
Accumulated depreciation and impairment			
Balance as at April 1, 2016	-	11.88	11.88
Depreciation Expenses	-	11.88	11.88
Disposals	-	-	-
Balance as at March 31, 2017	**-**	**23.76**	**23.76**
Depreciation Expenses	-	27.12	27.12
Transfer in (Refer Note No.6)	-	23.57	23.57
Disposals	-	-	-
Balance as at March 31, 2018	**-**	**74.45**	**74.45**
Carrying amount			
Balance at March 31, 2018	**24.51**	**852.35**	**876.86**
Balance at March 31, 2017	24.51	482.53	507.04

Information regarding income and expenditure of investment property

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

Fair valuation of the properties

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

Fair Valuation of the properties	As at 31.3.2018	As at 31.3.2017
Located in Maharashtra	**30457.90**	28944.20
Located in Uttarakhand	**629.34**	-
	31087.24	28944.20

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. 44.15 lakhs (previous year Rs. Nil) 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 Company has used Level 3 valuation technique to arrive at the fair values.

Description of valuation technique

	Valuation techinque	Significant unobservable inputs	Assumption used	
			As at March 31, 2018	As at March 31, 2017
Located in Maharashtra				
Factory Land and Building (including Godown)	Market Value Method	Industrial rate for sales (Rs./Sq. Ft.)	15000 to 17500	15000 to17000
Office Building	Market Value Method	Fair Market Value (Rs./Sq. Ft.)	35000	35000
Located in Uttarakhand				
Factory Building (including Admin Block)	Market Value Method	Fair Market Value (Rs./Sq.Ft.)	10350 to 15750	-

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 31.3.2018	As at 31.3.2017
8.	**Intangible assets**		
	Carrying amount of		
	- Computer software	**432.81**	635.79
		432.81	635.79
		Computer Software	
	Cost or Deemed cost		
	Balance at April 1, 2016	578.66	
	Additions	422.60	
	Disposals	-	
	Balance at March 31, 2017	**1001.26**	
	Additions	-	
	Disposals	-	
	Balance at March 31, 2018	**1001.26**	
	Accumulated amortisation		
	Balance at April 1, 2016	160.59	
	Amortisation expense	204.88	
	Disposals	-	
	Balance at March 31, 2017	**365.47**	
	Amortisation expense	202.98	
	Disposals	-	
	Balance at March 31, 2018	**568.45**	
	Net book value		
	Balance at March 31, 2018	**432.81**	
	Balance at March 31, 2017	635.79	

		As at 31.3.2018	As at 31.3.2017
9.	**Financial assets - Investments**		
	Non-current		
	Investment in equity instruments		
	- Associate companies	**424.88**	374.37
	- Other equity instruments	**10386.08**	7764.18
	Investment in preference shares	**97.75**	86.01
	Investment in mutual funds	**63580.83**	32840.11
	Investment-others	**636.22**	435.83
		75125.76	41500.50
	Current		
	Investment in mutual funds	**17320.69**	9217.38
		17320.69	9217.38
	Aggregate value of unquoted investments non-current	**8914.04**	6609.99
	Aggregate value of quoted investments non-current	**66729.73**	35408.51
	Aggregate value of quoted investments current	**17320.69**	9217.38
	Market value of quoted investments non-current	**66772.20**	35460.66
	Market value of quoted investments current	**17320.69**	9217.38
	Aggregate value of impairment (other than temporary) in value of investments non-current	**518.00**	518.00
	Classification of investments as per Ind AS 109		
	Investments carried at fair value through profit or loss (FVTPL)	**83712.98**	44276.67
	Investments carried at fair value through other comprehensive income (FVTOCI)	**7863.58**	5621.83
	Investments carried at amortised cost	**445.01**	445.01
		92021.57	50343.51
9.1	**Investment in associates**		
	Break-up of investment in associates (carrying amount determined using the equity method of accounting)		
	Unquoted investment		
	IPM India Wholesale Trading Private Limited		
	49,60,000 Equity shares of Rs. 10 each fully paid up	**496.00**	496.00

Rupees in Lakhs

		As at 31.3.2018	As at 31.3.2017
9.	**Financial assets - Investments (continued)**		
	Less: Provision for impairment 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
	Add:- Group`s share of profit upto year end	**224.72**	203.74
		334.97	313.99
	Success Principles India Limited		
	199,673 Equity shares of Rs. 10 each fully paid up	**19.97**	19.97
	Add:- Group`s share of profit upto year end	**39.98**	40.41
		59.95	60.38
	KKM Management Centre Middle East (FZC)		
	144 Equity shares (Previous Year Nil) of AED 1,000 each fully paid up	**25.89**	-
	Add:- Group`s share of profit upto year end	**4.07**	-
		29.96	-
	Aggregate carrying amount of the Group's investment in associates	**424.88**	374.37
	Investment in associates are accounted using the equity method in these consolidated financial statements. Each of the four associates are not individually material to the Group considering the contribution of these associates to the consolidated net asset of the Group		

	Share of profit of associates that are not individually material	**Year ended 31.03.2018**	Year ended 31.03.2017
	The Group's share of profit or loss	**24.62**	24.16
	The Group's share of other comprehensive income	**-**	-
	The Group's share of total comprehensive income	**24.62**	24.16
	Unrecognised share of profit/(losses) of associate (IPM India Wholesale Trading Private Limited)		
	The unrecognised share of profit/(losses) of associate for the year (including other comprehensive income)	**2463.41**	(803.99)

		As at 31.03.2018	As at 31.03.2017
	Cumulative share of loss of an associate (Including other comprehensive income)	**(19201.84)**	(21665.25)
9.2	**Investment in other equity instruments**		
9.2.1	**Investments measured at fair value through profit or loss (FVTPL)**		
	Unquoted equity instruments		
	Molind Engineering Limited		
	3,500 Equity shares of Rs.10 each fully paid up	**0.25**	0.25
	Less: Written-off	**(0.25)**	(0.25)
		-	-
	Narang Industries Limited		
	40,000 Equity Shares of Rs.10 each fully paid up	**4.00**	4.00
	Less: Provision for impairment in the value	**(4.00)**	(4.00)
		-	-
	Modicare Limited		
	7,20,000 Equity Shares of Rs.2.50 each fully paid up	**18.00**	18.00
	Less: Provision for impairment in the value	**(18.00)**	(18.00)
		-	-
	Sub total (A)	**-**	-
	Quoted equity instruments		
	Nestle India Limited 93 Equity Shares of Rs.10 each fully paid up	**7.63**	6.21
	Glaxo SmithKline Consumer Healthcare Limited 320 Equity Shares of Rs.10 each fully paid up	**19.52**	16.5
	Golden Tobacco Limited 100 Equity Shares of Rs.10 each fully paid up	**0.06**	0.07
	VST Industries Limited 100 Equity Shares of Rs.10 each fully paid up	**2.94**	2.87
	Hindustan Unilever Limited 290 Equity Shares of Re.1 each fully paid up	**3.87**	2.64
	HDFC Bank Limited 73,200 Equity Shares of Rs.2 each fully paid up	**1380.63**	1055.95
	Oriental Bank of Commerce 1,000 Equity Shares of Rs.10 each fully paid up	**0.92**	1.41
	Bank of Baroda 5,000 Equity Shares of Rs.2 each fully paid up	**7.11**	8.65
	State Bank of Travancore Nil (Previous year - 14,050) Equity Shares of Rs.10 each fully paid up	**-**	85.53
	Bank of India Nil (Previous year - 1,000) Equity Shares of Rs.10 each fully paid up	**-**	1.39
	Corporation Bank Nil (Previous year -18,435) Equity Shares of Rs.2 each fully paid up	**-**	9.71

Rupees in Lakhs

		As at 31.3.2018	As at 31.3.2017
9.	**Financial assets - Investments (continued)**		
	State Bank of India 40,910 (Previous year - 10,000) Equity Shares of Re.1 each fully paid up	**102.23**	29.34
	Maruti Suzuki India Limited 950 Equity Shares of Rs.5 each fully paid up	**84.18**	57.15
	Emami Limited 2700 Equity Shares of Re.1 each fully paid up	**28.86**	28.74
	NTPC Limited 6,544 Equity Shares of Rs.10 each fully paid up	**11.11**	10.86
	Punjab National Bank Nil (Previous year - 6,880)Equity Shares of Rs.2 each fully paid up	**-**	10.31
	Reliance Industries Limited 10,352 (Previous year - 5,176) Equity Shares of Rs.10 each fully paid up	**91.38**	68.37
	Tata Consultancy Services Limited 3,850 Equity Shares of Re.1 each fully paid up	**109.69**	93.62
	Ashok Leyland Limited 15,000 Equity Shares of Re.1 each fully paid up	**21.82**	12.68
	HT Media Limited Nil (Previous year - 1,000) Equity Shares of Rs.2 each fully paid up	**-**	0.83
	Andhra Bank Nil (Previous year - 12,379) Equity Shares of Rs.10 each fully paid up	**-**	7.17
	ICICI Bank Limited 12,864 (Previous year - 11,695) Equity Shares of Rs.2 each fully paid up	**35.81**	32.38
	Zee Entertainment Enterprises Limited 1,094 Equity Shares of Re.1 each fully paid up	**6.30**	5.86
	Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up	**19.70**	16.64
	SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up	**62.56**	52.07
	Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up	**10.16**	8.98
	Union Bank of India Nil (Previous year - 913) Equity Shares of Rs.10 each fully paid up	**-**	1.42
	Lanco Infratech Limited Nil (Previous year - 50,000) Equity Shares of Re.1 each fully paid up	**-**	1.65
	Power Finance Corporation Limited 1,994 Equity Shares of Rs.10 each fully paid up	**1.71**	2.91
	Idea Cellular Limited Nil (Previous year - 1,637) Equity Shares of Rs.10 each fully paid up	**-**	1.41
	Indian BankLimited 2,096 Equity Shares of Rs.10 each fully paid up	**6.28**	5.83
	Reliance Communications Limited Nil (Previous year - 2,010) Equity Shares of Rs.5 each fully paid up	**-**	0.77
	Reliance Infrastructure Limited Nil (Previous year -1,113) Equity Shares of Rs.10 each fully paid up	**-**	6.33
	Reliance Home finance Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost during the year)	**0.04**	0.00
	Reliance Capital Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	**0.32**	0.46
	Axis Bank 5,000 Equity Shares of Rs.2 each fully paid up	**25.52**	24.54
	Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up	**0.04**	0.04
	IDBI Bank Limited Nil (Previous year -3,500) Equity Shares of Rs.10 each fully paid up	**-**	2.63
	Indian Hotels Company Limited (Previous year -3,500) Equity Shares of Re.1 each fully paid up	**-**	4.44
	ITC Limited 13,500 Equity Shares of Re.1 each fully paid up	**34.49**	37.84
	J.K.Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up	**20.30**	18.7
	Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up	**32.98**	33.68
	Steel Authority of India Limited Nil (Previous year - 6,000) Equity Shares of Rs.10 each fully paid up	**-**	3.68

Rupees in Lakhs

		As at 31.3.2018	As at 31.3.2017
9.	**Financial assets - Investments (continued)**		
	Tata Motors Limited 7,870 (Previous year - 5,000) Equity Shares of Rs.2 each fully paid up	**25.72**	23.29
	Tata Power Company Limited Nil (Previous year -10,000) Equity Shares of Re.1 each fully paid up	**-**	9.03
	Central Bank of India Ltd. Nil (Previous year -598) Equity Shares of Rs.10 each fully paid up	**-**	0.63
	Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up	**63.12**	92.48
	Bharat Electronics Limited 8,800 (Previous year - 8,000) Equity Shares of Re.1 each fully paid up	**12.45**	12.54
	Cipla Limited 1,000 Equity Shares of Rs.2 each fully paid up	**5.45**	5.93
	ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up	**36.47**	41.15
	Infosys Limited 2,000 Equity Shares of Rs.5 each fully paid up	**22.64**	20.44
	Kotak Mahindra Bank Limited 4,000 Equity Shares of Rs. 5 each fully paid up	**41.91**	34.89
	Coal India Limited 154 Equity Shares of Rs.10 each fully paid up	**0.44**	0.45
	Zee Media Corporation Limited (Earlier Zee News Limited) 226 Equity Shares of Re.1 each fully paid up (received free of cost)	**0.09**	0.08
	IDFC Limited Nil (Previous year -1,500) Equity Shares of Rs.10 each fully paid up	**-**	0.82
	IDFC Bank Limited 1,500 Equity Shares of Rs.10 each fully paid up (received free of cost)	**0.71**	0.89
	Ashoka Buildcon Limited 6,060 Equity Shares of Rs.5 each fully paid up	**15.06**	11.94
	Castrol India Limited 4,800 (Previous year - 2,400) Equity Shares of Rs.5 each fully paid up	**9.83**	10.38
	RBL Bank Limited 4,600 Equity Shares of Rs.10 each fully paid up	**22.07**	22.75
	The Karur Vysya Bank Limited 9,775 Equity Shares of Rs.2 each fully paid up	**9.82**	10.95
	Yes Bank Limited 2,990 (Previous year - 598) Equity Shares of Rs.2 each fully paid up	**9.12**	9.25
	Interglobe Aviation Limited Nil (Previous year -1,050) Equity Shares of Rs.10 each fully paid up	**-**	11.04
	KEC International Limited 6,225 Equity Shares of Rs.2 each fully paid up	**24.26**	12.99
	Motherson Sumi Systems Limited 2,022 (Previous year - 4,045) Equity Shares of Re.1 each fully paid up	**6.29**	15.04
	Persistent System Limited 825 Equity Shares of Rs.10 each fully paid up	**5.73**	4.91
	Piramal Enterprises Limited 432 Equity Shares of Rs.2 each fully paid up	**10.51**	8.22
	Capital First Limited 886 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	**5.46**	-
	Care rating Limited 460 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	**5.56**	-
	Century Plyboards India Limited 4,525 Equity Shares of Re.1 each fully paid up (Purchased during the year)	**14.78**	-
	Coachin shipyard Limited 2,286 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	**11.48**	-
	Digilent Media Corporation Limited 57 Equity Shares of Re.1 each fully paid up (received free of cost during the year)	**0.00**	-
	Engineers India Limited 4,500 Equity Shares of Rs.5 each fully paid up (Purchased during the year)	**7.13**	-
	NCL Industries Limited 2790 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	**6.12**	-
	PNB Housing Finance Limited 938 Equity Shares of Rs.10 each fully paid up (Purchased during the year)	**12.12**	-
	Sub total (B)	**2512.50**	2132.35

