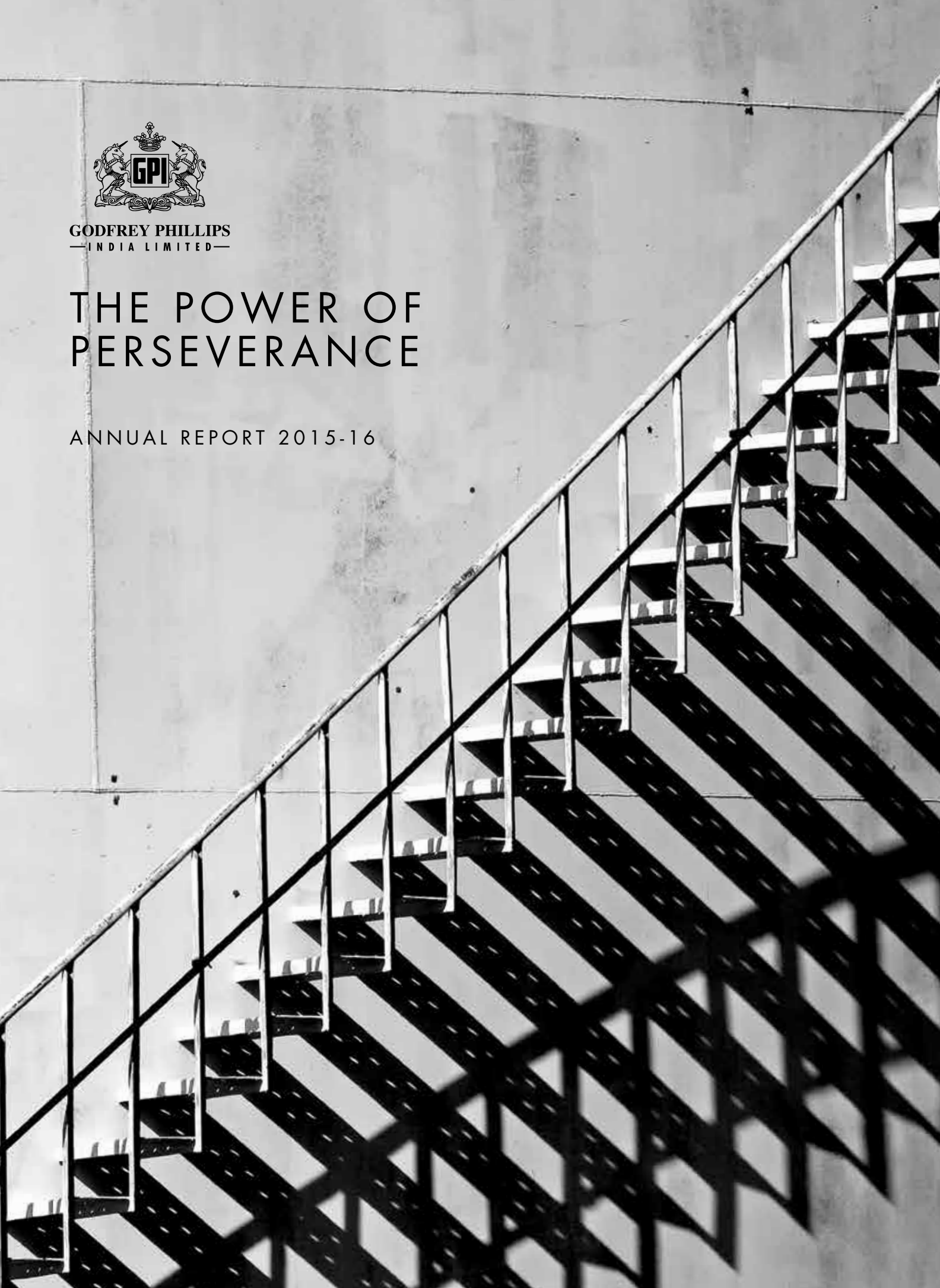




GODFREY PHILLIPS
—INDIA LIMITED—

THE POWER OF PERSEVERANCE

ANNUAL REPORT 2015-16





GODFREY PHILLIPS
—INDIA LIMITED—

THE POWER OF PERSEVERANCE

We have witnessed several challenges this past year but have not let ourselves succumb to them.

The business environment and state of the market, although confrontational, have only served as further inspiration for us to overcome obstacles.

Our spirit of collaboration and teamwork, together with an unending perseverance, made possible our productivity which is evident in this Annual Report.

The company's resolve to climb the ladder of growth with determination and dedication has levied continued support from our internal and external stakeholders. Our focus remains undeterred as we look forward to reaching greater heights of success in the years to come.

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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. R. Ramamurthy - Whole-time Director
(DIN 00030463)

Mr. Samir Kumar 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

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

CORPORATE OFFICE

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

OTHER OFFICES

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

LEAF DIVISION

Guntur (Andhra Pradesh)

STATUTORY AUDITORS

Deloitte Haskins & Sells, Chartered Accountants

INTERNAL AUDITORS

Lodha & Co., Chartered Accountants

REGISTRAR AND TRANSFER AGENTS

Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078

SOLICITORS

Crawford Bayley & Co.

BANKERS

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

CORPORATE IDENTITY NUMBER

LI6004MHI936PLC008587

www.godfreyphillips.com



R. A. Shah

Chairman's Message

Dear Shareholder,

Global economy remained subdued in 2015 with growth rate slowing down to 3.1% from 3.4% in 2014. Both the IMF and the World Bank have cut their 2016 global forecasts to a rate lower than 2015 thereby indicating that the global recovery remains fragile. Tightening of financial conditions in the U.S. and Japan, geopolitical tensions in advanced nations, net capital outflows from the emerging markets, continued slowdown in growth rates in China, lower commodity prices and above all the British unexpectedly voting to exit from the European Union are some of the risks of the world falling into a 'low-growth trap'.

Riding on some feel good factors, the Indian economy has grown at 7.6% in 2015-16 compared to 7.3% in 2014-15. It is a midterm for Modi government and some of the economists and independent policy experts feel that 8% growth is possible in this year though IMF forecast is for 7.4%. Public investment and urban consumption demands had been the two growth drivers, but with good monsoon-led rural demand and stabilising exports, the economy seems to have finally found four legs to walk on. Other growth drivers could be lowering of interest rates, boost from GST and other reforms, rising foreign direct investment, cleaning up of bank NPAs, improved corporate earnings, etc. But there are a few worrying factors such as the bank's reluctance to extend credit to SMEs, inflation holding its head high, private investment not picking up as expected and repayment obligations of USD 32 billion FCNRB loan taken in 2013.

With the passage of constitutional amendment bill by the Rajya Sabha, the Goods and Services Tax (GST) that unifies India as one market would at last become a reality after more than a decade of bickering by the political class. GST will be an important input in helping accelerate the investment cycle and thereby enhance growth over a long period. As the economists say it could prove to be an economic game changer for India.

The concept of plain packaging and excessively large pictorial health warnings on the cigarette packs has given rise to an interesting debate in the intellectual property rights (IPR) circles worldwide as it is strongly felt that these erode the value of the distinctive trademarks and pack designs that have been assiduously developed and nurtured through substantial investments over a period of time.

Euromonitor International estimates the worth of global tobacco industry to be USD 770 billion in 2015, growing at 3% CAGR since 2010 with cigarettes contributing to about 90% of this. The underlying value potential of the cigarette industry, therefore, remains strong and your Company envisages leveraging this value potential in becoming one of the leading global tobacco players.

I offer my heartfelt gratitude to all the Shareholders and stakeholders for continuing to place their confidence in the Company.

With best wishes and warm regards,

R.A. Shah



K. K. Modi

President's Message

Dear Shareholder,

I am glad to share that your Company has been successful in maintaining its revenue base at Rs. 4,296 crore in 2015-16. This has been achieved in spite of stiff taxation and regulatory pressures. I am delighted to announce that your Directors have yet again recommended a dividend of 400% for the year ended 31st March, 2016.

Amid these challenges, your Company has defined a growth path based on people and a contemporary portfolio of products. Consumer acquisition continues to be critical for our growth. Innovative new products are being developed to gain market share. Capsule filter based cigarettes, electronic vaping devices and new variants in chewing and candy businesses have been launched in the recent months. There are some other innovative products from the cigarette, chewing and tea businesses that are in the offer pipeline. I am fairly confident of a reasonably good growth coming from our international businesses as well.

A significant part of the strategy has been to de-risk the business from regulatory pressures faced by cigarettes. Your company has embarked on an ambitious growth drive with three growth levers for success.

The first lever is the chewing business. Our premium Pan Masala brand, "Pan Vilas" has been awarded as "India's Most Trusted Brand 2015" by India's Most Trusted Brand Awards Council, "World's No.1 Brand Award" by IBC Infomedia and MRG and "Asia's Most Promising Brand 2016" second time in a row by World Consulting and Research Corporation in pan masala category. Our other trademark "Raag" pan masala has shown phenomenal success growing by many times over the last 12 months. At this pace, we are poised to cross the Rs. 200 crores revenue mark this year, a big achievement in a short span in this category. New Candy flavours like Pan have been launched. Our latest product Pan Vilas Burst has also started off well.

The second lever towards strengthening our business model is to leverage technology platform and develop reduced harm products. In this we have developed world class electronic vaping devices and re-chargeable devices. Globally Electronic Cigarettes account for nearly USD 8 Billion in revenues with double digit growth rates. In this electronic vaping devices market, your company's products namely Zest and Verge are gaining acceptance in Key Indian Metros. We plan to expand this category in India and key global markets.

Our third lever revolves around extracting best value from our key strength i.e. sales and distribution infrastructure and ability of our people in rapid rollouts. We have successfully rolled out Marlboro Advance Blue in over 300,000 premium retail outlets in less than a month. We have now embarked upon a revised methodology of working where frontline personnel are being delegated higher accountability, responsibility and decision making authority. At the same time the organisation is being made lean and fit through optimisation of deployed resources.

The next few years will see regulatory pressures grow consistently. Our endeavour will be to continuously scan the business environment and remain ready for any unforeseen situation. Recent reports from The Tobacco Institute of India, FICCI and Euromonitor suggest growth in illicit cigarettes in India. Almost 1 in 5 cigarettes sold in Indian markets are illicit causing losses to both the government and the Industry. We will support any government initiative taken towards curbing the menace of illicit trade in India.

I take this opportunity to extend my sincere gratitude to all our consumers, business partners, shareholders and employees for their relentless support, faith and commitment. It is this unwavering support that pushes us to work towards creating long term value for all stakeholders.