Rupees in Lakhs

		As at 31.3.2018	As at 31.3.2017
9.2.2	**Investments measured at fair value through other comprehensive income**		
	Unquoted equity instrument		
	K K Modi Investment & Financial Services Private Limited		
	91,875 Equity Shares of Rs.10 each fully paid up	**7863.58**	5621.83
	Sub total (C)	**7863.58**	5621.83
9.2.3	**Investments measured at amortised cost**		
	Unquoted equity instrument		
	Circassia Pacific Finance Limited		
	1,00,000 Equity Shares of Rs.10 each fully paid up	**10.00**	10.00
	Sub total (D)	**10.00**	10.00
	Aggregate investment in other equity instruments (A+B+C+D)	**10386.08**	7764.18
9.3	**Investment in mutual funds - Quoted**		
	Non-current investment in mutual funds (valued at fair value through profit or loss)	**63580.83**	32840.11
	Current investment in mutual funds (valued at fair value through profit or loss)	**17320.69**	9217.38
9.3.1	**Break up of non-current investment in mutual funds**		
	Franklin Templeton Mutual Fund		
	1,00,00,000 Units of Franklin India Fixed Maturity Plan-Series 2- Plan C- Direct- Growth of Rs. 10 each (purchased during the year)	**1015.72**	-
	50,00,000 Units of Franklin India Fixed Maturity Plan-Series 3- Plan C- Direct-Growth of Rs. 10 each (purchased during the year)	**502.73**	-
	ICICI Prudential Mutual Fund		
	13,88,808 Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each	**764.56**	726.03
	41,57,762 Units of ICICI Prudential Short Term-Direct Plan-Growth of Rs.10 each	**1559.34**	1456.5
	75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	**1545.55**	1452.09
	29,21,824 Units of ICICI Prudential Banking & PSU Debt Fund-Direct-Growth of Rs.10 each	**590.72**	553.08
	75,73,199 (Previous year - 38,32,196) Units of ICICI Prudential Corporate Bond Fund Direct Growth of Rs. 10 each	**2142.46**	1008.31
	78,705 Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each	**19.11**	18.11
	28,01,120 Units of ICICI Prudential Balanced Advantage Fund-Direct - Growth of Rs.10 each (purchased during the year)	**985.71**	-
	Aditya Birla Sunlife Mutual Fund (formerly known as Birla Mutual Fund)		
	19,53,831 Units of Aditya Birla Sun Life Income Plus-Growth-Regular Plan of Rs.10 each	**1484.73**	1431.91
	8,72,520 Units of Aditya Birla Sun Life Short Term Fund-Growth-Direct Plan of Rs. 10 each	**583.02**	545.7
	50,00,000 Units of Aditya Birla Sun Life Fixed Term Plan Series OJ (1136 Days) - Growth Direct Plan of Rs. 10 each	**539.77**	500.45
	46,01,340 Units of Aditya Birla Sunlife Medium Term Plan-Direct-Growth of Rs.10 each (purchased during the year)	**1045.39**	-
	38,98,939 Units of Aditya Birla Sunlife Corporate Bond Fund- Direct-Growth of Rs.10 each (purchased during the year)	**518.75**	-
	1,00,00,000 Units of Aditya Birla Sunlife Fixed Term Plan -Series PG (1148 Days) - Direct-Growth of Rs.10 each (purchased during the year)	**1010.68**	-
	61,167 Units of Aditya Birla Sunlife Balanced 95 Fund - Direct-Growth of Rs.10 each (purchased during the year)	**475.86**	-
	IDFC Mutual Fund		
	52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan-Growth-(Direct Plan) of Rs.10 each	**2275.24**	2209.24
	HDFC Mutual Fund		
	60,89,466 Units of HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option of Rs.10 each	**1181.83**	1106.91
	2,60,51,855 (Previous year - 76,71,948) Units of HDFC Banking & PSU Debt Fund Direct Growth Plan of Rs. 10 each	**3696.39**	1018.66
	68,09,948 Units of HDFC Corporate Debt Opportunities Fund-Direct -Growth of Rs.10 each (purchased during the year)	**1016.98**	-
	"50,00,000 Units of HDFC Fixed Maturity Plan 1177D March, 2018(1) -Direct-Growth-Series 39 of Rs.10 each (purchased during the year)"	**500.00**	-
	3,20,842 Units of HDFC Balanced Fund-Direct-Growth of Rs.10 each (purchased during the year)	**489.96**	-
	SBI Mutual Fund		
	1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	**2257.09**	2185.44
	83,68,134 Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs. 10 each.	**1715.54**	1609.30
	36,78,702 Units of SBI Corporate Bond Fund-Direct-Growth of Rs.10 each (purchased during the year)	**1058.08**	-
	50,00,000 Units of SBI Debt Fund Series -C-12-(1122 Days) -Direct-Growth of Rs. 10 each (purchased during the year)	**502.69**	-
	3,81,300 Units of SBI Magnum Balanced Fund -Direct-Growth of Rs. 10 each (purchased during the year)	**491.23**	-
	AXIS Mutual Fund		
	79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	**1492.73**	1423.02
	72,29,194 Units of Axis Fixed Income Opportunities Fund-Direct-Growth of Rs.10 each (purchased during the year)	**1029.11**	-
	DSP BlackRock Mutual Fund		
	1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	**2237.55**	2164.51
	34,77,511 Units of DSP BlackRock Credit Risk Fund-Direct-Growth (purchased during the year)	**1024.63**	-

Rupees in Lakhs

		As at 31.3.2018	As at 31.3.2017
9.	**Financial assets - Investments (continued)**		
	1,00,00,000 Units of DSP BlackRock Fixed Maturity Plan- Series 221-40M - Direct-Growth (purchased during the year)	**1013.21**	-
	4,073 Units of DSP BlackRock Liquidity Fund-Growth of Rs.1000 each (purchased during the year)	**101.23**	-
	DHFL Pramerica Mutual Fund		
	63,55,000 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth of Rs.10 each	**2113.13**	1962.57
	1,62,327 Units of DHFL Pramerica Insta Cash Plus Fund-Bonus of Rs.10 each	**249.68**	233.85
	50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AC -Direct Plan-Growth of Rs. 1000 each	**547.46**	503.55
	35,20,904 Units of DHFL Pramerica Medium Term Income Fund-Direct-Growth of Rs. 10 each (purchased during the year)	**532.41**	-
	35,80,149 Units of DHFL Pramerica Credit Opportunities Fund-Direct -Growth (purchased during the year)	**511.01**	-
	50,000 Units of DHFL Pramerica Fixed Duration Fund-Series AR -Direct Plan-Growth (purchased during the year)	**502.46**	-
	Reliance Mutual Fund		
	Nil (Previous year - 1,00,00,000) Units of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	**-**	1383.33
	33,73,190 Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	**553.41**	532.17
	32,66,543 Units of Reliance Short Term Fund-Direct Growth Plan of Rs. 10 each	**1100.33**	1032.25
	1,00,00,000 Units of Reliance Fixed Horizon Fund XXXIII-Series 5-Direct Plan-Growth of Rs. 10 each	**1094.38**	1000
	Nil (Previous year - 20,000) Units of Reliance Equity Opportunities fund Growth of Rs. 10 each	**-**	15.97
	Nil (Previous year - 97,800) Units of Reliance Top 200 Fund - Retail Plan Growth of of Rs. 10 each	**-**	26.97
	73,87,161 Units of Reliance Corporate Bond Fund-Direct-Growth of Rs.10 each (purchased during the year)	**1069.62**	-
	1,00,00,000 Units of Reliance Fund Horizon Fund -XXXV-Series 16- Direct Growth of Rs.10 each (purchased during the year)	**1019.61**	-
	2,387 units of Reliance Liquid Fund - Treasury Plan - Direct Growth Plan of Rs. 1000 each (purchased during the year)	**101.25**	-
	50,00,000 Units of Reliance Fixed Horizon Fund -XXXV-Series 8- Direct Growth of Rs.10 each (purchased during the year)	**502.24**	-
	UTI Mutual Fund		
	1,51,52,603 Units of UTI- Short Term Income Fund- Institutional Option-Direct Plan-Growth of Rs. 10 each	**3278.37**	3079.47
	76,42,438 Units of UTI- Dynamic Bond Fund- Direct Plan-Growth of Rs.10 each	**1582.98**	1503.7
	1,52,09,282 Units of UTI Income Opportunities Fund -Direct-Growth of Rs. 10 each (purchased during the year)	**2567.94**	-
	TATA Mutual Fund		
	34,85,851 Units of TATA Short Term Bond Fund Direct Plan-Growth of Rs.10 each	**1168.95**	1097.5
	50,00,000 Units of Tata Fixed Maturity Plan Series 53 Scheme A-Direct -Growth of Rs. 10 each (purchased during the year)	**502.51**	-
	KOTAK Mutual Fund		
	33,48,603 Units of Kotak Bond (Short Term)-Direct Plan-Growth of Rs. 10 each	**1127.76**	1059.52
	76,74,987 Units of Kotak Income Opportunities Fund-Direct-Growth of Rs. 10 each (purchased during the year)	**1540.64**	-
	50,00,000 Units of Kotak Fixed Maturity Plan Series 220 - Direct-Growth (purchased during the year)	**500.00**	-
	Edelweiss Mutual Fund		
	74,63,076 Units of Edelweiss Corporate Bond Fund-Direct Growth (CD-D1) of Rs. 10 each (purchased during the year)	**1015.74**	-
	IIFL Mutual Fund		
	35,22,764 Units of IIFL Dynamic Bond Fund -Direct -Growth of Rs. 10 each (purchased during the year)	**502.48**	-
	HSBC Mutual Fund		
	1,00,00,000 Units of HSBC FTS 133-Growth-Direct -1134 days of Rs.10 each (purchased during the year)	**1000.00**	-
	L&T Mutual Fund		
	24,92,473 Units of L&T Income Opportunities Fund -Direct -Growth of Rs. 10 each (purchased during the year)	**508.06**	-
	Sundaram Mutual Fund		
	1,50,00,000 Units of Sundaram FTP IE Series 1200 Days-Direct -Growth of Rs. 10 each (purchased during the year)	**1520.82**	-
	Aggregate non-current investment in mutual funds	**63580.83**	32840.11
9.3.2	**Break up of Current investment in mutual funds**		
	ICICI Mutual Fund		
	66,43,408 Units of ICICI Prudential Liquid Fund-Growth of Rs.100 each (purchased during the year)	**17032.91**	-
	Aditya Birla Sunlife Mutual Fund		
	25,993 (Previous year - 45,649) Units of Birla Sunlife Saving Fund- Growth of Rs. 100 each	**85.99**	140.67
	Nil (Previous year - 50,00,000) Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs. 10 each	**-**	635.62
	Nil (Previous year - 13,378) Units of Birla Sunlife Saving Fund- Retail Growth of Rs. 100 each	**-**	42.60
	DSP BlackRock Mutual Fund		
	10,02,979 Units of DSP Black Rock Arbitrage Fund Direct- Dividend of Rs.10 each (purchased during the year)	**101.24**	-
	2,016 Units of DSP Black Rock Liquidity Fund Direct- Growth of Rs.1,000 each (purchased during the year)	**50.12**	-
	IIFL Mutual Fund		
	5,13,905 Units of IIFL Special Opportunities Fund Series 5 of Rs.10 each (purchased during the year)	**50.43**	-

Rupees in Lakhs

		As at 31.3.2018	As at 31.3.2017
9.	**Financial assets - Investments (continued)**		
	TATA Mutual Fund		
	Nil (Previous year - 50,00,000) Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	-	637.17
	Sundaram Mutual Fund		
	Nil (Previous year - 1,00,00,000) Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	-	1333.78
	SBI Mutual Fund		
	Nil (Pervious year - 50,00,000) Units SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	-	651.23
	HDFC Mutual Fund		
	Nil (Previous year - 50,00,000) Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs. 10 each	-	635.38
	ICICI Prudential Mutual Fund		
	Nil (Previous year-50,00,000) Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each	-	639.75
	UTI Mutual Fund		
	Nil (Previous year - 1,69,011) Units of UTI- Liquid Cash Plan Growth Fund- Direct Plan-Growth of Rs. 1,000 each	-	4501.18
	Aggregate current investment in mutual funds	**17320.69**	9217.38
9.4	**Investments - Others Quoted**		
9.4.1	**Investments in bonds (valued at amortised cost)**		
	Indian Railway Finance Corporation Limited		
	43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up "	**435.01**	435.01
9.4.2	**Investments in debentures (FVTPL)**		
	NTPC Limited		
	6,544 12.5% Non Convertible Debentures	**0.83**	0.82
9.4.3	**Investment in alternative investment fund (FVTPL)**		
	India Housing Fund		
	19,96,885 units of India Housing Fund of Rs. 10 each (purchased during the year)	**200.18**	-
9.4.4	**Investment in exchange traded fund (FVTPL)**		
	Reliance Liquid BeES Fund		
	20 Units of Rs. 1,000 each (purchased during the year)	**0.20**	-
	Aggregate investment - Others	**636.22**	435.83
9.5	**Investments under portfolio management scheme - Unquoted**		
	Sai Rayalaseema Paper Mills Limited		
	15,895 Equity Shares of Rs.10 each fully paid up	-	-
9.6	**Investments in preference shares**		
	K K Modi Investment & Financial Services Private Limited - Unquoted - FVTPL		
	71,28,000 Preference Shares of Rs.10 each fully paid up	**97.58**	85.79
	Zee Entertainment Enterprises Limited - Quoted - FVTPL		
	2,297 6% Preference Shares of Rs. 10 each fully paid up (received free of cost)	**0.17**	0.22
	Aggregate investment in preference shares	**97.75**	86.01