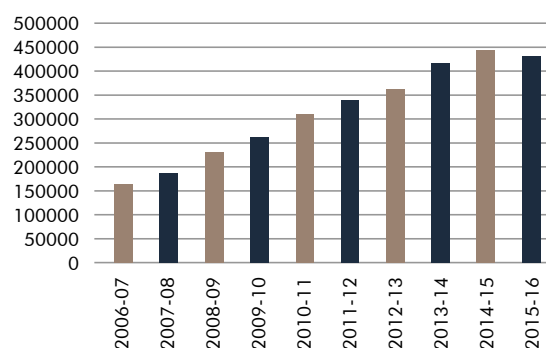
Warm regards,

K. K. Modi

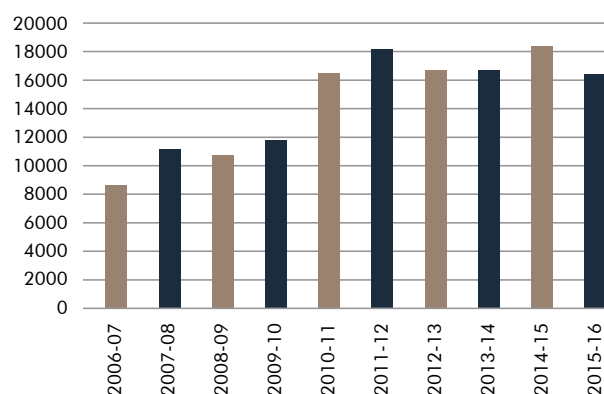
Financial Highlights

Trends

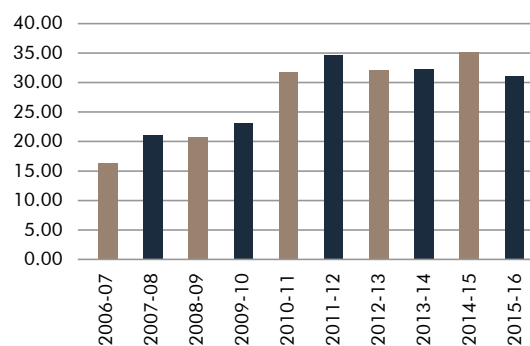
Gross Revenue (Rs.)



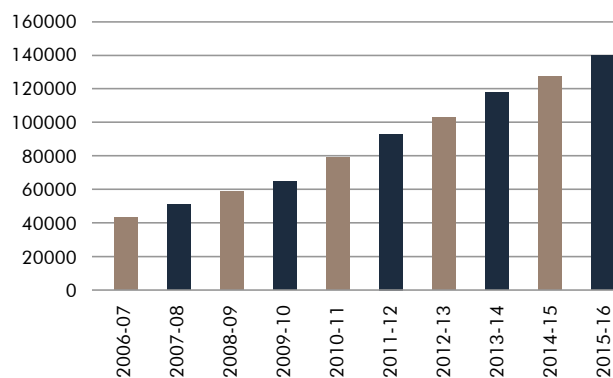
Profit After Tax (Rs. Lacs)



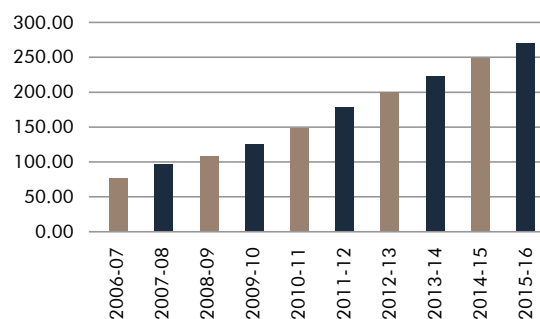
Earning per Share (Rs.)



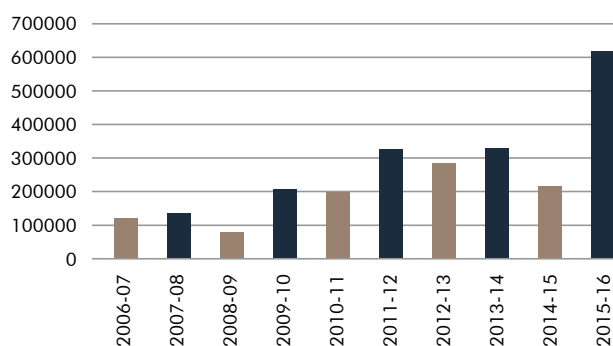
Shareholders Funds (Rs. Lacs)



Book Value per Equity Share (Rs.)

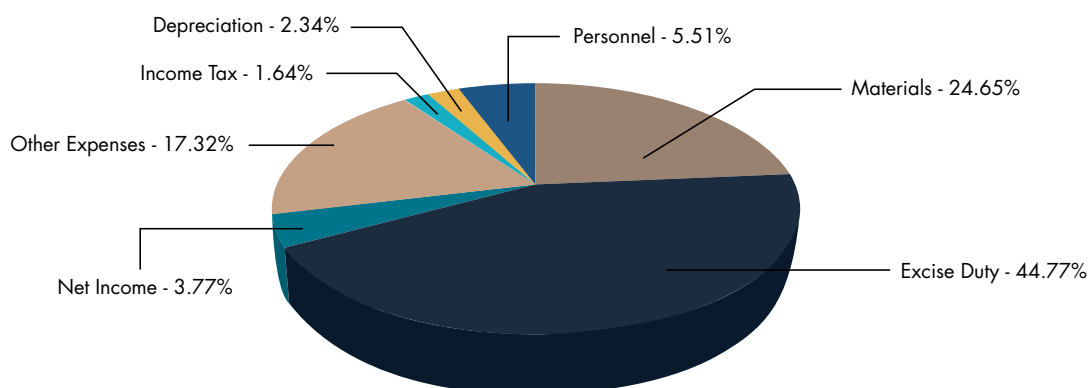


Market Capitalization (Rs. Lacs)



Financial Highlights

Revenue Distribution



10 YEAR HIGHLIGHTS

(Rs. Lacs)

PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
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CAPITAL EMPLOYED

Net Fixed Assets	74334	71393	71694	71887	67443	47387	31896	25980	15337	12655
Investments	33428	32238	35529	31853	35833	32314	19485	20986	32957	24627
Working Capital	45463	51634	32052	31172	21016	21797	26823	20172	12205	10962
Deferred Tax Assets (Net)	1416	1653	973	-	752	79	-	236	-	-
Total	154641	156918	140248	134912	125044	101577	78204	67374	60499	48244

FINANCED BY

Shareholders' Funds	140754	129262	116370	104172	92091	79025	66652	57845	49996	41815
Borrowings	13887	27656	23878	30356	32953	22552	11455	9529	10338	6073
Deferred Tax Liabilities (Net)	0	0	0	384	-	-	97	-	165	356
Total	154641	156918	140248	134912	125044	101577	78204	67374	60499	48244

OPERATING PERFORMANCE

Gross Revenue	437668	448589	422067	367282	341858	310838	267292	232445	187634	163277
Excise Duty	195922	196897	171653	157777	146058	146768	121386	115636	94040	82423
Depreciation	10220	10226	8655	8800	6263	4000	3391	2803	1977	1907
Profit Before Taxation	23685	27140	25468	23690	25723	24147	16740	16591	16974	13523
Profit After Taxation	16498	18308	17064	16948	18136	16603	11839	10890	11222	8810
Dividend	4159	4159	4159	4159	4159	3640	2600	2600	2600	2600
Corporate Dividend Tax	847	847	707	707	675	590	432	442	442	442
Retained Earnings	11492	13302	12198	12082	13302	12373	8807	7848	8180	5768

INVESTORS' DATA

*Earning per Equity Share (Rs)	31.73	35.21	32.82	32.60	34.88	31.93	22.77	20.95	21.58	16.95
Dividend per Equity Share (%)	400	400	400	400	400	350	250	250	250	250
*Book Value per Equity Share (Rs)	270.71	248.61	223.81	200.35	177.12	151.53	127.74	110.80	95.70	79.97
Number of Shareholders	18000	16169	11137	10839	11125	11242	11364	12350	12824	12740

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

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors feel privileged to present the 79th Annual Report on the business and operations of the Company along with the Audited Accounts for the financial year, ended March 31, 2016.

ECONOMIC ENVIRONMENT

2015 was marked by moderate growth in global economy. IMF estimated a growth of 3.1 per cent globally in 2015 and forecasts a 3.2 per cent growth in 2016. Growth was driven by an improved US economy and subdued oil and commodity prices. However, the slow growth of emerging economies, primarily China, remains a concern at the global level. 2016 augurs caution from economic and political uncertainty due to several undercurrents running in parallel. The US Presidential elections, lifting sanctions on Iran, Brexit, under performance of the Chinese economy will add to the uncertainty of the economic terrain. In particular, the US Dollar will be exposed to these volatile factors. Any impact on the US Dollar can subsequently affect the local currencies, thereby impacting export-import and external borrowings.

India is a beacon of hope as its economy grew by 7.6 per cent in 2015-16, amid the prevailing negative sentiments globally. This growth is supplemented by low inflation that can potentially boost discretionary spending. Both urban and rural consumer demand is likely to get a forward push from the implementation of higher salaries recommended by the 7th Pay Commission, and prospects of a better monsoon this year. IMF forecasts India's growth to be 7.4% in 2016-17. But many independent experts reckon that 8% this year is possible and that the signs of uptick are getting stronger. The Goods and Services Tax (GST) appears to be closer to reality than ever. The implementation of GST is expected to set the stage for improved business conditions and progressively higher tax revenues at lower cost and uniform pricing across India.

TOBACCO INDUSTRY

The global tobacco industry accounted for a 5 per cent growth in value to USD 698 billion in 2015 keeping the value growth intact. The global cigarette volumes declined by about 2 per cent in 2015, primarily driven by a 2 per cent decline in China.

The new generation tobacco products are gaining adoption as consumers perceive these to be of reduced harm. Your company has also entered this segment by introducing electronic vaping devices in a few select markets and has ambitious plans both for the domestic and international markets.

While taxation has had an impact in the recent past, the government appears to have reconciled to the fact that moderate tax increases are better in achieving the dual objective of revenue growth and tobacco cessation. The last budget witnessed moderate increase in taxation helping the industry fight illicit trade.

The industry welcomes the latest developments on GST as well as counter measures towards curbing illicit cigarettes in India. Both these measures will help the industry produce highest quality cigarettes and compete with illicit cigarettes on price points and garner share from them leading to growth in tax paid products.

Regulation

The most recently implemented regulation is the 85 per cent graphic health warning (GHW) on both sides of the cigarette package from earlier 40% on one side of the package and substituted the earlier pictures with more gruesome ones. Success of GHW has been under debate globally. Several leading tobacco markets such as the USA, Japan and China have not adopted picture based graphic health warning on cigarette packs and have only text based warnings.

There exists a high tax differential between cigarettes and other forms of tobacco. This provides a window of opportunity for chewing business to grow rapidly and acquire consumers in the chewing category. Our products in the premium and mid premium chewing space have shown stellar growth and we expect this high growth trajectory to continue.

A significant part of the cigarette value comprises excise duty and VAT. The weighted excise duty increased at 17% year-over-year in the last 5 years. In addition, state administered VAT rates were also increased across markets. A multi VAT regime promotes arbitrage and cross border smuggling, thereby squeezing revenue for both the government and legal cigarette industry. Recent developments on GST are welcome and we hope this will help create a unified Indian market, eliminate tax arbitrage opportunities and curb non tax paid business.

DIRECTORS' REPORT

This will usher well for GPI and can potentially provide high growth for many years to come.

During the last 5 years, illicit cigarettes have grown in a big way in India. Today 1 in every 5 cigarettes is illicitly sold in the country. The industry and the Government both are losing as a result of growth of illicit trade. It goes without saying that your Company will always remain committed to regulatory adherence by being a responsible corporate entity. We also request the government to direct its attention towards curbing the menace of illicit cigarettes.