10. Financial assets - Loans (carried at amortised cost) (unsecured considered good unless otherwise stated)	**As at 31.3.2018**	As at 31.3.2017
Non-current		
Loans to related parties (Refer note No.44)		
- Loan to officers	**21.10**	12.13
Loans to employees	**651.59**	703.22
	672.69	715.35
Current		
Loans to related parties (Refer note No.44)		
- Loan to officers	**4.70**	2.70
- Loan to other parties	**6.75**	15.89
Loans to employees	**111.75**	143.52
	123.20	162.11
Total	**795.89**	877.46

Rupees in Lakhs

11. Income taxes

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

	As at 31.3.2018	As at 31.3.2017
Statement of profit and loss		
Current income tax		
In respect of the current year	**7310.13**	5290.64
In respect of the prior years	**(168.12)**	-
Deferred tax		
In respect of the current year	**96.90**	940.01
In respect of the prior years	**160.30**	-
Total income tax expense recognised in the statement of profit and loss	**7399.21**	6230.65
Statement of Other Comprehensive Income:		
Current tax related to items recognised in OCI during the year:		
(Profit)/Loss on remeasurements of defined benefit plans	**(286.55)**	256.88
Deferred tax related to items recognised in OCI during the year:		
Gain on equity instruments fair valued through OCI	**(527.57)**	(68.68)
Income tax charged to OCI	**(814.12)**	188.20
The income tax expense for the year can be reconciled to the accounting profit as follows:	**Year ended 31.3.2018**	Year ended 31.3.2017
Profit before tax	**23303.86**	19917.64
Income tax expense calculated at corporate tax rate of 34.608%	**8065.00**	6893.10
Investment allowance on plant and machinery	**-**	(195.65)
Differential tax rate on long term capital gain on sale of investments and fair value gain on investments	**(840.61)**	(744.21)
Effect of expenses that are not deductible in determining taxable profit	**179.98**	185.15
Effect of exempt non-operating income	**(115.19)**	(12.04)
Difference in tax rates of subsidiaries	**208.39**	(138.92)
Others	**(98.36)**	243.22
At the effective income tax rate of 31.75% (Previous year: 31.28%)	**7399.21**	6230.65

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

Deferred tax balances

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

	As at 31.3.2018	As at 31.3.2017
Deferred tax assets		
Provisions for compensated absences	**2424.14**	2354.26
Accrued expenses deductible on payment basis	**970.66**	1146.88
Foreign exchange difference arising on account of import of fixed assets	**33.95**	71.00
Voluntary retirement scheme payments deductible in instalments	**60.42**	281.46
Provision for doubtful debts	**65.07**	-
Long term capital loss on investments sold*	**0.38**	154.52
Investment in unquoted preference shares fair valued through profit or loss	**0.39**	-
Investment in quoted equity instruments fair valued through profit or loss	**16.43**	-
Total deferred tax assets	**3571.44**	4008.12

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
Deferred tax liabilities		
Investment in mutual funds fair valued through profit or loss	**(1103.80)**	(1046.50)
Other financial assets (net)	**(0.45)**	(5.18)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	**(2380.42)**	(2649.04)
Investment in unquoted equity instruments fair valued through OCI	**(1816.15)**	(1288.58)
Investment in unquoted preference shares fair valued through profit or loss	**-**	(7.34)
Compound financial instrument	**(43.90)**	-
Total deferred tax liabilities	**(5344.72)**	(4996.64)
Deferred tax liabilities (net)	**(1773.28)**	(988.52)
Reflected in the consolidated balance sheet as follows:-		
Deferred tax assets	**146.33**	322.77
Deferred tax liabilities	**(1919.61)**	(1311.29)
Deferred tax liabilities (net)	**(1773.28)**	(988.52

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

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
For the year ended March 31, 2018				
Deferred tax assets in relation to				
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 fixed assets	**71.00**	(37.05)	-	33.95
Voluntary retirement scheme payments deductible in instalments	**281.46**	(221.04)	-	60.42
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 shares 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
	3986.75	(415.31)	-	3571.44
Deferred tax liabilities in relation to				
Investment in mutual funds fair valued through profit or loss	**(1032.46)**	(71.34)	-	(1103.80)
Investment in unquoted equity instruments fair valued through OCI	**(1288.58)**	-	(527.57)	(1816.15)
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)
Others	**-**	(43.90)	-	(43.90)
	(4975.27)	158.11	(527.57)	(5344.72)
Net deferred tax liabilities	**(988.52)**	(257.20)	(527.57)	(1773.28)
For the year ended March 31, 2017				
Deferred tax assets in relation to				
Provisions for compensated absences	**2264.56**	89.70	-	2,354.26
Accrued expenses deductible on payment basis	**1111.02**	35.86	-	1,146.88

Rupees in Lakhs

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Foreign exchange difference arising on account of import of fixed assets	**487.86**	(416.86)	-	71.00
Voluntary retirement scheme payments deductible in instalments	**489.81**	(208.35)	-	281.46
Long term capital loss on investments sold*	**265.93**	(111.41)	-	154.52
	4619.18	(611.06)	-	4008.12
Deferred tax liabilities in relation to				
Investment in mutual funds fair valued through profit or loss	**(636.70)**	(409.80)	-	(1046.50)
Other financial assets (net)	**(11.34)**	6.16	-	(5.18)
Property, plant and equipments, intangible assets, investment properties and assets held for sale	**(2726.12)**	77.08	-	(2649.04)
Investment in unquoted equity instruments fair valued through OCI	**(1219.90)**	-	(68.68)	(1288.58)
Investment in unquoted preference shares fair valued through profit or loss	**(4.95)**	(2.39)	-	(7.34)
	(4599.01)	(328.95)	(68.68)	(4996.64)
Net deferred tax assets/(liabilities)	**20.17**	(940.01)	(68.68)	(988.52)

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

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
12. Inventories		
(Lower of cost and net realisable value)		
Raw and packing materials	**40641.03**	34327.46
Work-in-process	**640.28**	832.43
Finished goods *		
- Cigarettes	**6370.47**	13318.41
- Chewing products	**443.97**	1726.04
Traded goods (Net of provision of Rs 202.92 lakhs, Previous year - Nil)	**1815.29**	6396.68
Stores and spare parts (Net of provision of Rs 300.63 lakhs (Previous year Rs. 269.65 lakhs)	**1954.45**	1899.94
Land	**6669.30**	6669.30
	58534.79	65170.26
Inventory includes in transit inventory of:		
Raw and packing materials	**3117.44**	1595.37
Finished goods		
- Cigarettes	**581.66**	138.23
Traded goods	**21.57**	-
Stores and spare parts	**0.79**	9.58

The cost of inventories recognised as an expense include Rs. 70.35 lakhs (Previous year Rs. 67.71 lakhs) in respect of write-down of inventory to net realisable value.
* Includes excise duty of Rs. 501.28 lakhs (Previous year Rs. 8598.72 lakhs)

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
13. Financial assets - Trade receivables (at amortised cost)		
Unsecured - considered good		
Unsecured-considered good	**8582.88**	17897.63
Unsecured-considered doubtful	**186.20**	-
	8769.08	17897.63
Less: Provision for doubtful debts and advances	**186.20**	-
Total trade receivables	**8582.88**	17897.63
The average credit period on sale of goods ranges upto 90 days. Generally no interest is charged on trade receivables.		
Age of receivables		
1-30 days past due	**4671.89**	3823.63
31-60 days past due	**572.07**	840.72
61-90 days past due	**839.50**	401.35
91-180 days past due	**485.42**	605.01
More than 180 days past due	**285.87**	535.67
14. Financial assets - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	**56.69**	46.35
Cheques, drafts on hand	**62.16**	23.80
Balances with banks		
- In current accounts	**1952.81**	841.52
	2071.66	911.67
Other bank balances:		
In earmarked accounts for		
- Margin money*	**1999.25**	1938.60
- Unpaid dividend	**210.64**	194.23
- Fixed deposit receipts lodged with government authorities	**2.02**	102.13
- Fixed deposit with original maturity of more than 3 months	**78.81**	-
	2290.72	2234.96
Cash and bank balances	**4362.38**	3146.63
* The Group has given margin money to fulfil collateral requirements.		
15. Other financial assets (at amortised cost)		
(unsecured considered good unless otherwise stated)		
Non-current		
Security deposits	**1407.76**	940.97
	1407.76	940.97
Current		
Security deposits	**82.41**	76.41
Interest accrued on bank and other deposits	**104.46**	81.80
Other receivables	**149.82**	-
	336.69	158.21

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
16. Other assets		
(unsecured considered good unless otherwise stated)		
Non-current		
Capital advances	**895.21**	237.77
Prepaid expenses	**484.90**	430.08
Leasehold land under operating lease	**1874.52**	1916.63
Others	**0.36**	0.36
	3254.99	2584.84
Current		
Balance with government authorities	**4631.15**	1400.06
Prepaid expenses	**552.63**	402.50
Leasehold land under operating lease	**42.11**	42.11
Export incentives accrued/available	**273.61**	509.47
Recoverable from gratuity fund (Refer Note No.41)	**285.67**	-
Due from other related party (Refer Note No.44)	**5.49**	-
Prepayment to suppliers	**1460.37**	1734.31
Others	**360.67**	1389.44
	7611.70	5477.89
17. Assets classified as held for sale		
Property, plant and equipment held for sale-carrying value	**215.45**	434.03
Less: Write down in the value	**215.45**	217.01
Less: Disposal	**-**	1.57
	-	215.45
18. Equity share capital		
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
	2500.00	2500.00
Issued, subscribed and fully paid up		
51,993,920 equity shares of Rs. 2 each	**1039.88**	1039.88

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

(ii) The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share

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

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

	As at 31.3.2018		As at 31.3.2017	
Name of the shareholders	**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	**3,667,722**	**7.05%**	3,089,482	5.94%

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

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
19. Other equity		
Capital redemption reserve	**30.13**	30.13
Statutory reserve	**48.81**	33.21
Reserve for equity instruments fair valued through OCI	**6010.65**	4296.47
General reserve	**34431.89**	31931.89
Retained earnings	**137648.13**	128713.14
Equity component of compound financial instrument (Refer Note No.21)	**125.64**	-
	178295.25	165004.84
Reserve for equity instruments fair valued through OCI		
Opening balance	**4296.47**	4067.48
Add: Fair value gain on equity instruments, net of income tax*	**1714.18**	228.99
Closing balance	**6010.65**	4296.47
* Net of income tax of (Rs.527.57) lakhs (previous year (Rs.68.68) lakhs)		
General reserve		
Opening balance	**31931.89**	29931.89
Add: Transfer from retained earnings	**2500.00**	2000.00
Closing balance	**34431.89**	31931.89
Retained earnings		
Balance at beginning of year	**128713.14**	122499.71
Profit for the current year	**15910.70**	13722.80
Other comprehensive income arising from remeasurement of defined benefit obligation, net of income tax*	**546.18**	(490.76)
Payment of dividend on equity shares (Rs.8 per share; previous year Rs.8 per share)	**(4159.51)**	(4159.51)
Dividend distribution tax	**(846.78)**	(846.78)
Transfer to general reserve	**(2500.00)**	(2000.00)
Transfer to statutory reserve	**(15.60)**	(12.32)
Balance at end of year	**137648.13**	128713.14

* Net of income tax of Rs. (286.55) lakhs (previous year Rs.256.88 lakhs)

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

General reserve:
The amount transferred to the general reserve is Rs. 2500.00 lakhs (previous year Rs.2000.00 lakhs). As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Statutory Reserve:
As per the Reserve Bank of India Act, 1934, every non-banking financial company has to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The statutory reserve has been created by Chase Investments Limited.

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, 2018, the directors have, in the board meeting held on May 29, 2018, proposed a dividend of Rs. 8 per fully paid equity share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liability in the financial statements. The proposed equity dividend is payable to all the holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.4159.51 lakhs apart from Rs.855.00 lakhs towards dividend distribution tax.