SEGMENTWISE PERFORMANCE IN 2015-2016

Cigarettes

The domestic cigarette industry faced another challenging year due to tax increases and regulatory strictures. Continued tax increases forced your Company to increase the price of its popular brands which has resulted in consumer churn, part of which is gained by economy segment of 64mm brands. This segment has witnessed a growth of 6% despite competitive pressures. Overall, despite unprecedented competitive pressure, your Company has earned revenue of Rs. 3278 crores against Rs. 3400 crores in previous financial year.

Even though the operating environment, going forward, is likely to remain challenging, your Company has laid out plans to ensure growth by directly involving the frontline sales personnel in developing and implementing the sales strategy. Growth for the Company will be pursued through the brands placed at economical price points as well as through product innovations. Our efforts to grow sales volumes through customer centricity, superior products and use of technology and to improve productivity through cost control and optimisation of organisation's size, will continue to be in focus in coming years.

Tea

Our domestic packaged and bulk tea business achieved a turnover of Rs.102 crores which was marginally better than previous year. Our efforts were focused on driving business basis the regional consumer taste preferences by creating exclusive blends for key markets of Rajasthan, UP and J&K. This has not only been instrumental in driving consumer centricity but also benefitted in building saliency across spectrum of brands.

To maintain the leadership position in the packet green tea premium segment in the state of J&K, your Company has made an impressive entry with the launch of Samovar Kandakari Noon Chai. Our business in the institutional segment has shown better performance during the year with supplies to prestigious institutions like CSD, CPC and ASC. In an effort to drive long-term growth, your Company is aggressively investing behind premium products along with strengthening its feet on street in order to increase sales reach.

Chewing Products

Your Company's Chewing Business showcases encouraging trends after suffering a setback in 2014-15, with an increase in sales revenue from Rs.144 crores to Rs.151 crores in 2015-16. With healthy share both in the premium & mid premium segments and exciting plans for growth in the medium term, the business is poised for growth to attain greater heights in the industry. Your Company is working with the objective of gaining consumer understanding and identifying his unfulfilled needs to develop highly customized product offerings.

Pan Vilas, your Company's flagship brand, continues to hold strong share in the premium segment with over 20% segment share in the solus segment. With several innovations and optimizations in production technology, the focus is on improving margins in this business. In the medium term, expansion into new geographies and consolidation of the product portfolio have been identified as the critical growth levers for the business.

'Pan Vilas' the premium Pan Masala brand has been awarded as "India's Most Trusted Brand 2015" by India's most Trusted Brand Awards Council.

Your Company has also launched its presence in the mid premium segment under the brand name of Raag – which continues to be one of the fastest growing Pan Masala brands in the industry. With an increase in portfolio with Raag, the business initiated the foray into eastern markets with great success with steady revenues from the states of West Bengal, Odisha, Jharkhand & other North Eastern states.

Your Company also made some advances in the confectionary business on the back of a successful foray into

the lucrative Re. 1 candy segment with Pan Vilas candies. Your Company plans to consolidate its position in the confectionary business with some strategic launches in the Re. 1 segment to fuel the continuous growth of its business.

Exports

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

	2015-16	2014-15
Commodity/Product	Value (Rs. in crores)	Value (Rs. in crores)
Cigarettes	173.49	159.12
Unmanufactured tobacco	331.85	374.29
Cut tobacco/CLB	38.92	30.51
Tea	61.70	45.65

Overall exports of your Company were at Rs.606 crores as against Rs.610 crores in the preceding financial year.

Reduced crop size in Karnataka from where we do have a significant volume has impacted performance in unmanufactured tobacco exports. The Company has connected with some new customers across geographies particularly in CIS & European region. The Company is also exploring possibilities of setting up a warehouse at a strategic location in Europe to gain access to more markets in Europe & CIS region with ready stock and creating leaf/cut-rag trading hubs in Middle East, Africa & South East Asia, particularly in locations around cigarette manufacturing hubs of the world.

In order to penetrate the Company's brands around the world, we have launched our cigarette brands in Australia, Malaysia, Hong Kong and some countries of West and East Africa. In the current financial year, we have planned to extend launches in Qatar, Bahrain, Saudi Arabia and Nigeria.

The bulk tea exports turnover has delivered a phenomenal growth of 35% over last year with turnover increasing to Rs. 62 crores as against Rs. 46 crores during the preceding year. The same has been driven by ongoing concentrated efforts to supply premium and consistent quality teas to our prestigious clients in high tea consumption countries like UK, Kazakhstan, Iran and Pakistan.

As part of the growth strategy, the branch office in Dubai was converted into a wholly-owned subsidiary named 'Godfrey Phillips Middle East DMCC' and the same is fully operational. This is expected to help the Company expand its operations further across the globe.

Retail

In 2015-16, Company's retail business made a steady progress with turnover at Rs.129 crores as against Rs. 109 crores during previous year. In the current financial year, the Company is redesigning and refurbishing its stores. At the same time, we are also developing a franchise model using the expertise of our Japanese consultants which will help us scale up the business.

HUMAN RESOURCE DEVELOPMENT

During the year, your Company extensively worked on maximizing individual productivity through better manpower planning and resource allocation. Initiatives such as job enlargement & additional voluntary responsibilities for capable employees, strict check on hiring, giving project based short term engagements and fostering a lean organization structure, aided in building productivity focus.

Initiatives have also been taken towards cost savings through an integrated approach targeting areas such as official travel and stay, making optimum use of available offices and rationalizing general administrative costs. Your Company has recently taken a step towards empowering its workforce through a process of bottom-up planning that emphasises on participation of all levels of salesforce in planning targets and charting out ways and means to achieve them. Annual Health check-up continued this year also for all the employees to make your Company a healthy organization.

DIRECTORS' REPORT

CORPORATE DEVELOPMENT

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

INFORMATION TECHNOLOGY (IT)

Your Company is continuously making investments in information technology to improve operational efficiency and enhance productivity in the organisation. To improve productivity and service levels coupled with cost optimization, IT roadmap for the next 5 years has been prepared covering critical initiatives like advanced sales force automation, enterprise-wise business intelligence, supply chain management solutions, infrastructure migration to cloud based technology, data mining, etc.

In addition, your Company is also leveraging IT in development of more workflow based applications to improve productivity as well as response time.

TREASURY OPERATIONS

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

Keeping in view the guiding principles of the policy of earning safe, liquid and tax efficient returns, the Company has been deploying its long term surplus funds primarily in debt oriented schemes of reputed mutual funds. Also, the Company continued to park its temporary surpluses in liquid schemes of various mutual funds.

FINANCIAL RESULTS

	2015-16 Rs. in lacs	2014-15 Rs. in lacs
Gross Profit (after exceptional item)	33905.50	37365.53
Less : Depreciation	10220.49	10225.65
Profit before tax	23685.01	27139.88
Less : Provision for tax		
- current tax	7042.00	9218.00
- deferred tax charge/(credit)	236.54	(462.76)
- current tax expense relating to prior years	(91.89)	76.20
Profit after tax for the year	16498.36	18308.44
Add: Profit brought forward	100261.19	89369.31
Less: Adjustment for depreciation in transition	-	410.27
Available for appropriation	116759.55	107267.48
Appropriations		
Proposed Dividend	4159.51	4159.51
Corporate Dividend Tax	846.78	846.78
Transfer to General Reserve	2000.00	2000.00
Surplus carried to Balance Sheet	109753.26	100261.19
	116759.55	107267.48

During the year ended March 31, 2016, the Company registered operating revenue of Rs.4348 crores as against Rs.4453 crores during corresponding previous financial year, a decline of 2.4%. The profit after tax was lower at Rs.164.98 crores against Rs.183.08 crores last year.

The Union Budget 2016 has yet again increased the excise duty on cigarette which works out to around 10% on weighted average volume base of your Company and this is apart from some State Governments hiking VAT rates.

DIVIDEND

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

DEPOSITS

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as on 31st March, 2016 is attached as 'Annexure - 1' to this Report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on 31st March, 2016, your Company had eight subsidiaries and three associate companies. The basic details of these companies form part of the extract of Annual Return given in 'Annexure - 1'.

Form AOC-1 containing the salient features of financial statements of the Company's subsidiaries and associates is attached as 'Annexure - 2'. Note 43 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 Accounting Standard 21 - Consolidated Financial Statements, Group Accounts form part of this Annual Report. The Group Accounts have been prepared on the basis of audited financial statements received from the subsidiary and associate companies, as approved by their respective Boards.

INTERNAL CONTROL SYSTEMS

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

The internal control systems are supplemented by well documented policies, guidelines and procedures which is 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 Companies Act, 2013 mandates every company that meets certain eligibility criteria, to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

Our 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.

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

Your Company, with the support of implementing institutions, is working with most vulnerable communities in target areas by way of providing various supports in the field of education, health, skill development, etc. As part of various programmes for farmers, women, children and community development, your Company is supporting this cause by installation of safe drinking water, 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, building toilets, helping community through drainage construction and other cleanliness drive and thereby improving their living conditions. Higher education is the prime driver for sustainable development and economic growth.

As part of women empowerment initiative, the Kashmir women's program realized its target of enabling conflict ridden women with skill development and empowerment through livelihood. There were success stories of women moving to entrepreneurial ventures and independent projects.

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 have been disclosed in 'Annexure - 3'.

DIRECTORS

Mr. R.A. Shah (DIN 00009851) and Mrs. Bina Modi (DIN 00048606) are liable to 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.

Mr. Ruchir Kumar Modi (DIN 07174133) was appointed as Additional Director w.e.f. 19th March, 2016 and holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from one of its members proposing his candidature for appointment as a Director.

PERFORMANCE EVALUATION OF THE BOARD, ETC.

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

KEY MANAGERIAL PERSONNEL

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

BOARD MEETINGS

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

AUDIT COMMITTEE

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

RISK MANAGEMENT

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

The above statements were noted by the Audit Committee at its meeting held on 16th August, 2016.

RELATED PARTY TRANSACTIONS

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

WHISTLE BLOWER POLICY/VIGIL MECHANISM

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

REMUNERATION AND NOMINATION POLICY

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

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

CORPORATE GOVERNANCE

The Company is committed to maximise the value for its stakeholders by adopting the principles of good Corporate Governance in line with the provisions of law and in particular those stipulated in the Listing Obligations and Disclosure Requirement 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed.

DIRECTORS' REPORT

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

STATUTORY AUDITOR

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

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

COST AUDIT

M/s. Chandra Wadhwa & Co., Cost Accountants (Firm Registration No.00239), have been appointed as the Cost Auditor of the Company for the financial year 2016-17 to audit the cost accounting records for 'Tea' business, at a fee of Rs. 2.50 lacs plus applicable taxes and out of pocket expenses, subject to approval by the Shareholders at the ensuing Annual General Meeting.