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
20. Non-controlling interests		
Balance at beginning of year	**4045.89**	4413.54
Share of total comprehensive income of the year	**(6.05)**	(35.81)
Arising from change in ownership interests in subsidiaries	**(376.10)**	(331.84)
Balance at the end of the year	**3663.74**	4045.89

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 31.03.2018	As at 31.03.2017	**For the year ended 31.03.2018**	For the year ended 31.03.2017	**As at 31.03.2018**	As at 31.03.2017
Rajputana Developers Projects	India	**45.62%**	50.10%	**(10.19)**	(32.89)	**3154.33**	3552.74
Individually immaterial subsidiaries with non-controlling interests						**509.41**	493.15
						3663.74	4045.89

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

	As at 31.03.2018	As at 31.03.2017
Summarised balance sheet		
Non current assets	**0.07**	0.10
Current assets	**6670.29**	6679.69
Current liabilities	**(1.37)**	(0.12)
Total equity	**6668.99**	6679.67
Equity attributable to:		
Owners of the Company	**3514.66**	3126.93
Non controlling interests	**3154.33**	3552.74

	Year ended 31.3.2018	Year ended 31.3.2017
Summarised statement of profit and loss		
Revenue	**0.07**	0.36
Expenses	**(22.41)**	(66.02)
Loss for the year	**(22.34)**	(65.66)
Total comprehensive income	**(22.34)**	(65.66)
Attributable to:		
Owners of the Company	**(12.15)**	(32.77)
Non controlling interests	**(10.19)**	(32.89)
	(22.34)	(65.66)
Summarised cash flow information		
Operating activities	**0.60**	0.15
Investing activities	**-**	(0.12)
Net increase in cash and cash equivalents	**0.60**	0.03

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
21. Financial liabilities - Borrowings		
Non-current borrowings - carried at amortised cost		
Liability component of compound financial instrument		
6.25%, non-cumulative, non-convertible, redeemable preference shares	**74.36**	-
Total non-current borrowings	**74.36**	-
Current borrowings - carried at amortised cost		
Secured		
Loans from banks repayable on demand*	**2682.98**	4745.01
Total current borrowings	**2682.98**	4745.01

Details of security and terms of above loans:

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

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

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

22. Other financial liabilities		
Non-current		
Security deposits - at amortised cost	**86.93**	43.43
	86.93	43.43
Current		
Current maturities of long term debts	**-**	2594.00
Interest accrued but not due on borrowings	**1.74**	2.89
Interest accrued on other than borrowings	**758.03**	713.07
Unclaimed dividends	**210.64**	194.23
Payable to gratuity fund (Refer Note No.41)	**-**	1417.52
Liability towards property, plant and equipments	**1101.02**	765.70
Security deposits - at amortised cost	**13.22**	17.96
	2084.65	5705.37
23. Provisions		
Non-current		
Provision for employee benefits		
- provision for compensated absences	**5274.15**	6341.58
	5274.15	6341.58
Current		
Provision for employee benefits		
- provision for compensated absences	**1762.48**	1026.10
	1762.48	1026.10
Total	**7036.63**	7367.68
24. Financial liabilities - Trade payables		
Micro and small enterprises	**6.97**	100.73
Other than Micro and small enterprises	**16228.67**	14711.26
Payables to other related party (Refer Note No.44)	**12.80**	6.05
Employee payables	**851.97**	874.64
	17100.41	15692.68

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

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
25. Income tax assets and liabilities		
Income tax assets (Net)		
Income tax recoverable	**2335.91**	2259.23
Total income tax assets	**2335.91**	2259.23
Income tax liabilities (Net)		
Income tax payable (net of advance tax and TDS recoverable)	**727.37**	495.20
Total income tax liabilities	**727.37**	495.20
26. Other liabilities		
Current		
Statutory dues	**28953.26**	13867.08
Advances from customers	**2421.48**	1573.13
Book overdrafts	**505.86**	-
Others	**35.53**	197.65
	31916.13	15637.86

	Year ended 31.3.2018	Year ended 31.3.2017
27. Revenue from operations		
Sale of products (including excise duty)*	**285595.56**	436981.56
Other operating revenues		
Export incentives	**312.75**	623.56
Contract manufacturing charges-Tea business	**129.09**	-
Dividend Income	**19.93**	16.08
Net gain on sale/redemption/fair valuation of:		
- Non-current investments fair valued through profit or loss	**400.62**	488.65
- Current investments fair valued through profit or loss	**13.21**	15.02
Recovery towards services rendered	**601.56**	1545.94
Receipts from sale of scrap and ancillary products	**657.55**	730.69
Insurance claims	**310.19**	83.23
Other receipts	**1032.61**	701.83
	3477.51	4205.00
Total revenue from operations	**289073.07**	441186.56

* 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 – 18 on Revenue and Schedule III of the Companies Act, 2013, levies like GST, GST Compensation Cess and VAT are not included in Gross Revenue from sale of products. Accordingly, Gross Revenue from sale of products and Excise duty for the year ended March 31, 2018 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)	**581292.57**	539921.61
Taxes other than Excise Duty/NCCD (B)	**295697.01**	102940.05
Gross Revenue from sale of products and services [C=(A-B)]	**285595.56**	436981.56

Rupees in Lakhs

	Year ended 31.3.2018	Year ended 31.3.2017
28. Other income		
Interest income from:		
- Debts, deposits, loans and advances, etc.**	**214.88**	224.80
- Non-current investments valued on amortised cost	**35.57**	34.80
Dividend income	**271.76**	-
Rent and hire charges from:		
- Others (Refer Note No.40)	**235.91**	148.53
Net gain on sale/redemption/fair valuation of:		
- Non-current investments fair valued through profit or loss	**3605.35**	3397.84
- Current investments fair valued through profit or loss	**400.52**	646.73
Foreign currency fluctuation (net)	**309.27**	-
Liabilities written back	**147.20**	86.66
Miscellaneous income	**237.50**	183.65
	5457.96	4723.01
**includes interest income calculated in relation to financial assets valued on amortised cost basis.	**54.13**	68.61
29. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	**24060.66**	21431.47
Cigarette paper	**721.01**	773.84
Cardboard (shells, slides and others)	**8123.73**	8799.02
Filter rods	**8360.75**	7752.53
Aluminium foil/metallised paper	**1429.30**	1387.79
Cellulose paper	**911.28**	897.39
Flavours for chewing products	**1131.35**	1642.99
Betel nut	**8002.79**	5687.27
Katha, lime and bulking agent	**2731.64**	2244.78
Paper/Laminate pouches for chewing products	**3839.75**	3091.77
Miscellaneous	**7927.90**	6151.41
	67240.16	59860.26
30. Purchases of traded goods		
Unmanufactured tobacco		
(transferred from raw and packing materials)	**14856.83**	24352.06
Cigarettes	**354.13**	542.73
Other goods	**23974.35**	30641.06
	39185.31	55535.85

Rupees in Lakhs

31. Changes in Inventories of finished goods, work-in-process and traded goods

	Year ended 31.3.2018	Year ended 31.3.2017
Opening stock:		
Work-in-process	**832.43**	575.76
Finished goods		
- Cigarettes	**13318.41**	27541.21
- Chewing products	**1726.04**	1042.47
Traded goods	**6396.68**	4704.64
Land	**6669.30**	6669.30
Opening stock	**28942.86**	40533.38
Closing stock:		
Work-in-process	**640.28**	832.43
Finished goods		
- Cigarettes	**6370.47**	13318.41
- Chewing products	**443.97**	1726.04
Traded goods	**1815.29**	6396.68
Land	**6669.30**	6669.30
Closing stock	**15939.31**	28942.86
Decrease in inventories	**13003.55**	11590.52

32. Employee benefits expenses

Salaries and wages	**19856.85**	22300.05
Contribution to provident and other funds (Refer Note No.41)	**1475.16**	1525.46
Workmen and staff welfare expenses	**1717.74**	1610.59
Contribution to gratuity and superannuation fund (Refer Note No.41)	**848.25**	868.03
	23898.00	26304.13

33. Finance costs

Interest expenses on:		
- Borrowings	**49.35**	226.28
- Others*	**83.96**	66.05
Other borrowing costs	**33.59**	32.37
Exchange differences regarded as an adjustment to borrowing costs	**-**	31.72
	166.90	356.42

*including Rs. 42.41 lakhs (Previous year Rs. 42.41lakhs) towards interest on entry tax.

34. Other Expenses

Consumption of stores and spare parts*	**91.11**	104.87
Power and fuel	**3202.13**	3033.17
Rent (Refer Note No.40)	**3199.77**	2959.09
Repairs and maintenance		
- Buildings	**791.02**	474.00
- Plant and machinery	**1681.73**	1703.33
- Others	**1346.19**	1200.95
Insurance	**530.84**	622.59
Rates and taxes	**2290.14**	3651.59
Freight and cartage	**3865.73**	3851.23
Legal and professional expenses	**6877.71**	6265.07

Rupees in Lakhs

34. Other Expenses (continued)

	Year ended 31.3.2018	Year ended 31.3.2017
Auditors' Remuneration** (net of cenvatable indirect tax)		
- Audit fees	**114.54**	103.90
- For tax audit	**23.64**	22.69
- For limited review of unaudited financial statements	**57.65**	53.61
- For corporate governance, consolidated financial statements and other certificates	**8.20**	7.25
- For other services	**3.40**	2.59
- Reimbursement of expenses	**15.87**	10.92
Commission paid to other than sole selling agents	**318.62**	359.87
Commission paid to non-executive director (Refer Note No.44)	**150.00**	112.50
Advertising and sales promotion	**13183.14**	13171.80
Selling and distribution expenses	**6910.24**	6779.97
Travelling and conveyance	**3368.75**	2973.98
Donations	**583.67**	558.96
Contributions/expenses towards Corporate social responsibility (Refer Note No.35)	**434.80**	498.87
Bad debts and advances written off	**125.16**	85.59
Provision for doubtful debts and advances	**186.20**	-
Investments written off	**-**	0.25
Property, plant and equipment written off	**37.00**	19.60
Loss on sale of property, plant and equipment (net)	**196.39**	45.76
Foreign currency fluctuation (net)	**-**	124.26
Technical services fee and royalty	**1096.42**	1052.64
Consumer research activity	**600.00**	400.45
Machine and material handling expenses	**459.08**	413.87
Write down in the value of assets classified as held for sale	**215.45**	217.01
Miscellaneous expenses	**11440.82**	10780.09
	63405.41	61662.32

*Excludes consumption of spare parts charged to repairs and maintenance of plant & machinery
**Includes fees paid to the auditors of the subsidiary companies.

35. Corporate social responsibility (CSR)

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

Gross amount required to be spent by the Group during the year is Rs. 432.00 lakhs (Previous year Rs. 501.00 lakhs) and the details of amount spent are as under:

a) By way of contribution for the above mentioned activities	**414.10**	475.11
b) Administrative expenses incurred (restricted to 5%)	**20.70**	23.76
	434.80	498.87

36. Earnings per share

Profit after tax and exceptional items (A)	**15910.70**	13722.80
Less: Exceptional items (net of tax)	**(1307.84)**	-
Profit after tax but before exceptional items (B)	**14602.86**	13722.80
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)	**30.60**	26.39
Basic and Diluted Earnings per share after tax but before exceptional items (Rs.) [B/C] (Face value of Rs. 2 each)	**28.09**	26.3

Rupees in Lakhs

	As at 31.3.2018	As at 31.3.2017
37. Contingent liabilities not provided for		
a) Demands from excise, income tax, sales tax and other authorities not accepted by the Group @	**4433.19**	4466.54
b) Claims against the Group not acknowledged as debts	**1.37**	1.37

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

c) Share of contingent liabilities relating to associate companies	**1662.33**	789.76

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.

38. Commitments		
a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	**1713.14**	1913.02

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.

39. Expenditure on scientific research and development		
Revenue expenditure	**956.63**	1044.10
Capital expenditure	**24.54**	306.74

40. Operating lease arrangements

The Group as a lessee

Leasing arrangements

The Group has entered into various operating lease agreements for premises (residential, offices, godowns, etc.). These lease arrangements are mostly cancellable in nature and range between two to three years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. 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.

Non-cancellable operating lease commitments		
Within one year	**514.40**	358.09
Later than one year but not later than five years	**1565.79**	53.44
Later than five years	**96.60**	97.83

The Group as a lessor

The Group has let out and sub-let part of its owned and rented office premises under lease arrangements which are cancellable in nature but renewable on mutually agreeable terms. The rent and hire charges receivable in respect thereof have been accrued as income in Note No.28.

Rupees in Lakhs

41. Employee benefit plans

	Year ended 31.3.2018	Year ended 31.3.2017
(a) Defined contribution plans and amounts recognised in the consolidated statement of profit and loss		
Contribution towards provident fund (Refer Note No. 32)	**1475.16**	1525.46
Contribution towards superannuation fund	**176.62**	192.56
Employers' contribution to employee's state insurance scheme	**13.36**	5.14
	1665.14	1723.16
(b) Other long term employee benefits (based on actuarial valuation)		
Compensated absences – amount recognized in the consolidated statement of profit and loss	**415.50**	1694.80

(c) Defined benefit plans

Gratuity

The Group makes annual contributions to gratuity funds established as trusts, for the defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per provisions of the Payment of Gratuity Act,1972 or the relevant Company Scheme, whichever is beneficial.