Further, the cost audit report for the financial year 2015-16 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.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

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

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

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

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

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

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

THE FUTURE

Your Company has a strong platform in the form of the state of the art manufacturing facilities, best in class technology, vast distribution network, adequate financial resources and motivated manpower 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 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 : 16th August, 2016

DIRECTORS' REPORT

Annexure - 1

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	L16004MH1936PLC008587
ii)	Registration Date	03.12.1936
iii)	Name of the Company	Godfrey Phillips India Limited
iv)	Category/Sub-category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	'Macropolo Building', Ground Floor, Next to Kala Chowky P.O., Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra - 400033 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	<u>w.e.f. 1st July, 2016</u> Link Intime India Private Limited C - 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400078 Telephone No:- 022- 25963838 Fax No:- 022- 25946969 E-mail:- mumbai@linkintime.co.in
		<u>Erstwhile</u> Sharepro Services (India) Pvt. Ltd, 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri (East), Mumbai - 400072 Telephone No:- 022-67720316 Fax No:- 022-28591568 E-mail:- sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC code of the product/services	% to total turnover of the Company
1	Cigarettes	12003	80.43



GODFREY PHILLIPS
—INDIA LIMITED—

DIRECTORS' REPORT

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/ GLN	Holding/ subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
1.	International Tobacco Company Limited 'Macropolo Building', Ground Floor, Next to Kala Chowky P.O., Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai, Maharashtra 400033	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 Ltd 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 Ltd holds 100%	2(87)(ii)
5.	Friendly Reality Projects Limited (Formerly known as Kashyap Metal & Allied Industries Limited) 49, Community Centre, Friends Colony, New Delhi-110025	U74899DL1973PLC006528	Subsidiary	GPI holds 50.64% and Chase holds 32.69%	2(87)(ii)
6.	Rajputana Infrastructure Corporate Limited 49, Community Centre, Friends Colony, New Delhi-110025	U45200DL2006PLC156832	Subsidiary	Friendly Reality 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)

DIRECTORS' REPORT



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9.	Success Principles India Limited C/O Gupta Jaiswani & Co., Dal Bazar Tiraha, Lashkar, Gwalior, Madhya Pradesh- 474009	U17118MP1989PLC005568	Associate	48.89	2(6)
10.	IPM India Wholesale Trading Private Limited DLF Center, 8th Floor, Block No. 124, Narindra Place, Parliament Street, New Delhi- 110001	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)

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

i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year (01.04.2015)				No. of shares held at the end of the year (31.03.2016)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	17500	5440	22940	0.04	17500	5440	22940	0.04	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	22294890	0	22294890	42.88	22593890	0	22593890	43.45	0.57
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)	24068770	50440	24119210	46.39	24367770	50440	24418210	46.96	0.57
(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)	37119245	50440	37169685	71.49	37418245	50440	37468685	72.06	0.57
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	1004765	375	1005140	1.93	383619	375	383994	0.74	-1.19
b) Banks/ FI	24365	23375	47740	0.09	29281	21310	50591	0.10	0.01
c) Central Govt	0	24000	24000	0.05	0	24000	24000	0.05	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	5718616	500	5719116	11.00	4983255	500	4983755	9.59	-1.41



GODFREY PHILLIPS
—INDIA LIMITED—

DIRECTORS' REPORT

h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	6747746	48250	6795996	13.07	5396155	46185	5442340	10.47	-2.60
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian	575507	18455	593962	1.14	1230619	17895	1248514	2.40	1.26
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	4733756	1607350	6341106	12.20	5228161	1505140	6733301	12.95	0.75
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	893795	0	893795	1.72	824500	0	824500	1.59	-0.13
c) Others									
Other Directors and relatives	36250	0	36250	0.07	28500	0	28500	0.05	-0.02
Non-Resident Individuals	125671	13925	139596	0.27	99681	11525	111206	0.21	-0.06
Trusts	6030	17500	23530	0.05	6010	17500	23510	0.05	0
NBFCs registered with RBI	0	0	0	0	112299	1065	113364	0.22	0.22
Sub-total (B)(2)	6371009	1657230	8028239	15.44	7529770	1553125	9082895	17.47	2.03
Total Public Shareholding (B) = (B)(1) + (B)(2)	13118755	1705480	14824235	28.51	12925925	1599310	14525235	27.94	-0.57
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	50238000	1755920	51993920	100	50344170	1649750	51993920	100	0

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% of change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	K K Modi Investment And Financial Services Pvt Ltd	15196660	29.23	0	15196660	29.23	0	0
2.	Philip Morris Global Brands INC	13050475	25.10	0	13050475	25.10	0	0
3.	Good Investment (India) Ltd	4095220	7.88	0	4309220	8.29	0	0.41
4.	Quick Investment (India) Ltd	2081800	4.00	0	2166800	4.17	0	0.17
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

DIRECTORS' REPORT



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7.	K K Modi & Bina Modi (Trustees- Indofil Junior Employees (Factory) Welfare Trust)	380000	0.73	0	3800000.	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.	Spice Mobility Ltd	86500	0.17	0	86500	0.17	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 Kumar Modi	2000	0	0	2000	0	0	0
23.	Krishan Kumar Modi	2000	0	0	2000	0	0	0
24.	Lalit Kumar Modi	2000	0	0	0	0	0	(100)
25.	Upasana Investment Pvt Ltd	450	0	0	450	0	0	0
26.	Ruchir Kumar Lalit Modi	0	0	0	2000	0	0	All



GODFREY PHILLIPS
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(iii) Change in Promoters' Shareholding

Sl. No		Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Good Investment (India) Ltd				
	At the beginning of the year	4095220	7.88		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	14.08.2015	87000	0.17	4182220	8.04
	18.09.2015	127000	0.24	4309220	8.29
	At the End of the year			4309220	8.29
2.	Quick Investment (India) Ltd				
	At the beginning of the year	2081800	4.00		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	21.08.2015	85000	0.16	2166800	4.17
	At the End of the year			2166800	4.17
3.	Lalit Kumar Modi				
	At the beginning of the year	2000	0.00		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	31.07.2015	(2000)	0.00	0	0.00
	At the End of the year			0	0.00
4.	Ruchir Kumar Lalit Modi				
	At the beginning of the year	0	0.00		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	31.07.2015	2000	0.00	2000	0.00
	At the End of the year			2000	0.00

(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 (01.04.2015)		Cumulative Shareholding during the year (31.03.2016)	
		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	2241622	4.31		
	Date wise Increase / (Decrease) in Shareholding during the year and reasons				
	10.07.2015	209995	0.40	2451617	4.72
	05.02.2016	39416	0.08	2491033	4.80
	At the End of the year			2491033	4.80

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

2.	APMS Investment Fund Ltd				
	At the beginning of the year	1112775	2.14		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	07.08.2015	(87000)	(0.17)	1025775	1.97
	21.08.2015	(85000)	(0.16)	940775	1.81
	11.09.2015	(127000)	(0.24)	813775	1.57
	At the End of the year			813775	1.57
3.	Jupiter South Asia Investment Company Limited - South Asia Access Fund				
	At the beginning of the year	1110854	2.14		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	10.07.2015	109813	0.21	1220667	2.35
	11.12.2015	(81251)	(0.16)	1139416	2.19
	05.02.2016	(39416)	(0.08)	1100000	2.12
	At the End of the year			1100000	2.12
4.	Swiss Finance Corporation (Mauritius) Ltd				
	At the beginning of the year	879015	1.69		
	Date wise Increase /(Decrease) in Shareholding during the year and reasons				
	17.04.2015	18769	0.04	897784	1.73
	24.04.2015	15530	0.03	913314	1.76
	01.05.2015	6070	0.01	919384	1.77
	08.05.2015	7963	0.02	927347	1.78
	15.05.2015	9819	0.02	937166	1.80
	22.05.2015	5301	0.01	942467	1.81
	29.05.2015	5061	0.01	947528	1.82
	05.06.2015	19962	0.04	967490	1.86
	12.06.2015	5268	0.01	972758	1.87
	19.06.2015	3851	0.01	976609	1.88
	26.06.2015	57561	0.11	1034170	1.99
	30.06.2015	54664	0.11	1088834	2.09
	24.07.2015	(10)	0	1088824	2.09
	31.07.2015	(3300)	(0.01)	1085524	2.09
	25.09.2015	(1000)	0	1084524	2.09
	23.10.2015	(9500)	(0.02)	1075024	2.07
	30.10.2015	(144009)	(0.28)	931015	1.79
	06.11.2015	(35063)	(0.07)	895952	1.72
	13.11.2015	(12691)	(0.02)	883261	1.70
	20.11.2015	(150488)	(0.29)	732773	1.41
	27.11.2015	(20557)	(0.04)	712216	1.37
	11.12.2015	(222153)	(0.43)	490063	0.94
	18.12.2015	(140968)	(0.27)	349095	0.67



DIRECTORS' REPORT

	25.12.2015	(84193)	(0.16)	264902	0.51
	15.01.2016	(139825)	(0.27)	125077	0.24
	22.01.2016	(20087)	(0.04)	104990	0.20
	29.01.2016	(6010)	(0.01)	98980	0.19
	05.02.2016	(95143)	(0.18)	3837	0.01
	At the End of the year			3837	0.01
5.	IDFC Premier Equity Fund				
	At the beginning of the year	707951	1.36		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	20.06.2015	(105529)	(0.20)	602422	1.16
	30.06.2015	(10659)	(0.02)	591763	1.14
	10.07.2015	(591763)	(1.14)	0	0
	At the End of the year			0	0
6.	Kavita Jain				
	At the beginning of the year	500000	0.96		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons			-	-
	At the End of the year			500000	0.96
7.	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
8.	Sudha Commercial Company Ltd.				
	At the beginning of the year	182611	0.35		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	19.06.2015	(35000)	(0.07)	147611	0.28
	10.07.2015	24789	0.05	172400	0.33
	30.09.2015	(172400)	(0.33)	0	0
	At the End of the year			0	0
9.	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
10.	Mirae Asset Emerging Bluechip Fund				
	At the beginning of the year	127542	0.24		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				

DIRECTORS' REPORT



GODFREY PHILLIPS
—INDIA LIMITED—

	10.04.2015	27932	0.05	155474	0.30
	17.04.2015	322	0	155796	0.30
	15.05.2015	3355	0.01	159151	0.31
	10.07.2015	(159151)	(0.31)	0	0
	At the End of the year			0	0
11. Kavita P Mehta					
	At the beginning of the year	0	0		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	19.02.2016	500	0	500	0
	26.02.2016	(500)	0	0	0
	04.03.2016	52000	0.10	52000	0.10
	11.03.2016	29000	0.06	81000	0.16
	18.03.2016	19000	0.04	100000	0.19
	31.03.2016	20000	0.04	120000	0.23
	At the End of the year			120000	0.23
12. Mirae Asset Emerging Bluechip Fund					
	At the beginning of the year	0	0		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	10.07.2015	159151	0.31	159151	0.31
	07.08.2015	27093	0.05	186244	0.36
	21.08.2015	8000	0.02	194244	0.37
	28.08.2015	26936	0.05	221180	0.43
	04.09.2015	56	0	221236	0.43
	18.09.2015	6968	0.01	228204	0.44
	23.10.2015	(110000)	(0.21)	118204	0.23
	30.10.2015	(7000)	(0.01)	111204	0.21
	06.11.2015	(23842)	(0.05)	87362	0.17
	20.11.2015	(25756)	(0.05)	61606	0.12
	04.12.2015	(5000)	(0.01)	56606	0.11
	25.12.2015	3000	0.01	59606	0.11
	31.12.2015	(3000)	(0.01)	56606	0.11
	19.02.2016	21000	0.04	77606	0.15
	26.02.2016	19444	0.04	97050	0.19
	11.03.2016	20500	0.04	117550	0.23
	At the End of the year			117550	0.23
13. L and T Mutual Fund Trustee Ltd- L and T India Prudence Fund					
	At the beginning of the year	0	0		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	04.12.2015	44905	0.09	44905	0.09
	11.12.2015	134	0	45039	0.09