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

Loss of Investment risk

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

Interest rate risk

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

Mortality rate risk

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

Salary rate risk

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

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

Net employee benefit expense recognized in employee cost		
Current service cost	**602.43**	608.33
Past service cost	**32.05**	-
Net interest cost	**63.21**	37.06
	697.69	645.39
(Shortfall)/excess of fair value over book value of plan assets	**(26.06)**	24.49
Net employee benefit expense recognized in employee cost	**671.63**	669.88

Rupees in Lakhs

(c) Defined benefit plans - Gratuity (continued)

Amount recognised in other comprehensive income:

	Year ended 31.3.2018	Year ended 31.3.2017
Actuarial (gain)/loss on obligations arising from change in financial assumptions	**(291.11)**	801.41
Actuarial (gain) on obligations arising from change in demographic adjustments	**(378.05)**	-
Actuarial (gain) on obligations arising on account of experience adjustments	**(99.30)**	(37.50)
Return on plan assets (excluding amounts included in net interest expense)	**(89.80)**	(16.27)
Adjustment to recognize the effect of asset ceiling	**25.53**	-
Net (income)/expense for the year recognized in other comprehensive income	**(832.73)**	747.64
(I) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined obligation	**9903.11**	9286.51
Current service cost	**627.96**	608.33
Past service cost	**32.05**	-
Interest cost (Gross)	**676.53**	705.30
Benefits paid	**(805.84)**	(1460.95)
Actuarial (gain)/loss on obligations arising from change in financial assumptions	**(291.11)**	801.41
Actuarial (gain) on obligations arising from change in demographic adjustments	**(378.05)**	-
Actuarial (gain) on obligations arising on account of experience adjustments	**(99.30)**	(37.50)
Closing defined benefit obligation	**9665.35**	9903.11
(II) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	**8568.28**	8309.69
Interest income (Gross)	**613.32**	668.24
Return on plan assets (excluding amounts included in net interest expense)	**89.80**	16.27
Contribution by employer	**1502.68**	1035.03
Benefits paid	**(805.84)**	(1460.95)
Closing fair value of plan assets	**9968.24**	8568.28
(III) Excess of fair value over book value of plan assets	**17.22**	43.28
(IV) Net (recoverability)/liability recognised in the consolidated balance sheet (I - II + III)	**(285.67)**	1378.11

The major categories of plan assets of the fair value of the total plan assets are as follows:

	Amount	% of total plan assets
As at March 31, 2018		
Government debt securities	**651.00**	6.53%
Other debt instruments	**138.13**	1.38%
Insurer managed funds	**9236.25**	92.66%
Others	**(57.14)**	-0.57%
	9968.24	100.00%

Rupees in Lakhs

	Amount	% of total plan assets
As at March 31, 2017		
Government debt securities	**686.92**	8.01%
Other debt instruments	**561.15**	6.55%
Insurer managed funds	**7242.42**	84.53%
Others	**77.79**	0.91%
	8568.28	100.00%

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

	As at 31.3.2018	As at 31.3.2017
Discount rate (in %)	**7.75%-7.85%**	7.00%-7.35%
Salary escalation rate (in %)	**7.50%-8.00%**	7.50%-8.00%
Expected rate of return on plan assets	**7.50%**	7.50%
Expected average remaining working lives of employees	**6.36-8.15 years**	9.47-12.49 years

A quantitative sensitivity analysis for significant assumption shown above as at March 31, 2018 is as shown below:

Assumption	Impact on defined benefit obligation	
	As at 31.3.2018	As at 31.3.2017
Impact of increase in 0.5% in discount rate	**-2.72%**	-4.44%
Impact of decrease in 0.5% in discount rate	**2.86%**	4.78%
Impact of increase in 0.5% in salary escalation rate	**2.84%**	4.72%
Impact of decrease in 0.5% in salary escalation rate	**-2.72%**	-4.43%

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 31.3.2018	Year ended 31.3.2017
Within the next 12 months (next annual reporting period)	**2219.11**	1277.52
Between 2 and 5 years	**4327.78**	2605.65
Between 5 and 10 years	**3397.84**	3258.10
10 years and above	**6734.51**	15602.33
Total expected payments	**16679.24**	22743.60

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.40~5.74 years (Previous year 6.97~9.51 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 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.

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:

Rupees in Lakhs

As at March 31, 2018	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Financial instruments at FVTPL:					
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	-	-
- in others	200.38	200.38	200.38	-	-
Financial instruments at amortised cost:					
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			
Financial instruments at FVTOCI:					
Investments in equity instruments designated upon initial recognition	7863.58	7863.58	-	-	7863.58
Total financial assets	**107507.17**	**107549.64**	**84092.88**	**-**	**7961.16**

Rupees in Lakhs

As at March 31, 2018	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial liabilities					
Financial instruments at amortised cost:					
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			
Total financial liabilities	**22029.33**	**22029.33**			
As at March 31, 2017					
Financial assets					
Financial instruments at FVTPL:					
Investment in					
- mutual funds	42057.49	42057.49	42057.49	-	-
- equity shares	2132.35	2132.35	2132.35	-	-
- preference shares	86.01	86.01	0.22	-	85.79
- debentures	0.82	0.82	0.82	-	-
Financial instruments at amortised cost:					
Investment in					
- equity shares	10.00	10.00			
- others (IRFC Bonds)	435.01	487.16	487.16	-	-
Trade receivables	17897.63	17897.63			
Cash and cash equivalents	911.67	911.67			
Other bank balances	2234.96	2234.96			
Loans	877.46	877.46			
Other financial assets					
- Security deposits	1017.38	1017.38			
- Interest accrued on bank and other deposits	81.80	81.80			
Financial instruments at FVTOCI:					
Investments in equity instruments designated upon initial recognition	5621.83	5621.83	-	-	5621.83
Total financial assets	**73364.41**	**73416.56**	**44678.04**	**-**	**5707.62**
Financial liabilities					
Financial instruments at amortised cost:					
Borrowings	4745.01	4745.01			
Trade payables	15692.68	15692.68			
Other financial liabilities					
- Security deposits	61.39	61.39			
- Current maturities of long-term debts	2594.00	2594.00			
- Interest accrued but not due on borrowings	2.89	2.89			
- Interest accrued on other than borrowings	713.07	713.07			
- Unclaimed dividends	194.23	194.23			
- Payable to gratuity funds	1417.52	1417.52			
- Liability towards property, plant and equipments	765.70	765.70			
Total financial liabilities	**26186.49**	**26186.49**			

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. 103569.66 lakhs (previous year Rs. 70592.15 lakhs). The Group has excluded the balances with the banks and fixed deposit 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. 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
As at March 31, 2018			
Borrowings*	2682.98	200.00	2882.98
Trade payables	17100.41	-	17100.41
Other financial liabilities	2084.65	86.93	2171.58
	21868.04	**286.93**	**22154.97**
As at March 31, 2017			
Borrowings	4745.01	-	4745.01
Trade payables	15692.68	-	15692.68
Other financial liabilities	5705.37	43.43	5748.80
	26143.06	**43.43**	**26186.49**

* 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 31.3.2018		As at 31.3.2017	
		Amount in foreign currency (lakhs)	Amount in Rs. lakhs	Amount in foreign currency (lakhs)	Amount in Rs. lakhs
Borrowings	USD	-	-	40.00	2594.00
Trade receivables	USD	53.76	3503.46	149.36	9684.40
	EURO	1.94	155.95	1.27	88.02
Trade payables	USD	7.63	497.67	19.32	1252.90
	EURO	1.63	131.83	1.66	115.02
	GBP	0.16	15.14	0.27	21.58
	SGD	0.02	0.91	0.57	26.47
	JPY	75.48	46.34	100.00	58.02
	NPR	1.77	1.11	13.84	8.58
	CHF	-	-	0.02	1.11

Foreign currency sensitivity analysis

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

Rupees in Lakhs

	As at 31.3.2018		As at 31.3.2017	
Currency of exposure	**5% increase**	**5% decrease**	5% increase	5% decrease
Impact on profit before tax as at the end of the reporting year - **USD**	**150.29**	**(150.29)**	394.39	(394.39)

(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 31.3.2018 would have increased/decreased by Rs. 809.02 lakhs (for the year ended 31.3.2017 by Rs. 420.57 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.

Rupees in Lakhs

Gearing ratio	**As at 31.3.2018**	As at 31.3.2017
Borrowings	**2757.34**	4745.01
Trade payables	**17100.41**	15692.68
Other financial liabilities	**2171.58**	5748.80
Other current liabilities	**31916.13**	15637.86
Less : Cash and cash equivalents as per cash flow	**2071.66**	911.67
: Current investments	**17320.69**	9217.38
Net debt (A)	**34553.11**	31695.30
Total equity	**179335.13**	166044.72
Capital and net debt (B)	**213888.24**	197740.02
Gearing Ratio (A/B)	**16.15%**	16.03%

No changes were made in the objectives, policies or processes during the year ended 31 March, 2018.

44. Related party transactions

44.1 Disclosure of related parties	**Place of incorporation and operation**	**Proportion of ownership interest/voting rights held by the parent entity**	
		As at 31.3.2018	As at 31.3.2017
(a) Associates:			
Success Principles India Limited	India	**48.89%**	48.89%
IPM India Wholesale Trading Private Limited	India	**24.80%**	24.80%
KKM Management Centre Private Limited	India	**36.75%**	36.75%
KKM Management Centre Middle East (FZC)*	U.A.E.	**36.00%**	-
* w.e.f. January 11, 2018			

(b) Entities of which the Company is an associate:

K K Modi Investment & Financial Service Private Limited, India

Philip Morris Global Brands Inc., U.S.A.

(c) 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
Ms.Priyal Bhartia Panwani	Executive Director of a subsidiary
Mr. Ashrant Bhartia	Executive 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

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

Modicare Limited
Beacon Travels Private Limited
Indofil Industries Limited
HMA Udyog Private Limited
Bina Fashion N Food Private Limited
Modicare Foundation
Priyal Hitay Nidhi
Colorbar Cosmetics Private Limited
Gujarmal Modi Science Foundation
Modi Healthcare Placement India Private Limited
Modi Innovative Education Society
International Research Park Laboratories Limited
Rajputana Fertilizers Limited
Rajputana Developers Limited
Quick Investment (India) Limited
Good Investment (India) Limited
Super Investment (India) Limited
Crawford Bayley & Co.
Bhasin & Co.

(e) Others related parties:

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

44.2 Disclosure of transactions between the Group and related parties and the status of outstanding balances as at the year end

Rupees in Lakhs

A	Nature of transactions	Associates		Key management personnel and their relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Enterprises having significant influence over the holding company		Other related parties	
		Year ended 31.3.2018	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017
i)	**Trading transactions**										
	Sale of goods, spare parts, etc.	**33676.79@**	60331.44@	**-**	-	**447.22**	342.63	**-**	-	**-**	-
	Purchase of goods/services/ spare parts	**354.31@**	542.71@	**-**	-	**1627.56$**	1376.16$	**-**	-	**-**	-
	Receipts from secondment of services	**552.85@@**	1382.70@@	**-**	-	**67.82**	163.24	**-**	-	**-**	-
	Interest income	**127.97@**	134.29@	**-**	-	**-**	-	**-**	-	**-**	-
	Miscellaneous income	**268.74@**	240.43@	**-**	-	**-**	-	**-**	-	**-**	-
	Rent and hire charges received	**36.97**	43.15	**-**	-	**91.56**	92.74	**-**	-	**-**	-
	Payments for professional services availed	**853.49@@**	1982.60@@	**-**	-	**95.76**	4.94	**-**	-	**-**	-
	Donation given $$$	**-**	-	**-**	-	**764.96**	764.96	**-**	-	**-**	-
	Expenses recovered	**7769.29@***	6409.43@*	**-**	-	**0.75**	0.56	**-**	-	**-**	-
	Expenses reimbursed	**173.68**	10.93	**-**	-	**19.57**	18.24	**-**	-	**-**	-
ii)	**Other related party transactions**										
	Dividend payment (gross)										
	- Philip Morris Global Brands Inc.	**-**	-					**1044.04**	1044.04	**-**	-
	- K K Modi Investment & Financial Service Private Limited	**-**	-	**-**	-	**-**	-	**1215.73**	1215.73	**-**	-
	- Quick Investment (India) Limited	**-**	-	**-**	-	**178.86**	178.86	**-**	-	**-**	-
	- 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 Global Brands Inc.	**-**	-	**-**	-	**-**	-	**1096.42**	1052.60	**-**	-

44.2 Disclosure of transactions between the Group and related parties and the status of outstanding balances as at the year end

Rupees in Lakhs

	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		Enterprises having significant influence over the holding company		Other related parties	
		Year ended 31.3.2018	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017	**Year ended 31.3.2018**	Year ended 31.3.2017
iii)	**Contribution to trusts**										
	Godfrey Phillips India Limited Management Staff Superannuation Fund	**-**	-	**-**	-	**-**	-	**-**	-	**155.11**	165.93
	Godfrey Phillips India Limited Provident Fund	**-**	-	**-**	-	**-**	-	**-**	-	**1307.38**	1364.08
	International Tobacco Company Limited Management Staff Superannuation Fund	**-**	-	**-**	-	**-**	-	**-**	-	**21.51**	26.63
iv)	**Compensation & Post Employment benefits of key management personnel $$**										
	- K.K.Modi	**-**	-	**-**	840.40	**-**	-	**-**	-	**-**	-
	- Samir Kumar Modi	**-**	-	**1062.02**	487.84	**-**	-	**-**	-	**-**	-
	- R.Ramamurthy	**-**	-	**77.40**	168.40	**-**	-	**-**	-	**-**	-
	- Bina Modi	**-**	-	**3.00**	3.00	**-**	-	**-**	-	**-**	-
	- Ruchir Kumar Modi (last year includessitting fee Rs.1 lakh)	**-**	-	**150.00**	113.50	**-**	-	**-**	-	**-**	-
	- Priyal Bhartia Panwani	**-**	-	**56.74**	59.84	**-**	-	**-**	-	**-**	-
	- Ashrant Bhartia	**-**	-	**55.50**	35.37	**-**	-	**-**	-	**-**	-
	- Bhisham Wadhera	**-**	-	**361.71**	259.34	**-**	-	**-**	-	**-**	-
	- Sunil Agrawal	**-**	-	**166.59**	132.08	**-**	-	**-**	-	**-**	-
	- Sanjay Gupta	**-**	-	**108.18**	93.81	**-**	-	**-**	-	**-**	-
	- Sharad Aggarwal	**-**	-	**72.09**	-	**-**	-	**-**	-	**-**	-
	- R A Shah	**-**	-	**13.00**	14.00	**-**	-	**-**	-	**-**	-
	- Lalit Bhasin	**-**	-	**17.00**	14.00	**-**	-	**-**	-	**-**	-
	- Anup N Kothari	**-**	-	**13.00**	14.00	**-**	-	**-**	-	**-**	-
	- Atul Kumar Gupta	**-**	-	**13.00**	10.00	**-**	-	**-**	-	**-**	-