GODFREY PHILLIPS
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DIRECTORS' REPORT

	18.12.2015	5000	0.01	50039	0.10
	31.12.2015	19988	0.04	70027	0.14
	08.01.2016	2500	0.01	72527	0.14
	26.02.2016	34573	0.07	107100	0.21
	At the End of the year			107100	0.21
14. Vanaaja Sundar Iyer					
	At the beginning of the year	0	0		
	Date wise Increase/(Decrease) in Shareholding during the year and reasons				
	22.01.2016	70000	0.14	70000	0.14
	05.02.2016	30000	0.06	100000	0.19
	At the End of the year			100000	0.19

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

Sl. No		Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (31.03.2016)	
		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. Dr. Lalit Bhasin					
	At the beginning of the year	2000	0		
	Increase/Decrease in Shareholding during the year and reasons	0	0	2000	0
	At the End of the year			2000	0
5. Mr. Lalit Kumar Modi*					
	At the beginning of the year	2000	0		
	Increase/Decrease in Shareholding during the year and reasons	(2000)	0	0	0
	At the End of the year			0	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 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

DIRECTORS' REPORT



GODFREY PHILLIPS
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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
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
10. Mr. Ruchir Kumar Modi##				
At the beginning of the year	0	0		
Increase/Decrease in Shareholding during the year and reasons	2000	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 the Director w.e.f. 28.05.2015.

Appointed as Director w.e.f. 20.06.2015.

Appointed as Director w.e.f. 19.03.2016.

V. INDEBTEDNESS

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

(Rs. In lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	18155.36	9500.84	0	27656.20
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	66.48	0	0	66.48
Total (i+ii+iii)	18221.84	9500.84	0	27722.68
Change in indebtedness during the Financial year				
• Addition	5300.80	500.07	0	5800.87
• (Reduction)	(10124.73)	(9500.84)	0	(19625.57)
Indebtedness at the end of the Financial year				
i) Principal Amount	13387.13	500.07	0	13887.20
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	10.78	0	0	10.78
Total (i+ii+iii)	13397.91	500.07	0	13897.98



GODFREY PHILLIPS
—INDIA LIMITED—

DIRECTORS' REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In lacs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Modi	Mr. R. Ramamurthy	Mr. Samir Kumar Modi	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	391.61	150.32	156.00	697.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	96.43	97.23
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	326.34	0	86.00	412.34
	- others	0	0	0	0
5.	Others	0	0	0	0
	Total (A)	718.35	150.72	338.43	1207.50
	Ceiling as per the Act Rs. 2342.37 lacs being 10% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013.				

B. Remuneration to other Directors:

(Rs. In lacs)

Sl. No	Particulars of Remuneration	Name of Director							Total Amount
		Dr. Lalit Bhasin	Mr. Anup N. Kothari	Mr. Atul Kumar Gupta*					
1.	Independent Directors								
	• Fee for attending board / committee meetings	19.00	18.00	5.00					42.00
	• Commission	0	0	0					0
	• Others	0	0	0					0
	Total (1)	19.00	18.00	5.00					42.00
2.	Other Non-Executive Directors				Mr. R.A. Shah%	Mr. Lalit Kumar Modi**	Mrs. Bina Modi	Mr. Ruchir Kumar Modi***	
	• Fee for attending board/committee meetings				15.00	0	7.00	0	22.00
	• Commission				0	31.18	0	0	31.18
	• Others				0	0	0	0	0
	Total (2)				15.00	31.18	7.00	0	53.18
	Total (B)= (1+2)								95.18
	Ceiling as per the Act Rs. 234.24 lacs being 1% of the Net Profit of the Company computed as per Section 198 of the Companies Act, 2013.								

* Appointed as Director w.e.f. 20.06.2015.

% Re-designated as Non-Independent Director w.e.f. 31.10.2015

** Ceased to be the Director w.e.f. 28.05.2015.

*** Appointed as Director w.e.f. 19.03.2016.

DIRECTORS' REPORT

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

(Rs. In lacs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Sunil Agrawal (CFO)	Mr. Sanjay Gupta (Company Secretary)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	119.18	84.08	203.26
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.49	5.39	8.88
	(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	122.67	89.47	212.14

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

DIRECTORS' REPORT

Annexure 2

Form AOC - I

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

Part "A": Subsidiaries

Particulars	Name of the Subsidiary								Rs. in lacs
	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	Flavors And More, Inc.	Godfrey Phillips Middle East DMCC	
Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	US Dollars USD1=INR 66.25	US Dollars USD1=INR 66.25	
Share capital	300.00	280.46	15.60	81.96	5.00	6.00	329.35	35.50	
Reserves and surplus	4190.91	587.44	2798.19	(12.24)	(2.17)	397.24	(168.49)	(76.44)	
Other liabilities	1142.72	0.37	0.57	0.12	0.09	2325.12	27.18	1742.09	
Total Liabilities	5633.63	868.27	2814.36	69.84	2.92	2728.36	188.04	1701.15	
Total Assets	5633.63	868.27	2814.36	69.84	2.92	2728.36	188.04	1701.15	
Investments (other than in subsidiaries/fellow subsidiaries)	-	555.04	12.26	-	-	-	-	-	
Turnover/Total Revenue	5183.73	21.57	2.99	3.55	0.23	0.20	-	8325.10	
Profit/(loss) before taxation	75.22	(70.76)	(1.34)	(2.01)	0.07	(5.17)	(168.49)	(76.44)	
Provision for taxation	20.61	0.84	-	-	0.02	-	-	-	
Profit/(loss) after taxation	54.61	(71.60)	(1.34)	(2.01)	0.05	(5.17)	(168.49)	(76.44)	
Proposed Dividend	-	-	-	-	-	-	-	-	
% of shareholding	100%	100%	83.33%	66.67%	66.67%	83.33%	100%	100%	

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 Unique Space Developers Limited are held through Chase Investments Limited and International Tobacco Company Limited.
4. Shares in Friendly Reality Projects Limited are partly held through Chase Investments Limited.
5. Transactions with the foreign subsidiaries have been translated to INR at the rates that closely approximate the rate on the date of transaction.

For and on behalf of the Board of Directors

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R.A. SHAH
(DIN 00009851)
Chairman

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

DIRECTORS' REPORT

Part “B”: Associates and Joint Ventures

Rs. in lacs			
Particulars	KKM Management Centre Pvt. Limited (Associate)	Success Principles India Limited (Associate)	IPM India Wholesale Trading Pvt. Limited (Associate)
Latest Audited Balance Sheet Date	31st March ,2016	31st March ,2016	31st March ,2016
Shares of Associate/ Joint Venture held by the Company on the year end			
Number of shares	1,102,500	199,673	4,960,000
Amount of Investment	110.25	19.97	496.00*
Extent of Holding	36.75%	48.89%	24.80%
Description of how there is significant influence	Since the Company holds more than 20% of voting power in these associates		
Reason why the associate is not consolidated	Not Applicable		
Networth attributable to Shareholding as per latest audited Balance Sheet #	289.27	60.94	_*_*
Profit / (Loss) for the year	95.45	0.14	(10303.89)
Considered in consolidation	35.08	0.07	_*_*
Not considered in consolidation	60.37	0.07	(10303.89)

* 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

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R.A. SHAH
(DIN 00009851)
Chairman

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

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

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

ATUL KUMAR GUPTA
(DIN 01734070)

Annexure - 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The CSR Policy of the Company was approved by the Board of Directors at its meeting held on July 5, 2014 and was further amended and approved by the directors via circular resolution dated 25th June, 2016 and the same can be viewed at <http://www.godfreyphillips.com/social-consciousness>

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

2. The Composition of the CSR Committee:
The CSR Committee comprises of Mr. R.A. Shah as its Chairman and Mr. K.K. Modi and Mr. Anup N Kothari as its members.
3. Average net profit of the company for last three financial years: Rs.24,799 lacs.
4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : Rs.496 lacs.
5. Details of CSR expenditure during the financial year:
 - (a) Total amount to be spent for the financial year : Rs.496 lacs
 - (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. Lacs)	Amount spent on the project or activity Sub heads: (Rs.Lacs)		Cumulative expenditure up to the reporting period (Rs. Lacs)	Amount spent: Direct or through Implementing Agency
					Direct expenditure on projects/ activities	Project Overheads		
1.	Community development initiative	Livelihood improvement	Ongole and Vinukonda, Andhra Pradesh	168.00	168.72	-	168.72	Implementing Agency - Assist
2.	Women empowerment program	Woman empowerment	Srinagar, Jammu and Kashmir	50.00	43.96	-	43.96	Implementing Agency - Help Foundation, J & K
3.	Promotion of healthcare	Healthcare improvement	Khwabgah, Taimoor Nagar and Khijrabad, New Delhi	100.00	150.00	-	150.00	Implementing Agency - Modicare Foundation
4.	Promotion of education	Education	Distt. Durg, Chattisgarh	100.00	110.00	-	110.00	Implementing Agency - Modi Innovative Education Society/ Samaj Kalyan Parishad
5.	Others (including 5% of the CSR expenditure towards Administrative expenditure)	-	-	100.00	-	23.63	23.63	Direct
	Total amount spent			518.00	472.68	23.63	496.31	

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: 16th August, 2016

DIRECTORS' REPORT

Annexure - 4

Form No. AOC-2

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

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

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

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

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

(a)	Name(s) of the related party and nature of relationship	Please refer note 39 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

Annexure 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

The Members

Godfrey Phillips India Limited
Macropolo Building, Ground Floor,
Next to Kala Chowky P.O.,
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 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, 2016 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, 2016 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; Not Applicable, and
 - (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:

DIRECTORS' REPORT

1. Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
2. Tobacco Board Act, 1975.
3. Tobacco Cess Act, 1975.
4. Food Safety and Standards Act, 2006.
5. The Food Safety and Standard Rules, 2011.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, being effective from 01.07.2015.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 being effective from 01.12.2015.

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 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 the 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

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Date : 09.08.2016
Place : Delhi

Membership No. A16302
Certificate of Practice No.: 5673

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

Annexure-A

The Members

Godfrey Phillips India Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the 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.

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Date : 09.08.2016
Place : Delhi

Membership No. A16302
Certificate of Practice No.: 5673

DIRECTORS' REPORT

Annexure - 6

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

- (i) Ratio of remuneration of each Director to the median remuneration of all employees of your Company for the financial year ended 2015-16 is as follows:

Mr. K.K. Modi	102.28:1
Mr. Samir Kumar Modi	48.19:1
Mr. R. Ramamurthy	21.46:1
Mr. Lalit Kumar Modi%	4.44:1
Mrs. Bina Modi*	0.99:1
Mr. R.A. Shah*	2.14:1
Dr. Lalit Bhasin*	2.71:1
Mr. Anup N. Kothari*	2.56:1
Mr. Atul Kumar Gupta**	0.71:1
Mr. Ruchir Kumar Modi***	N.A.