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		Enterprises having significant influence over the holding company		Other related parties	
		As at 31.3.2018	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017	**As at 31.3.2018**	As at 31.3.2017
	Trade receivables	**2.53@**	519.19@	**-**	-	**7.55**	41.40	**-**	-	**-**	-
	Loans given	**-**	-	**32.55**	27.78	**-**	2.94	**-**	-	**-**	-
	Trade payables	**2641.84@**	524.68@	**-**	14.08	**205.66**	167.41	**-**	-	**-**	-
	Dues payable	**28.63#***	124.43#*	**4.39**	1.61	**4.95**	4.95	**-**	-	**-**	-
	Commission payable	**-**	-	**306.55**	-	**-**	-	**-**	-	**-**	-
	Other recoverable (from IPM India Wholesale Trading Private Limited)	**-**	86.87	**-**	-	**-**	-	**-**	-	**-**	-
	Other recoverable	**-**	-	**5.49**	-	**0.67**	0.05	**-**	-	**-**	-
	Technical services fee and royalty payable										
	- Philip Morris Global Brands Inc.	**-**	-	**-**	-	**-**	-	**299.96**	249.42	**-**	-
	Other payable/(recoverable)										
	Godfrey Phillips India Limited Employees Gratuity Fund No.1	**-**	-	**-**	-	**-**	-	**-**	-	**2.15**	91.87
	Godfrey Phillips India Limited Employees Gratuity Fund No.2	**-**	-	**-**	-	**-**	-	**-**	-	**(112.24)**	1161.50
	International Tobacco Company Limited Employees Gratuity Fund No.1	**-**	-	**-**	-	**-**	-	**-**	-	**(121.54)**	39.07
	International Tobacco Company Limited Employees Gratuity Fund No.2	**-**	-	**-**	-	**-**	-	**-**	-	**(54.02)**	85.63
	International Tobacco Company Limited Management Staff Superannuation Fund	**-**	-	**-**	-	**-**	-	**-**	-	**(2.89)**	(24.41)

@relates to transactions with IPM India Wholesale Trading Private Limited and has been reduced by Rs. 78157.18 lakhs (previous year Rs. 103373.63 lakhs) on account of sale of Marlboro cigarettes.
@@relates to KKM Management Centre Private Limited amounting to Rs. 725.49 lakhs (previous year Rs. 1982.60 lakhs) & KKM Management Centre Middle East (FZC) amounting to Rs. 128.00 lakhs (previous year Nil).
@*includes Rs.7769.12 lakhs (Previous year Rs.6409.36 lakhs) from IPM India Wholesale Trading Private Limited and Rs.0.17 lakhs (previous year Rs.0.07 lakhs) from KKM Management Centre Private Limited.
#* includes Rs. 3.24 lakhs (Previous year Rs.124.43 lakhs) from KKM Management Centre Private Limited and Rs. 25.39 lakhs (Previous year Rs. Nil) from KKM Management Centre Middle East (FZC).
$ includes Rs.1293.99 lakhs (previous year Rs. 1159.32 lakhs) from Beacon Travels Private Ltd.
$$ excludes incremental liability for gratuity and compensated absences which are actuarially determined on an overall basis.
$$$ including for CSR activities.

Terms and conditions of transactions with related parties:
Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: 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) Tea and other retail products; and

iii) Others

Segment information for the year ended March 31, 2018 and March 31, 2017 is as follows:

Rupees in Lakhs

		Year ended March 31, 2018				Year ended March 31, 2017			
		Cigarette,tobacco and related products	**Tea and other retail products**	**Others**	**Total**	Cigarette,tobacco and related products	Tea and and related products	Others	Total
1.	**Segment revenue**								
	- External sales (gross)	**256714.00**	**28881.56**	**-**	**285595.56**	405328.94	31652.62	-	436981.56
	- Other operating income	**2407.61**	**636.11**	**433.79**	**3477.51**	3139.03	514.23	551.74	4205.00
	Total revenue	**259121.61**	**29517.67**	**433.79**	**289073.07**	408467.97	32166.85	551.74	441186.56
2.	**Segment result**	**22253.33**	**(3532.80)**	**388.25**	**19108.78**	20100.42	(3825.15)	469.29	16744.56
	Unallocable income net of unallocable expenses				**4337.36**				3505.34
	Profit before finance costs and tax				**23446.14**				20249.90
	Less: Finance costs				**166.90**				356.42
	Profit before tax				**23279.24**				19893.48
	Share of profit of associates				**24.62**				24.16
	Profit before tax and after share of profit of associates				**23303.86**				19917.64
3	**Other information**								
	Capital expenditure including capital work in progress and capital advances	**4716.14**	**1771.34**	**0.10**	**6487.58**	5448.15	722.33	-	6168.61
	Depreciation and amortization	**9386.76**	**456.28**	**0.02**	**9843.06**	9400.77	382.85	0.02	9783.64
	Non cash expenditure other than depreciation	**487.10**	**281.33**	**-**	**768.43**	359.54	8.68	-	368.22

45. Segment Information (continued)

Segment information as at March 31, 2018, March 31, 2017 is as follows: **Rupees in Lakhs**

		As at March 31, 2018				As at March 31, 2017			
		Cigarette,tobacco and related products	**Tea and other retail products**	**Others**	**Total**	Cigarette,tobacco and related products	Tea and other retail products	Others	Total
a)	**Segment assets**								
	Allocable assets	**135111.32**	**7826.50**	**18783.74**	**161721.56**	146593.61	12647.05	15836.95	175077.61
	Unallocable assets				**84906.38**				46011.52
	Total assets				**246627.94**				221089.13
b)	**Segment liabilities**								
	Allocable liabilities	**54669.94**	**3336.95**	**5.47**	**58012.36**	38788.47	2865.53	1.53	41655.53
	Unallocable liabilities				**5616.71**				9342.99
	Total liabilities				**63629.07**				50998.52
c)	**Equity/Capital Employed**				**182998.87**				170090.61
	Total (b+c)				**246627.94**				221089.13
d)	**Entity wide information**								

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

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:

	Revenue from external customers*		**Non-current assets ** **	
	Year ended 31.3.2018	Year ended 31.3.2017	**As at 31.3.2018**	As at 31.3.2017
India	**247128.13**	398824.25	**72381.27**	76136.60
Outside India	**41944.94**	42362.31	**21.80**	27.38
Total	**289073.07**	441186.56	**72403.07**	76163.98

* 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:

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, trade receivables, loans and advances and operating cash and bank balances. Segment liabilities include all operating liabilities and consist principally of trade payables and other financial liabilities. Segment assets and liabilities do not include investments, loans given, bank balances for unclaimed dividend and fixed deposits, unclaimed interest, share capital, reserves and surplus, loan funds, dividends payable and income-tax (current and deferred tax).

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

Name of the entity	As at 31.03.2018		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)
Parent								
Godfrey Phillips India Limited	93.31%	170727.80	101.07%	16076.24	21.00%	474.84	91.12%	16551.08
Subsidiaries								
a) Indian								
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) Foreign								
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)
Non controlling interests in all subsidiaries	2.00%	3663.74	-0.04%	(6.05)	-	-	-0.03%	(6.05)
Associates								
a) Indian								
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) Foreign								
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)
	100%	**182998.87**	**100%**	**15904.65**	**100%**	**2260.36**	**100%**	**18165.01**

Name of the entity	As at 31.03.2017		For the year ended 31.03.2017		For the year ended 31.03.2017		For the year ended 31.03.2017	
	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)
Parent								
Godfrey Phillips India Limited	93.59%	159183.01	99.62%	13635.34	156.56%	(409.83)	98.51%	13225.51
Subsidiaries								
a) Indian								
1.International Tobacco Company Limited	2.68%	4550.06	0.38%	52.38	48.74%	(127.58)	-0.56%	(75.20)
2.Chase Investments Limited	4.14%	7049.21	3.74%	511.37	-87.48%	228.99	5.51%	740.36
3.Friendly Reality Projects Limited	1.60%	2726.75	0.04%	6.13	-	-	0.05%	6.13
4.Gopal Krishna Infrastructure & Real Estate Limited	0.00%	1.79	-0.00%	(0.10)	-	-	-0.00%	(0.10)
5.Rajputana Infrastructure Corporate Limited	0.40%	684.90	0.04%	5.60	-	-	0.04%	5.60
6.Unique Space Developers Limited	0.03%	44.66	-0.01%	(1.82)	-	-	-0.01%	(1.82)
7.Rajputana Developers Projects	1.96%	3333.16	-0.24%	(32.77)	-	-	-0.24%	(32.77)
b) Foreign								
1.Godfrey Phillips Middle East DMCC	0.02%	33.26	0.50%	68.17	-	-	0.50%	68.17
2.Flavors and More, Inc.	0.16%	268.09	-3.82%	(522.55)	-	-	-3.89%	(522.55)
Non controlling interests in all subsidiaries	2.38%	4045.89	-0.26%	(35.81)	-	-	-0.27%	(35.81)
Associates								
a) Indian								
1.IPM India Wholesale Trading Private Limited *	-	-	-	-	-	-	-	-
2.KKM Management Centre Private Limited	0.18%	313.99	0.18%	24.72	-	-	0.18%	24.72
3.Success Principles India Limited	0.04%	60.38	-0.00%	(0.56)	-	-	-0.00%	(0.56)
Adjustments on consolidation	-7.18%	(12204.54)	-0.17%	(23.11)	-17.82%	46.65	0.18%	23.54
	100%	**170090.61**	**100%**	**13686.99**	**100%**	**(261.77)**	**100%**	**13425.22**

*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. Discontinuance of Tea Business:

Vide agreement dated October 17, 2017 the Group has sold/assigned trademarks associated with its packaged tea business to Goodricke Group Limited for a consideration of Rs. 2000.00 lakhs and also agreed to discontinue its packaged tea business. As this material transaction arises from ordinary activity of the business and is not of recurring nature, the same has been disclosed as an exceptional item in the Consolidated Statement of Profit and Loss.

Further, tea business was not significant considering the overall operations of the Group and was also not disclosed a separate segment as per Ind AS 108. Hence, disclosures for discontinued operations as required under Ind AS 105 have not been provided in these Financial Statements.

48. Applicability of new and revised Ind AS

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative

The amendment requires the Group to provide disclosure of changes in their liabilities arising from financing activities, including changes arising from both, cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after April 1, 2017, therefore, the Group has not provided comparative information of previous year.

Change in liability arising from financing activities

Rupees in Lakhs

Particulars	As at April 1, 2017	Cash Flow	Non cash items	As at March 31, 2018
Borrowing- Non Current (Refer Note No. 22)	2594.00	**(2594.00)**	**-**	**-**
Borrowing- Current (Refer Note No. 21)	4745.01	**(2062.03)**	**-**	**2682.98**
Compound financial instrument: Proceeds from issue of non-cumulative redeemable preference shares	-	**200.00**	**-**	**200.00**
	7339.01	**(4456.03)**	**-**	**2882.98**

Ind AS 115-Revenue from Contract with Customers:

In March 2018, the MCA notified Ind AS 115, Revenue from Contracts with Customers, 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. The amount of revenue recognised should reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improved guidance for multiple element arrangements. The standard will be effective for the Group beginning April 1, 2018 and allow for both retrospective and prospective adoption. In order to identify the potential impact of the standard on the Consolidated financial statements, the Group has analysed contracts of the relevant revenue streams. The work done is focused on evaluating the contractual arrangements across the Group's principal revenue streams, particularly key terms and conditions which may impact the timing of revenue recognition and measurement of revenue. Accordingly, the Group has performed an assessment of the impact of the standard and developed a transition methodology. The implementation of changes required as per Ind AS 115 is identified to be not materially effecting the current recognition and measurement of revenues, though there would be significant additional disclosure requirements for the Group to comply with. The Group is in process of making necessary changes to policies, processes, and internal controls as well as system enhancements to generate the information necessary for the new disclosures.

49. The figures for the previous year have been re-classified/re-grouped, wherever necessary, to correspond with the current year's classification/ disclosure.

As per our report of even date
For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

Per Atul Seksaria
Partner
Membership No.: 086370

Place : New Delhi
Date : May 29, 2018

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

BHISHAM WADHERA
Chief Executive Officer

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

SAMIR MODI
(DIN 00029554)
Executive Director

SHARAD AGGARWAL
(DIN 07438861)
Whole-time Director

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

BINA MODI
(DIN 00048606)

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

Directors

GODFREY PHILLIPS INDIA LIMITED

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

REGISTERED OFFICE:
'Macropolo Building', Ground Floor, Dr. Babasaheb Ambedkar Road,
Lalbaug, Mumbai-400 033
For more information, log on to www.godfreyphillips.com

For private circulation only.

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 Website : www.godfreyphillips.com

GODFREY PHILLIPS
INDIA LIMITED

NOTICE

NOTICE is hereby given that the **Eighty First Annual General Meeting of Godfrey Phillips India Limited will be held at Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021 on Tuesday, the 25th September, 2018 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 31st March, 2018, the reports of the Board of Directors and Auditors thereon; and

b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018.

2. To declare dividend on Equity Shares for the year ended 31st March, 2018.

3. To appoint a director in place of Mr. R. A. Shah (DIN 00009851) who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a director in place of Mrs. Bina Modi (DIN 00048606) who retires by rotation and being eligible, offers herself 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 pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013, read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications, or re-enactment thereof for the time being in force), the Company hereby approves re-appointment of Mr. K.K. Modi (DIN 00029407), as Managing Director of the Company for a period of three years with effect from 14th August, 2018, upon the principal terms and conditions, as set out in the Explanatory Statement annexed hereto and also in the draft letter of appointment proposed to be issued by the Company to Mr. K.K. Modi, a copy whereof duly initialed by the Chairman for the purpose of identification, is placed before the meeting.

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

6. As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, and Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), or re-enactment thereof for the time being in force), the Company hereby approves re-appointment of Mr. Samir Modi (DIN 00029554) as an Executive Director of the Company for a period of three years with effect from 1st October, 2018 upon the principal terms and conditions as set out in the Explanatory Statement annexed to this Notice and also in the draft letter of appointment proposed to be issued by the Company to Mr. Samir Modi, a copy whereof duly initialed by the Chairman for the purposes of identification, is placed before the meeting.