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

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

** Appointed as the Director w.e.f. 20th June, 2015

*** Appointed as the Director w.e.f. 19th March, 2016

- (ii) Percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2015-16 is as follows:

<u>DIRECTORS</u>	<u>DESIGNATION</u>	
Mr. K. K. Modi	Managing Director (MD)	63.12
Mr. Samir Kumar Modi	Executive Director (ED)	67.08
Mr. R. Ramamurthy	Whole-time Director (WTD)	25.19
Mr. Lalit Kumar Modi%	Non-Independent and Non-executive Director	(84.41)
Mrs. Bina Modi	Non-Independent and Non-executive Director	40.00
Mr. R. A. Shah#	Non-Independent and Non-executive Director	25.00
Dr. Lalit Bhasin	Independent Director	35.71
Mr. Anup N. Kothari	Independent Director	28.57
Mr. Atul Kumar Gupta*	Independent Director	N.A.
Mr. Ruchir Kumar Modi**	Non-Independent and Non-executive Director	N.A.

KEY MANAGERIAL PERSONNEL (other than Directors)

Mr. Sunil Agrawal	Chief Financial Officer	14.93
Mr. Sanjay Gupta	Company Secretary	11.65

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

Re-designated as the Non-Independent Director w.e.f. 31st October, 2015

* Appointed as the Director w.e.f. 20th June, 2015

** Appointed as the Director w.e.f. 19th March, 2016

Note: Independent Directors are entitled to sitting fee only.

- (iii) The Percentage increase in the median remuneration of all employees in the financial year 2015-16 was 13.83%.
- (iv) The Company had 1098 permanent employees on its rolls as on 31st March, 2016.
- (v) The average percentile increase in salaries of employees other than managerial personnel in the financial year 2015-16 was 12.90% in comparison with 58.18% increase in managerial remuneration (MD, ED & WTD). The higher % increase in managerial remuneration is on account of revision in their remuneration as approved by the Shareholders in the last Annual General Meeting held in September, 2015.
- (vi) The Company confirms that remuneration paid during the year 2015-16, 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. Lighting for process and production area has been replaced with mercury free light system.
2. Installed 18watt LED lamp in place of 70watt metal halide lamp at staircase and 9 watt LED lamp in place of 36 watt CFL lamp in conference room.
3. Installed "astro timer" for street lights.
4. Installed separate air receiver for packing station to optimize air pressure.
5. Installed a PLC based fully automated HVAC plant for production area in chewing products plant at Ghaziabad for better RH and Temperature control resulting in energy saving.

(B) TECHNOLOGICAL ABSORPTION, ADOPTION AND INNOVATION

1. Converted imported GD X2NV cigarette packing machine from 69mm to 64mm set up with indigenously developed technology.
2. Linked the missing outer detection system to the data acquisition system on the cigarette packing machine for fool-proofing the packing operations.
3. Installed separate weighing system for cigarette packs with metalized paper to detect missing outer.
4. Upgraded from mechanical type sensors to optical camera sensor in chewing products plant for detecting empty pouch on all packaging machines.
5. Utilised existing "Tins Seaming Machines" for packing new SKUs in the chewing products plant by developing conversion kits locally.
6. Installed high speed multiuse FFS machine at Bazpur tea packaging plant in order to attain higher productivity and reduced conversion cost.

(C) RESEARCH & DEVELOPMENT

(i) New Product Development

1. Work is on for smoke improvement to give superior smoking experience to consumers of mainline cigarette brands.
2. Took up a six sigma project to improve cut filler quality and consistency for pilot plant processed tobacco blends.
3. New state of the art R&D Laboratory set up at the chewing products plant at Ghaziabad.
4. Developed and launched several new products in the cigarette and chewing products category for the domestic market.
5. Initiated and implemented a Six Sigma project to optimize the raw material cost of pan masala.

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

1. Further increased the number of variants of cut tobacco blends and cigarettes in the library for domestic as well as export markets.
2. Further reduced delivery levels of our existing cigarette brands in line with the competition.
3. Achieved process improvements through Six Sigma project.
4. Achieved product cost optimization through Six Sigma project.
5. Created differentiated products for confectionery business for launch in India and Nepal.

(iii) Future plan of Action

1. To continue endeavors for creating differentiated/innovative products under all categories, thereby maintaining a healthy offer pipeline.
2. To bring more synergy in R&D's efforts for delivering products at optimum cost.

DIRECTORS' REPORT

3. To continue endeavors on product improvements in cigarettes, chewing products and tea and to keep product costs under control.
4. To equip the cigarette R&D with the capability to test new components/ingredients for meeting the future regulatory requirements.

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

	<u>2015-16</u>	<u>2014-15</u>
(a) Revenue Expenditure	989.10	1056.25
(b) Capital Expenditure	490.21	532.53
Total	<u>1479.31</u>	<u>1588.78</u>

AWARDS AND RECOGNITION

Our cigarette plants are certified ISO 9001 (Quality Management Systems), ISO 14001 (Environment Management System), ISO 18001-OHSAS (Occupational Health & Safety Systems), ISO 50001 (Energy Management systems). Chewing products plant at Ghaziabad was awarded Gold Award for Quality Management. Cigarette plants are also enjoying Greentech Environment Gold Award apart from other awards in manufacturing excellence and best industrial relations.

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. 618 crores (previous year Rs. 611 crores) as against the foreign exchange outgo on imports, dividends and other expenditure aggregating to Rs. 223 crores (previous year Rs. 176 crores).

REPORT ON CORPORATE GOVERNANCE

for the year ended March 31, 2016

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

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

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

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

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) the Company has executed fresh Listing Agreements with the Stock Exchanges.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements and 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 acumen, professionalism, knowledge and experience.

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

As at 31st March, 2016, 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, 2016.

Board of Directors, vide a resolution passed by circulation, appointed Mr. Ruchir Kumar Modi as an Additional Director being Non-Executive and Non-Independent with effect from 19th March, 2016 and he holds office until conclusion of the ensuing Annual General Meeting.

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, 2016	Membership/ Chairmanship of other Board Committees** as at March 31, 2016
1.	Mr. R.A. Shah% DIN 00009851	Non-Executive & Non-Independent	6	Yes	9 (includes 2 as Chairman and 1 as Vice-Chairman)	7 (includes 3 as Chairman)
2.	Mr. K.K. Modi DIN 00029407	Executive	7	Yes	6	1 (as a Chairman)
3.	Mr. R. Ramamurthy DIN 00030463	Executive	7	Yes	6	Nil
4.	Dr. Lalit Bhasin DIN 00001607	Non-Executive & Independent	7	Yes	9	8 (includes 3 as Chairman)
5.	Mr. Lalit Kumar Modi# DIN 00029520	Non-Executive & Non-Independent	Nil	NA	NA	NA
6.	Mr. Anup N. Kothari DIN 00294737	Non-Executive & Independent	7	Yes	2	Nil
7.	Mr. Samir Kumar Modi@ DIN 00029554	Executive	4	Yes	6	Nil
8.	Mrs. Bina Modi@@ DIN 00048606	Non-Executive & Non-Independent	7	Yes	1	Nil
9.	Mr. Atul Kumar Gupta^ DIN 01734070	Non-Executive & Independent	3	Yes	2	1
10.	Mr. Ruchir Kumar Modi*** DIN 07174133	Non-Executive & Non-Independent	Nil	NA	Nil	Nil

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

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

% Designated as Non-Independent Director w.e.f. 31st October, 2015.

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

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

Ceased to be the Director w.e.f. 28th May, 2015 and is son of Mr. K.K. Modi and Mrs. Bina Modi.

^ Appointed w.e.f. 20th June, 2015.

*** Appointed w.e.f. 19th March, 2016 and is son of Mr. Lalit Kumar Modi.

iii) Board Meetings held during the year

7 (Seven) Board Meetings were held during the financial year 2015-16. They were held on May 30, 2015, June 20, 2015, July 31, 2015, August 14, 2015, September 29, 2015, October 31, 2015 and January 31, 2016. 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 lacs)	Nature of transactions
1	Mr. R.A. Shah (Senior Partner of Crawford Bayley & Co.)	36.27	Payment for professional services to Crawford Bayley & Co., Solicitors & Advocates
2	Dr. Lalit Bhasin (Proprietor of Bhasin & Co.)	11.48	Payment for professional services to Bhasin & Co., Advocates

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

Mr. Ruchir Kumar Modi was appointed as an Additional Director on the Board of your Company w.e.f. March 19, 2016 in terms of Section 161 of the Companies Act, 2013 and holds office up to the date of the ensuing Annual General Meeting (AGM). The Board of Directors has recommended his appointment as a Director at the ensuing AGM.

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	07/06/1969
Qualification	Solicitor
Profile of the Director	<ul style="list-style-type: none"> - 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 Laws. - Member of the Managing Committee of Bombay Chamber of Commerce. - Member of Indo German Chamber of Commerce. - President of Society of Indian Law Firms (Western Region).
Directorships and Committee memberships in other companies*	<ol style="list-style-type: none"> 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 (Member of Audit Committee and 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 8. Lupin Limited 9. Atul Limited
Number of Shares held in the Company	20,000

Name of the Director	Mrs. Bina Modi
Director Identification Number	00048606
Date of joining the Board	07/04/2014
Profile of the Director	Bina Modi is a business woman 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 Kumar Modi, Executive Director of the Company.	
Name of the Director	Ruchir Kumar Modi
Director Identification Number	07174133
Date of joining the Board	19/03/2016
Qualification	Bachelor's Degree in Global Business Management from the Regent University, London
Profile of the Director	He was the founder of Modi Ventures in the year 2014 in order to bring the most innovative technology projects to the Indian Market. As a pilot, Modi Ventures has established two joint-ventures, the first being with U-First S.r.l. Italy, which has created a mass scale digital application that prioritizes users in queues at a range of public and private locations and institutions, including airports, stations and other establishments where customer queuing is necessary and the second being a joint venture with an established NBFC to provide an on-line loan service for business and private consumers and contractors. Modi Ventures is close to finalizing an investment in the food and beverages sector in the United Kingdom.
Directorships and Committee memberships in other companies*	Nil
Number of Shares held in the Company	2,000
Note: Mr. Ruchir Kumar Modi is son of Mr. Lalit Kumar Modi, formerly 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/Letter-of-appointment-of-Independent-Director.pdf>

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

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 directors and senior management team personnel who are associated with the Company as on date of this report, have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2016. 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, the Company Secretary acts as the Secretary to the Committee.

During the year under report, the Committee was re-constituted whereby Mr. Atul Kumar Gupta was inducted as a member and Mr. R. Ramamurthy ceased to be a member of the Committee.

Dr. Lalit Bhasin, Chairman of the Committee, was present at the Annual General Meeting held on 29th September, 2015 to answer the shareholders' queries.

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

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

Audit Committee met 5 (five) times during the financial year 2015-16 i.e. on May 30, 2015, July 31, 2015, August 14, 2015, October 31, 2015 and January 31, 2016.

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

* Ceased to be a member w.e.f. October 31, 2015.

^ Inducted w.e.f. October 31, 2015.