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

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

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

7. As a Special Resolution

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 2019 and other applicable provisions, if any of the Companies Act, 2013, including any amendment(s), statutory modification(s) or re-enactment(s) thereof, for the time being in force, approval of the members of the Company be and is hereby

accorded for the continuation of directorship of Mr. R.A. Shah (DIN 00009851) w.e.f. 1st April, 2019 since he has already attained the age of 75 (Seventy Five) years,as the Non- Executive Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. As a Special Resolution

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 2019 and other applicable provisions, if any of the Companies Act, 2013, including any amendment(s), statutory modification(s) or re-enactment(s) thereof, for the time being in force, approval of the members of the Company be and is hereby accorded for the continuation of directorship of Dr. Lalit Bhasin (DIN 00001607) w.e.f. 1st April, 2019 since he has already attained the age of 75 (Seventy Five) years, as the Non- Executive and Independent Director of the Company whose appointment had been duly approved by the members of the Company as an Independent Director of the Company in the AGM held on 23rd September, 2014 for a period of 5 years till the conclusion of the AGM to be held in 2019.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

9. As a Special Resolution

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 2019 and other applicable provisions, if any of the Companies Act, 2013, including any amendment(s), statutory modification(s) or re-enactment(s) thereof, for the time being in force, approval of the members of the Company be and is hereby accorded for the continuation of directorship of Mr. Anup N. Kothari (DIN 00294737) w.e.f. 1st April, 2019 since he has already attained the age of 75 (Seventy Five) years, as the Non- Executive and Independent Director of the Company whose appointment had been duly approved by the members of the Company as an Independent Director of the Company in the AGM held on 23rd September, 2014 for a period of 5 years till the conclusion of the AGM to be held in 2019.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

10. As a Special Resolution

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 2019 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, including any amendment(s), statutory modification(s) or re-enactment(s) thereof, for the time being in force, approval of the members of the Company be and is hereby accorded for the continuation of directorship of Mrs. Bina Modi (DIN 00048606) who will be attaining the age of 75 (Seventy Five) years on 10th September, 2019 as the Non- Executive Director of the Company liable to be retire by rotation.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

11. As a Special Resolution

"RESOLVED THAT pursuant to Regulation 17(6)(ca) inserted vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the members of the Company hereby approve the continuation of payment of remuneration as under to Mr. Ruchir Kumar Modi (DIN 07174133) till the expiry of his current tenure of remuneration i.e. till 30th June, 2019.

I. Commission of Rs. 1,50,00,000/- (Rupees One crore fifty lacs only) per annum subject to a maximum of 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, for a period of three years with effect from 1st July, 2016.

II. Payment/reimbursement of all expenses, including provision of a mobile telephone connection in India and travel related expenses incurred by him in connection with business of the Company.

III. He is not entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any committee thereof."

New Delhi : 11th August, 2018

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 19th September, 2018 to 25th September, 2018 (both days inclusive) for the purpose of payment of dividend for the year ended 31st March, 2018.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxy Form, in order to be effective, shall be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy form is annexed to this Notice. Proxy forms submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts in respect of Items 5, 6, 7, 8, 9, 10 & 11 is annexed to the Notice of the meeting.
4. Dividend when declared, will be paid from 29th September, 2018 to those members of the Company whose names appear on the Register of Members on 25th September, 2018 after giving effect to all the valid transfers in physical form lodged on or before the close of business hours on 18th September, 2018. 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 18th September, 2018 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
5. Members are requested to note that the Company's shares are under compulsory demat trading for all the investors.

   Pursuant to SEBI circular SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018, it has been mandated by SEBI that transfer of securities of a listed company would be carried out in dematerialized form only. Accordingly, Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been amended and stock exchanges vide their circulars have advised Listed Companies that w.e.f. 5th December, 2018, shares lodged for transfer shall be in dematerialized form only.

   Accordingly, w.e.f. 5th December, 2018, transfer of shares in physical form shall not be considered. Members are, therefore, requested to dematerialize their shareholding to avoid any inconvenience. Further, the demat of shares have various advantages like immediate transfer of shares, no stamp duty on transfer, immediate credit of dividend due to linkage of bank account, risks associated with physical certificates such as forged transfer, bad deliveries are avoided.
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 Registrar and Transfer Agents. 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 Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 15th 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 2009-2010 have already been transferred by the Company to the credit of the Investor Education & Protection Fund established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 15th September, 2017 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: https://www.godfreyphillips.com/wp-content/uploads/2018/03/Unclaimed-dividends-FY-2009-10-2015-16.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.

   (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 31st 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 Investor Education and Protection Fund (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 Registrar and Transfer Agents at their address given herein below immediately, quoting their folio number/ DP ID and Client ID.

(c) Members are informed that the unclaimed dividend for the financial year 31st March, 2011 shall be transferred to the IEPF established by the Central Government somewhere in November, 2018. The Company is in the process of sending reminders to all such Members at their registered address in this regards.

Further, all the shareholders who had not encashed/ claimed their dividends in the last seven (7) consecutive years from 2010-2011 will be 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 Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2017-18, transferred to the IEPF Authority all shares for the Base Year 2008-09 in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more in November, 2017. Further the Company transferred shares for the Base Year 2009-10 in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more in May 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.

   (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: http://iepf.gov.in/IEPFA/refund.html or contact Link Intime India Private Limited for lodging claim for refund of shares and / or dividend from the IEPF Authority.

10. The 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 Registrar and Transfer Agents.

    Pursuant to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 & BSE Circular No. LIST/COMP/15/2018-19 dated 5th July, 2018 by which they have directed all the listed companies to record the PAN, Bank account details of all their shareholders and advise them to dematerialise their physical securities. Accordingly the Company has initiated steps for registering the PAN details (including joint holders if any) and the BANK ACCOUNT details of all the registered shareholders. Other KYC details such as email id, mobile number, specimen signature and nomination are also sought from the members for shares held in physical form.

11. Members may please note that the Registrar and Transfer Agents (RTA) of the Company, 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 44, Community Centre, 2nd floor, Naraina Ind Area Phase I, Near PVR Naraina, New Delhi 110028. 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

    Delhi office at Naraina Ind Area, Phase I, New Delhi
    Tel. No. : 011- 41410592/93/94
    Fax No : 011- 41410591
    E-mail id : 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 Registrar and Transfer Agents.

13. The Statement of Profit and Loss for the financial year ended 31st March, 2018, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet, are available for inspection by Members at the Registered Office and Corporate Office of the Company between 11:00 a.m. and 1:00 p.m. on working days up to the date of this AGM. Members may also visit the Company's website www.godfreyphillips.com for viewing various financial information including the quarterly results and annual report of the Company.

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

14. Vide its Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013, the SEBI ha s 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 11th September, 2018, 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 SEBI has directed that it shall be mandatory to furnish a copy of the PAN card to the Company or its RTA for registration of transfer/transmission/transposition of shares in relation to the securities market transaction and off market/private market transaction in physical form. Hence, all prospective shareholders acquiring shares in physical form are requested to provide a copy of the PAN card along with their request for registration of transfer /transmission/transposition of shares sent by them.

17. 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

18. **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 Annual General Meeting.

    The facility for voting through ballot papers will also be provided at the Annual General Meeting. The Members attending the Meeting who have not cast their vote earlier by remote e-voting shall be entitled to vote at the Meeting. A Member can participate in the 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 Annual General Meeting. No copies of the report will be distributed at the Meeting.

GODFREY PHILLIPS
—INDIA LIMITED—

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

Item No. 5.

At the Annual General Meeting held on 29th September, 2015, Mr. K.K. Modi was re-appointed as Managing Director of the Company for a period of 3 years with effect from 14th August, 2015 and his present term shall expire on 13th August, 2018.

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

Further, by virtue of Special Resolution passed at AGM held on 15th September, 2017 shareholders had approved alteration in terms of remuneration of Mr. K.K. Modi w.e.f. 1st April, 2017 for the remaining period of his tenure i.e. up to 13th August, 2018, whereby Mr. K.K. Modi ceased to draw any salary, commission from the Company and is not entitled to any sitting fees during the remaining period of his tenure. However, Mr. K.K. Modi continues to be eligible to get certain benefits and perquisites from the Company.

On recommendation of Nomination and Remuneration Committee and subject to approval of the shareholders, the Board of Directors of the Company, in its meeting held on 11th August, 2018, has re-appointed him for a further period of 3 years with effect from 14th August, 2018.

As Mr. K.K. Modi has attained the age of more than 70 years, your approval for his re-appointment is being sought by a Special Resolution pursuant to the requirement of Section 196 read with Schedule V to the Companies Act, 2013.

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

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

The Board recommends the resolution as set out at Item No. 5 of the notice for your approval.

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

Name of the Director	Mr. K.K. Modi@
Director Identification Number	00029407
Date of joining the Board	5th November, 1979
Qualification	B.Sc., Advanced Management Programme from Harvard Business School
Profile of the Director	Mr. K. K. Modi is a well known industrialist who has made a significant contribution to the Indian Industry. Mr. Modi held numerous positions in the industry, trade, education and charitable organizations including as the president of FICCI and PHDCCI. Mr. Modi has been a driving force in the Company and has been responsible for revamping the organization, bringing new talent, upgrading and enhancing the manufacturing facilities and making substantial investments in building brands.
Directorships and Committee memberships in other companies*	1. Good Investment (India) Ltd. 2. Indofil Industries Ltd. 3. Modi Industries Ltd. 4. Modicare Ltd. (also chairman of its Audit Committee) 5. Modi Spinning and Weaving Mills Company Ltd. 6. Premium Merchants Ltd.
Number of Shares held in Company	2000
Age	78 years

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

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

The details of his last drawn remuneration and the number of Board Meetings attended by him during the previous year, forms part of the Corporate Governance Report for the year ended 31st March, 2018.

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

Duties and Powers	Subject to the supervision and control of the Board of Directors, Mr. K. K. Modi will be carrying out such duties and exercise such powers as may be entrusted to him by the Board of Directors of the Company from time to time.
Remuneration/Sitting Fee/ Perquisites	Mr. Modi will not draw any salary, commission and sitting fees: However, subject to the limits set out in Section 197 and Section 203 of the Companies Act, 2013 read with Schedule V thereto, he will be eligible to the following facilities from the Company for use in the course of the business of the Company: (i) Company maintained car with driver for use for the Company's business and personal purposes. (ii) Telecommunication facility at residence including mobile phone, internet facility and any other means of communication facility. (iii) Reimbursement of all the actual expenses including entertainment and travelling, incurred during the course of the Company's business as per rules of the Company.

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

Your Directors recommends the resolution for your approval.

Item No.6

At the Annual General Meeting held on 29th September, 2015 the shareholders of the Company had re-appointed Mr. Samir Modi as an Executive Director in the Company for a period of three years with effect from 1st October, 2015. His present tenure shall expire on 30th September, 2018.

Considering the general increase in the cost of living and the current scale of operations of the Company in which his involvement in guiding and mentoring new business interests of the Company has become very vital, the shareholders, in the last Annual General Meeting held on 15th September, 2017, had approved revision in his remuneration with effect from 1st April, 2017.

On recommendation of Nomination and Remuneration Committee and subject to approval of the shareholders, the Board of Directors of the Company, in its meeting held on 11th August, 2018, has re-appointed him for a further period of 3 years with effect from 1st October, 2018.

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

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

Further, pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April, 2019, the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or

(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity: Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

Mr. Samir Modi is also a member of the promoter group and the remuneration to be paid to him shall exceed the aforementioned limits. Therefore, according to the above Regulation, approval of members is sought by way of special resolution with respect to re-appointment of Mr. Samir Modi.

The Board recommends the resolution as set out at item 6 of the Notice for your approval.

Brief profile of Mr. Samir Modi is as follows:

Name of the Director	Mr. Samir Modi@
Director Identification Number	00029554
Date of joining the Board	11th January, 1994
Qualification	B.A. from Delhi University, Owner / President Management Programme from Harvard University.
Profile of the Director	During initial years of his career, he worked with Phillip Morris Inc. for 2 years. He has been associated with the Company as Whole-time/ Executive Director since January 1994. Apart from guiding various initiatives of the Company, he has been instrumental in 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. He is known for innovative, leadership and marketing skills
Directorships and Committee memberships in other companies*	1. Indian Cricket League Limited 2. Indofil Industries Limited 3. Modern Home Care Products Limited 4. Modicare Limited 5. Success Principles India Limited
Number of Shares held in Company	2000
Age	48 years

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

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

The details of his last drawn remuneration and the number of Board Meetings attended by him during the previous year, forms part of the Corporate Governance Report for the year ended 31st March, 2018.

Principal terms and conditions of his remuneration are as follows:

Duties and Powers	Mr. Samir Modi will carry out such duties and exercise such powers as may be entrusted to him by the Managing Director and/or Board of Directors of the Company from time to time.
Commission	Mr. Samir Modi will be entitled to a Commission @ 5% of the net profits of the Company for each financial year or such lower % of profit if considered appropriate by the Board from time to time, as computed in the manner laid down under Sections 198 and other applicable provisions of the Companies Act, 2013 minus the amounts on account of salary, allowances, perquisites and benefits as detailed below. The Commission as above will be paid @ rupees one crore per quarter at the close of each quarter for the financial year and the balance, if any, will be paid or excess, if any, will be recovered after audited accounts of the said financial year are available.
Salary	Rs.20 lakhs per month, subject to revision upwards as may be permitted under the Companies Act, 2013 and/or any amendment thereof and/or as may be approved by the Board including the Nomination & Remuneration Committee of the Board.
Perquisites/ Benefits/ Allowances/ Facilities	He shall be entitled to the following perquisites/benefits/allowances/facilities:
	1. Rent free, furnished accommodation owned/leased by the Company or house rent allowance in lieu thereof as per rules of the Company.
	2. Re-imbursement of expenses on actuals pertaining to gas, electricity, water and other expenses for upkeep, maintenance and security of residential accommodation.
	3. Two personal attendants.
	4. Contribution to Provident Fund and Superannuation Fund (with option for an allowance in lieu of Superannuation fund contribution as per the Company's Rules) up to such limits as may be prescribed under the Income-tax Act and the Rules made thereunder for this purpose.
	5. Medical Expenses : Re-imbursement of all expenses including mediclaim insurance premium, incurred for self and members of his family,at actuals.
	6. Club Fees : Fees of club subject to a maximum of two clubs.
	7. Leave Travel Concession : For self and family in accordance with Rules of the Company.
	8. Gratuity at the time of retirement / cessation of service as per Rules of the Company.
	9. Leave encashment of unavailed leave, as per Rules of the Company
	10. Company maintained chauffer driven car for use on Company's business and personal purposes.
	11. Fees for credit cards.
	12. Group Personal Accident Insurance and Group Term Insurance Premiums as per Rules of the Company.
	13. Telecommunication facility at residence including mobile phone, internet facility and any other means of communication facility.
	14. Payment/re-imbursement of all actual expenses including entertainment and travelling incurred during the course of the Company's business as per Rules of the Company.
	15. Re-imbursement of expenses incurred in connection with transfer as per Rules of the Company.

Provided that the aggregate of the Salary, Commission, Perquisites, Benefits, Allowances and Facilities, etc. payable to Mr. Samir Modi shall be subject to overall ceiling of 5% of the net profits for one such managerial personnel and 10% of the net profits for all the managerial personnel in case of more than one such managerial personnel, as com puted in accordance with the relevant provisions of the Companies Act, 2013.

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

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

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

Your Directors recommends the resolution for your approval.

Item No. 7, 8, 9, and 10

Pursuant to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which will be effective from 1st April 2019, listed entities have to pass a special resolution to appoint a non-executive director or continue the directorship of a non-executive director who has attained the age of 75 years with justification for the same.

Therefore, for continuation of directorship by Mr. R.A. Shah, Mr. Anup N. Kothari, Dr. Lalit Bhasin who have attained the age of 75 years and Mrs. Bina Modi who will be attaining the age of 75 years as on 10th September, 2019, special resolutions have been proposed by the Board of the Company and justifications for aforesaid item Nos. 7, 8, 9, and 10, are given below.

None of the Directors, Key Managerial Personnel and/or their relatives except Mr. R.A. Shah, Mr. Anup N. Kothari, Dr. Lalit Bhasin, Mrs. Bina Modi, Mr. K.K. Modi, Mr. Samir Modi and Mr. Ruchir Kumar Modi are deemed to be concerned or interested in the proposed resolutions.

Your Directors recommend the resolutions for your approval.

(i) Mr. R.A. Shah

Mr. R.A. Shah is a Non-Executive Director of the Company and Chairman of the Board. He joined the Board of the Company on 7th June, 1969. Mr. R.A. Shah is a Leading Solicitor and Senior Partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, Mumbai. He specialises in a broad spectrum of Corporate Laws in general with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti Trust and Competition Law. He is also associated with Bombay Chamber of Commerce and Indo German Chamber of Commerce.

Accordingly, the Board is of the view that Mr. Shah's continuation will be beneficial to the Company's business.

(ii) Dr. Lalit Bhasin

Dr. Lalit Bhasin is a Non-Executive and Independent Director of the Company. He joined the Board of the Company on 31st March, 1986. Dr. Lalit Bhasin is a distinguished lawyer with over five decades of law practice. He heads the law firm of Bhasin & Co. having its offices at Delhi & Mumbai. He has authored several books on diverse subject.

He has been associated, in past or present, with various associations, chambers, etc. of eminence such as Former Chairman, Film Certification Appellate Tribunal, President, Society of Indian Law Firms, Past President, Inter Pacific Bar Association, Chairman, Chartered Institute of Arbitrators, Former Chairman, Services Export Promotion Council, President, The Bar Association of India, President, India Law Foundation, President, Indian Society for Afro Asian Studies, Honorary Life Member, International Bar Association, Chairman, PHD Chamber of Commerce & Industry and Former Chairman, Delhi Bar Council. Also, he has been conferred with several awards for his immense contribution in the field of law and justice.

Accordingly, the Board is of the view that Dr. Bhasin's continuation will be beneficial to the Company's business.

(iii) Mr. Anup N. Kothari

Mr. Anup N. Kothari is a Non-Executive and Independent Director of the Company. He joined the Board of the Company on 15th March, 1989. Mr. Anup N. Kothari is an Architect by profession and holds rich experience in fields of civil construction, architecture, interior decoration, etc. of various public and private properties.

Mr. Kothari graduated in Architecture from Baroda University in 1965 and then worked in Sweden on Hospital and various projects.On return to India, he joined a leading firm of Architects and has since been closely associated with various projects relating to multiplex, cinema halls, universities, embassies, etc. He is a member of Council of Architecture and Indian Institute of Architects.

Accordingly, the Board is of the view that Mr. Kothari's continuation will be beneficial to the Company's business.

(iv) Mrs. Bina Modi

Mrs. Bina Modi is a Non-Executive Director of the Company. She joined the Board of the Company on 7th April, 2014. Mrs. Bina Modi is a businesswoman with interests in the multiple areas.

She has founded and built several successful brands including the 'Ego' chain of Specialty Restaurants, Bina Fashions, Dessange Salon and Beacon Travels. With her deep understanding of the K.K. Modi Group's intrinsic strengths and potential, she plays a key role in aligning the core leadership team towards achieving the Group's goals. She is currently leading the initiative to develop the next generation of leaders to enable succession planning for the Group.

Her presence on the Board also serves to fulfill the requirement of a woman director.

Accordingly, the Board is of the view that Mrs. Modi's continuation will be beneficial to the Company's business.

Item No.11

The Members are informed that pursuant to the approval of shareholders obtained in the AGM held on 26th September, 2016 Mr. Ruchir Kumar Modi a Non-Executive Director of the Company is drawing a remuneration on quarterly basis by way of commission of Rs. 1,50,00,000/- (Rupees One crore fifty lacs only) per annum subject to a maximum of 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, for a period of three years with effect from 1st July, 2016. In addition to this, he is also entitled to payment/reimbursement of all expenses incurred in connection with business of the Company including provision of a mobile telephone connection in India and travel related expenses.

He is not entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any committee thereof and he is the only Non-Executive Director of the Company who is getting remuneration from the Company.

Further, pursuant to Regulation 17(6)(ca) inserted vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which will be effective from 1st April, 2019, 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.

In view of the above requirement, approval is sought by way of special resolution for remuneration payable to Mr. Ruchir Kumar Modi during the unexpired term of his current tenure of remuneration i.e. from 1st April, 2019 to 30th June, 2019.

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

Your Directors recommend the resolution for your approval.

New Delhi : 11th August, 2018

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

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 Website : www.godfreyphillips.com

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

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

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

as my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 81st Annual General Meeting of the Company, to be held on Tuesday, 25th September, 2018 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*
	Ordinary Business		
1.	a. Adoption of Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2018, 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 31st March, 2018.		
2.	Declaration of dividend on equity shares.		
3.	Re-appointment of Mr. R. A. Shah (DIN 00009851), who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	Re-appointment of Mrs. Bina Modi (DIN 00048606), who retires by rotation, and being eligible, offers herself for re-appointment.		
	Special Business		
5.	Re-appointment of Mr. K.K. Modi (DIN 00029407) as Managing Director for a period of three years effective from 14th August, 2018.		
6.	Re-appointment of Mr. Samir Modi (DIN 00029554) as an Executive Director and approving remuneration for a period of three years effective from 1st October, 2018.		
7.	To continue the directorship of Mr. R.A. Shah (DIN 00009851) as Non-Executive Director of the Company.		
8.	To continue the directorship of Dr. Lalit Bhasin (DIN 00001607) as Non-Executive and Independent Director of the Company.		
9.	To continue the directorship of Mr. Anup N. Kothari (DIN 00294737) as Non-Executive and Independent Director of the Company.		
10.	To continue the directorship of Mrs. Bina Modi (DIN 00048606) as Non-Executive Director of the Company.		
11.	To approve continuation of remuneration to be paid to Mr. Ruchir Kumar Modi (DIN 07174133) till the expiry of his tenure of remuneration i.e. till 30th June, 2019.		

Signed this —— day of————2018

Signature of Proxy————————

Signature of Member————

Affix Revenue Stamp

Notes:

1. 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.
2. 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—

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 Website : www.godfreyphillips.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional slip at the Venue of the meeting

No. of shares held : .....

Registered Folio No./ DP ID/ Client ID: .....

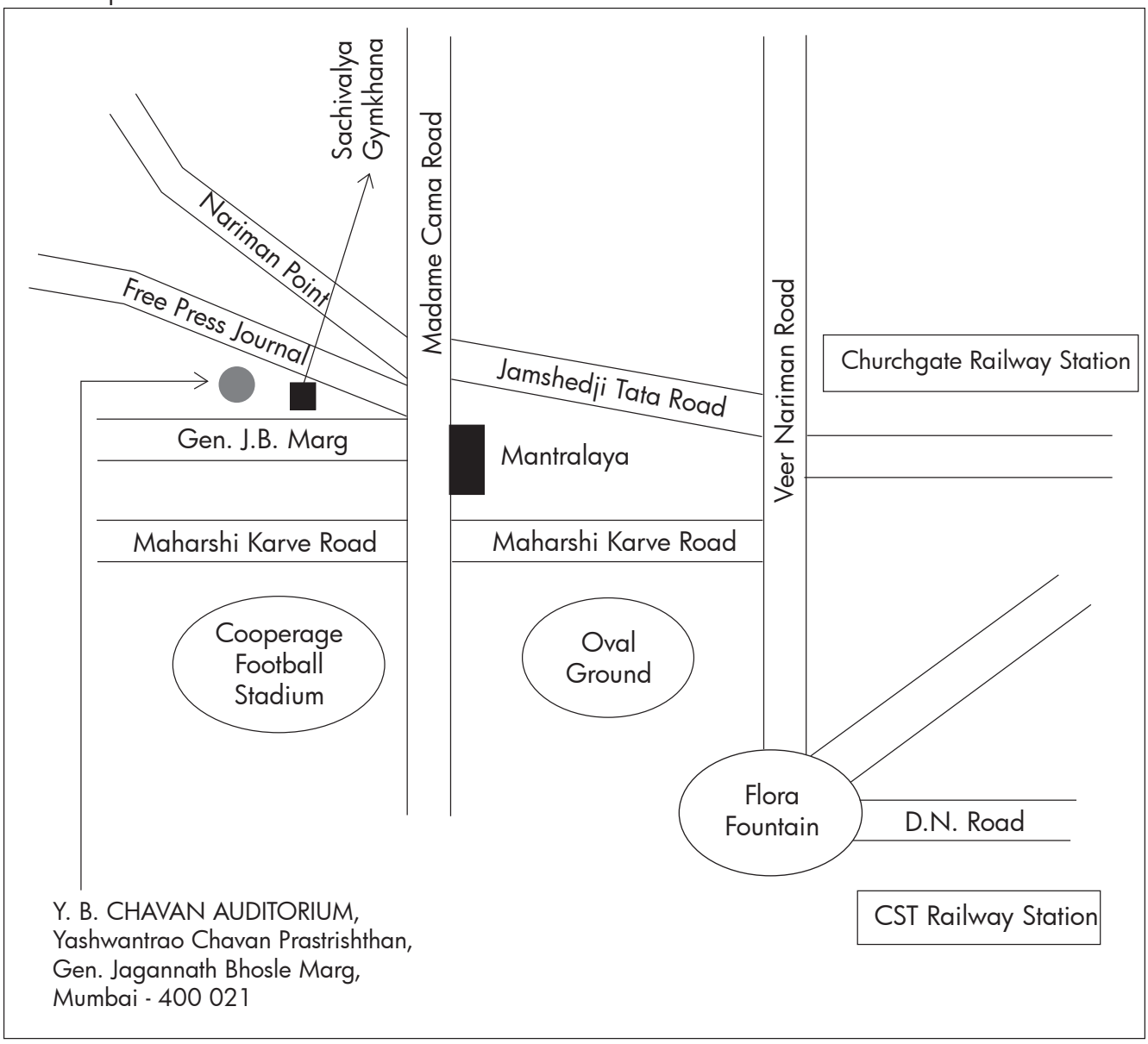
I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the 81st Annual General Meeting of the Company to be held on Tuesday, 25th September, 2018 at 3:15 p.m. at Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021.

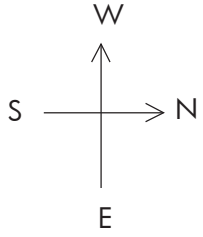
....
Name of the Member/Proxy (in BLOCK letters) Signature of the Member/Proxy

GODFREY PHILLIPS
INDIA LIMITED

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 2319
Email: isc-gpi@modi.com / Website: 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 from) :

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 81st Annual General Meeting scheduled to be held on Tuesday, 25th September, 2018 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
109091		

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 22nd September, 2018
End of Remote E-voting :	Upto 5 p.m. (IST) on 24th September, 2018

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 18th September, 2018.

This Communication forms an integral part of the Notice dated 11th August, 2018 convening the 81st Annual General Meeting scheduled to be held on Tuesday, 25th September, 2018 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 www.godfreyphillips.com/financials

By Order of the Board

Sanjay Gupta
Company Secretary
Membership No. : 7545

11th August, 2018
New Delhi

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 eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices 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 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.
   (b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on 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.inmentioning your demat account number/folio number, your PAN, your name and your registered address.
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 scrutinizergpi@gmail.com with a copy marked to 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 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 or call on toll free no.: 1800-222-990 or send a request atevoting@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 18th September, 2018.
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. 18th September, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or 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 alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. 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. 25th September, 2018.