4. SUBSIDIARY COMPANIES

- i) The Company has formulated a policy on material subsidiary companies and updated the same on the website of the Company with web link: <http://www.godfreyphillips.com/web/guest/policy-for-determining-material-subsi-dary-company>
- ii) Since the Company does not have any material unlisted subsidiary company in India, the requirement for appointment of an independent director on the Board of such subsidiary company is not applicable.
- iii) The Audit Committee of the Company has reviewed the financial statements in respect of the investments made by its unlisted subsidiary companies at its meeting held on May 30, 2016.
- iv) Copies of the minutes of the board meetings of all the unlisted subsidiary companies held during the year 2015-16 were placed at the board meeting of the Company held on May 30, 2016.
- v) The requirement relating to significant transactions and arrangements entered into between the Company and its unlisted subsidiary companies is not applicable to the Company since none of its subsidiaries is material.

5. DISCLOSURES

(A) Basis of related party transactions

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

Transactions with the related parties disclosed in note 39 to the financial statements for the year ended March 31, 2016 are in the ordinary course of business. Details of these transactions were placed at the Audit Committee meetings held on July 31, 2015, October 31, 2015, January 31, 2016 and May 30, 2016. The said transactions have no potential conflict with the interests of the Company at large. All details of such transactions are provided to the Audit Committee and Board, if required. It is also ensured that interested directors neither participate in the discussion nor do they vote on such matters.

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

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2016, whose terms and conditions are not in the ordinary course of business.

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

There are no transactions entered into by the Company with the related parties during the financial year ended March 31, 2016, whose terms and conditions are not on an arm's length basis.

iv) Policy on dealing with related party transactions:

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

(B) Disclosure of accounting treatment

The financial statements for the year ended March 31, 2016 comply with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and there have been no deviations from the treatment prescribed in the Accounting Standards.

(C) Risk management

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

The Company 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-governance>. It provides opportunities to the directors and employees to report in good faith to the management about the unethical and improper practices, fraud or violation of Company's Code of Conduct. The vigil mechanism under the Policy provides for adequate safeguard against victimization of employees and directors who use such mechanism and 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 monthly payments or specified percentage of net profits of the Company or partly by one way and partly by the other, as per recommendations of Nomination and Remuneration Committee and then decided by the Board subject to approval of the Shareholders.

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

The Company does not have any stock option scheme.

ii) Details of remuneration paid/payable to the directors

(Amount in Rs.)

Name of the Director	Salary and Other Allowances *	Perquisites	Commission	Sitting Fees for Board/ Committee Meetings \$	Total
Mr. R.A. Shah	Nil	Nil	Nil	15,00,000	15,00,000
Mr. K.K. Modi ¹	3,91,61,290	39,600	3,26,34,406	Nil	7,18,35,296
Mr. R. Ramamurthy ²	1,50,32,258	39,600	Nil	Nil	1,50,71,858
Dr. Lalit Bhasin	Nil	Nil	Nil	19,00,000	19,00,000
Mr. Anup N. Kothari	Nil	Nil	Nil	18,00,000	18,00,000
Mr. Lalit Kumar Modi ³	Nil	Nil	31,18,280	Nil	31,18,280
Mr. Atul Kumar Gupta ⁴	Nil	Nil	Nil	5,00,000	5,00,000
Mr. Samir Kumar Modi ³	1,56,00,000	96,43,461	86,00,000	Nil	3,38,43,461
Mrs. Bina Modi	Nil	Nil	Nil	7,00,000	7,00,000
Mr. Ruchir Kumar Modi ⁴	Nil	Nil	Nil	Nil	Nil
Total	6,97,93,548	97,22,661	4,43,52,686	64,00,000	13,02,68,895

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

\$ Excluding service tax paid under reverse charge.

% Ceased to be the director w.e.f. 28th May, 2015.

^ Appointed w.e.f. 19th March, 2016.

^^ Appointed w.e.f. 20th June, 2015.

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. The notice period is six calendar months by either party. No severance fees is payable to him.
- ² The Company has service contract with Mr. R. Ramamurthy, Whole-time Director for a period of three years with effect from 14th August, 2015. The notice period is three calendar months by either party. No severance fees is payable to him.
- ³ The Company has service contract with Mr. Samir Kumar 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. Mr. Samir Kumar Modi is the son of Mr. K.K. Modi and Mrs. Bina Modi.
- ⁴ The Board of Directors has recommended to pay Mr. Ruchir Kumar Modi a remuneration on quarterly basis, by way of commission of Rs. 1,50,00,000/- (Rupees One crore fifty lacs only) per annum for 3 years w.e.f. 1st July, 2016 in accordance with provisions of Section 197 of the Companies Act, 2013. The approval of the shareholders is being sought for this at the ensuing AGM.

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, 2016
1.	Mr. R. A. Shah	20000
2.	Dr. Lalit Bhasin	2000
3.	Mr. Anup N Kothari	6000
4.	Mr. Lalit Kumar Modi*	Nil
5.	Mrs. Bina Modi	Nil
6.	Mr. Atul Kumar Gupta**	Nil
7.	Mr. Ruchir Kumar Modi***	2000

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

** Appointed w.e.f. 20th June, 2015.

*** Appointed w.e.f. 19th March, 2016.

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 meetings held on March 19, 2016 and Independent directors in their separate meeting held on March 19, 2016 evaluated the replies/feedbacks received in response to the questionnaire circulated and expressed their satisfaction with the evaluation process.

7. MANAGEMENT

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

The senior management team comprising of top executives of the Company and who have been associated with the Company as on date of this report, have disclosed to the Board of Directors about all the material financial and commercial transactions that have taken place during the financial year ended March 31, 2016 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 16th August, 2016.

8. NOMINATION AND REMUNERATION COMMITTEE

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



The terms of reference of the Committee are as under:

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

The Committee met four times during the financial year 2015-16 i.e. on May 30, 2015, June 20, 2015, July 31, 2015 and March 19, 2016.

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

9. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

The Committee met twice during the financial year 2015-16 i.e. on May 30, 2015 and October 31, 2015. 7 (seven) 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 March 31, 2016.

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	2
3.	Mr. R Ramamurthy	Executive	2

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

The terms of reference of the Committee are as under:

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

During the year, the Committee met once on i.e. May 30, 2015 and all committee members attended this meeting.

11. INDEPENDENT DIRECTORS' MEETING

All the Independent Directors met on 19th March, 2016, 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.

Duties and responsibilities of Directors in the backdrop of code for Independent Directors were also discussed.

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
2012-13	19.09.2013	3:30 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	<p>(1) Payment of remuneration by way of commission to Mr. Lalit Kumar Modi, Non-executive Director, at the rate not exceeding one percent (1%) per annum of the net profits of the Company computed in the manner laid down in Sections 198, 349 and 350 of the Companies Act, 1956 subject to a ceiling of Rs. 200 lacs per annum, for a period of three years w.e.f. 1st August, 2013.</p> <p>(2) Increasing the limit of maximum number of Directors in the Company from ten to fifteen and carrying out consequential amendment in the Articles of Association of the Company.</p>
2013-14	23.09.2014	3:00 PM	Rama Watumull Auditorium, K.C. College, Dinsha Wacha Road, Churchgate, Mumbai - 400 020	<p>(1) Sub-division of equity shares of Rs. 10 each into 5 equity shares of Rs. 2/- each fully paid up and carrying out consequential amendments in the Memorandum of Association of the Company.</p> <p>(2) Alteration in the Articles of Association of the Company consequent to the subdivision of equity shares as above.</p> <p>(3) Alteration in the Articles of Association of the Company to increase the amount of sitting fees payable to non-executive directors.</p>
2014-15	29.09.2015	3:00 PM	Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai - 400 021	<p>(1) Re-appointment of Mr. K.K. Modi as Managing Director for a period of three years w.e.f. 14.08.2015.</p> <p>(2) Re-appointment of Mr. R. Ramamurthy as Whole-time Director for a period of three years w.e.f. 14.08.2015.</p> <p>(3) Alteration in the Articles of Association of the Company in accordance with the provisions of the Companies Act, 2013.</p>

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

No resolution was put through postal ballot during the financial year 2015-16.

There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting scheduled on 26th September, 2016.

13. MEANS OF COMMUNICATION

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

14. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting

- Date and Time : 26th September, 2016 at 3.00 P.M.
Venue : Y. B. Chavan Auditorium, General Jagannath Bhosle Marg
(Next to Sachivalaya Gymkhana), Mumbai – 400 021

ii) Financial Calendar for 2016-17

- First Quarter Results : Latest by 14th September, 2016
Second Quarter Results : Latest by 14th December, 2016
Third Quarter Results : Latest by 14th February, 2017
Annual Results : Latest by 30th May, 2017

iii) Date of Book Closure : 20th September, 2016 to 26th September, 2016 (both days inclusive)

iv) Dividend Payment Date : Dividend payment shall be made from 30th September, 2016 to those shareholders whose names shall appear on the Members' Register as on 26th September 2016.

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).

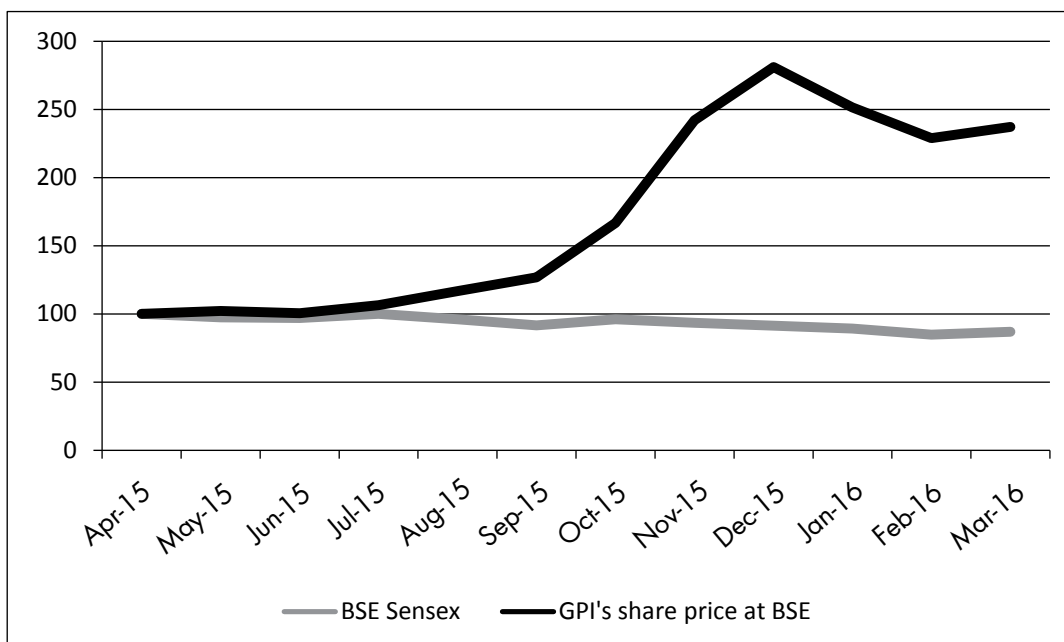
The Company has paid the listing fees to the above Stock Exchange(s) for the financial year 2016-17.

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, 2016 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April 2015	552.40	426.45	550.00	421.55
May 2015	520.00	480.10	518.00	461.25
June 2015	533.05	451.00	537.75	451.10
July 2015	585.00	455.00	598.00	458.00
August 2015	621.00	520.75	620.00	522.50
September 2015	693.65	547.00	694.00	542.00
October 2015	1018.65	612.60	1021.40	611.00
November 2015	1471.00	899.00	1470.00	896.15
December 2015	1660.25	1090.00	1662.80	1091.60
January 2016	1454.50	1006.65	1458.00	1005.00
February 2016	1363.05	877.75	1365.00	876.35
March 2016	1240.60	1079.00	1239.80	1078.00

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 2015-16.

viii) Registrar and Share Transfer Agents

Link Intime India Private Limited*
C-13, Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (West), Mumbai – 400078.
Telephone No : 022-25946970
Fax No : 022-25946969
E-mail : rnt.helpdesk@linkintime.co.in

Erstwhile

Sharepro Services (India) Pvt. Ltd.
13 AB, Samhita Warehousing Complex, Second Floor,
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400072.
Telephone No : 022-67720300, 67720400
Fax No : 022-28591568
E-mail : sharepro@shareproservices.com

* Appointed with effect from 1st July, 2016.

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, 2016

Range of Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1-5000	16579	98.54	58,07,775	11.17
5001-10000	135	0.80	9,33,812	1.79
10001-20000	48	0.29	6,48,401	1.25
20001-30000	16	0.09	3,91,031	0.75
30001-40000	4	0.02	1,44,591	0.28
40001-50000	5	0.03	2,35,647	0.45
50001-100000	17	0.10	12,24,750	2.36
100001 and above	21	0.13	4,26,07,913	81.95
TOTAL	16825	100.00	5,19,93,920	100.00

xi) Categories of shareholding as on March 31, 2016

Category of Shareholder	Number of Shares	Percentage of Shares
A. Promoter and Promoter Group	3,74,68,685	72.06
B. Public Shareholding		
Foreign Institutional Investors	27,61,190	5.31
Foreign Portfolio Investors – Corp.	22,22,565	4.27
NBFC	99,410	0.19
Mutual Funds/UTI	3,83,994	0.74
Financial Institutions/Banks	64,545	0.13
Central Government/State Government(s)	24,000	0.05
Bodies Corporate	12,48,514	2.40
Individuals	75,57,801	14.54
Other Directors & Relatives	28,500	0.05
NRIs and OCBs	1,11,206	0.21
Others	23,510	0.05
Total Public Shareholding	1,45,25,235	27.94
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, 2016, a total of 5,03,44,170 equity shares of the Company, which forms 96.83% of the share capital, stood dematerialised.



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

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

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

xiv) Plant Locations

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

Guldhar (Cigarette)	: International Tobacco Company Limited, Delhi-Meerut Road, Guldhar, Ghaziabad - 201 001.
Rabale (Cigarette)	: Plot No. 19, MIDC, TTC Industrial Area, Rabale, Navi Mumbai - 400 701.
Mumbai (Metro) (Cigarette)	: 1st Floor, Suvarna House, Ramkrishna Chembur Marg, Behind BPCL Refineries, Mahul, Chembur, Mumbai - 400 074.
Ghaziabad (Chewing Products)	: B-19, Meerut Road, Site No. 3, Ghaziabad.
Faridabad (Chewing Products)	: Industrial Plot No. 120, Sector-59, Industrial Estate, Tehsil Ballabgarh, District Faridabad, Haryana.
Bazpur (Tea Blending & Packaging)	: Plot No. C-9, Bazpur - 1, UPSIDC Industrial Area, Distt - Udham Singh Nagar, Uttarakhand - 262 123.
Kolkata (Tea Blending & Packaging-operated by a contractor)	: Landys + GYR Compound, Diamond Harbour Road, Joka, Kolkata - 700104.
Ongole (Reconstituted Tobacco)	: Plot No. 289 to 300, APIIC Growth Centre, Gundlapally Ongole, Prakasam Dist., Andhra Pradesh - 523 001.

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 Private Limited
C- 13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400078
Telephone No : 022-25946970
Fax No : 022-25946969
E-mail : 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

Currently unclaimed shares are not lying in the unclaimed suspense account. Reminder has been sent to the shareholders for claiming the unclaimed shares issued by the Company post split of face value of shares from Rs. 10/- per share to Rs. 2/- per share.

The Members who have not claimed the shares still from the above returned undelivered cases are requested to contact the RTA - Link Intime India Private Limited at the address given above with full details.

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 : August 16, 2016

R.A. SHAH
Chairman

CERTIFICATE

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, 2016.

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

Place : New Delhi
Date : May 30, 2016

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, 2016 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, 2016 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, 2016 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 30, 2016



GODFREY PHILLIPS
—INDIA LIMITED—

INDEPENDENT AUDITOR'S CERTIFICATE

To the Members of Godfrey Phillips India Limited

1. We have examined the compliance of conditions of Corporate Governance by GODFREY PHILLIPS INDIA LIMITED ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from April 01, 2015 to November 30, 2015.
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from April 01, 2015 to September 01, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Manjula Banerji
(Partner)
(Membership No. 086423)

Gurgaon, August 16, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Godfrey Phillips India Limited



Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **GODFREY PHILLIPS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (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 financial statements - Refer Note 33 (a) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 36 (b) to the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education Protection Fund by the Company - Refer Note 34 (b) to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : Gurgaon
Date : May 30, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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



Report on the Internal Financial Controls Over Financial Reporting 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 31st March, 2016 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 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 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 Company's 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, to the best of our information and according to the explanations given to us, 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 31st March, 2016, 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 DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 015125N)

Place : Gurgaon
Date : May 30, 2016

Manjula Banerji
(Partner)
(Membership No. 086423)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than goods in transit for which subsequent receipts have been verified in most of the cases.
- (iii) 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for tea. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Customs Duty and Cess which have not been deposited on account of any dispute. The details of dues of Sales Tax, Value Added Tax, Excise Duty, Service tax and Income-tax which have not been deposited as on 31st March, 2016, on account of disputes are given below:



Name of the statute	Nature of the dues	Amount of dues* (Rs. lacs)	Amount deposited (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Acts	Sales tax	274.97	165.71	1995-96, 2001-02, 2006-07, 2007-08, 2012-13, 2014-15	Sales Tax Tribunal
		300.14	120.00	2008-09 to 2015-16	Upto Commissioners' Level
Central Excise Act, 1944	Excise duty and Service tax	40.84	11.70	2012-13, 2013-14 2008-09 to 2013-14	Upto Commissioners' Level
		1802.51	329.72	2003-04 to 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	244.00	244.00	1979 to 1982, 1995-96 to 1997-98	High Court
		127.17	127.98	2009-10, 2010-11	Income Tax Appellate Tribunal
		252.93	270.85	1999-00, 2005-06 to 2008-09 2010-11	Upto Commissioners' Level

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

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

Name of the statute	Nature	Amount (Rs. lacs)	Period to which the amount relates	Forum where department has preferred appeal
Income Tax Act, 1961	Income tax	340.54	1969, 1974 to 1977, 1991-92, to 1994-95 2001-02 to 2003-04	High Court
U.P. Krishi Utpadan Mandi Adhiniyam	Mandi Cess	108.20	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty	8.32	2010-11	Upto Commissioners' Level
		122.71	2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither raised any amount from the financial institutions and government nor has issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any money by way of initial public offer/further public offer (including debt instruments).



GODFREY PHILLIPS
—INDIA LIMITED—

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid /provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

Manjula Banerji
(Partner)
(Membership No. 086423)

Place : Gurgaon
Date : May 30, 2016



GODFREY PHILLIPS
—INDIA LIMITED—

BALANCE SHEET

as at March 31, 2016

Rupees in lacs

Particulars	Note No.	As at 31.3.2016	As at 31.3.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1039.88	1039.88
Reserves and surplus	3	139713.98	128221.91
		140753.86	129261.79
Non-current liabilities			
Long-term borrowings	4	2650.40	3125.25
Other long-term liabilities	5	28.10	26.15
Long-term provisions	6	5235.41	4745.81
		7913.91	7897.21
Current liabilities			
Short-term borrowings	7	5273.40	17530.39
Trade payables	8		
- Dues to Micro and small enterprises		183.91	192.74
- Dues to creditors other than Micro and small enterprises		11797.71	14930.54
Other current liabilities	9	25592.67	28172.76
Short-term provisions	10	6456.93	6410.53
		49304.62	67236.96
TOTAL		197972.39	204395.96
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	68579.19	63037.68
- Intangible assets	11	418.07	538.05
- Capital work-in-progress	11	4853.76	6515.74
Non-current investments	12	28927.54	31863.42
Deferred tax assets (net)	13	1415.96	1652.50
Long-term loans and advances	14	2559.03	4211.11
		106753.55	107818.50
Current assets			
Current investments	15	4500.00	375.00
Inventories	16	66632.70	73826.34
Trade receivables	17	10361.46	12981.75
Cash and cash equivalents	18	2595.93	2514.24
Short-term loans and advances	19	5651.20	4896.68
Other current assets	20	1477.55	1983.45
		91218.84	96577.46
TOTAL		197972.39	204395.96
Accompanying notes 1 to 49 form part of the financial statements			

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

For and on behalf of the Board of Directors

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R.A. SHAH
(DIN 00009851)
Chairman

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016



Rupees in lacs

Particulars	Note No.	Year ended 31.3.2016	Year ended 31.3.2015
INCOME			
Revenue from operations	21	434827.91	445311.79
Less: Excise duty		193669.14	186668.78
		241158.77	258643.01
Other income	22	2839.90	3277.55
TOTAL REVENUE		243998.67	261920.56
EXPENSES			
Cost of materials consumed	23	55150.77	57172.38
Purchases of traded goods	24	49584.50	55952.92
Changes in inventories of finished goods, work-in-process and traded goods	25	213.01	(3790.07)
Employee benefits expenses	26	24126.69	24869.44
Finance costs	27	1008.12	1913.81
Depreciation and amortization expenses	11	10220.49	10225.65
Other expenses	28	80010.08	88436.55
TOTAL EXPENSES		220313.66	234780.68
Profit before tax		23685.01	27139.88
Tax expense:			
Current tax		7042.00	9218.00
Deferred tax charge/(credit)		236.54	(462.76)
Current tax expense relating to prior years		(91.89)	76.20
Profit after tax		16498.36	18308.44
Earning per equity share- basic/diluted (Face value of share - Rs. 2 each)	30	Rs.31.73	Rs.35.21
Accompanying notes 1 to 49 form part of the financial statements			

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

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

SANJAY GUPTA
Company Secretary

For and on behalf of the Board of Directors

R.A. SHAH
(DIN 00009851)
Chairman

DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

CASH FLOW STATEMENT

for the year ended March 31, 2016

Rupees in lacs

Particulars		For the year ended 31.3.2016		For the year ended 31.3.2015
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before tax		23685.01		27139.88
Adjustments for:				
Depreciation and amortization		10220.49		10225.65
Interest income from:				
Subsidiary companies		-		(123.96)
Debts, deposits, loans and advances, etc.		(280.06)		(275.80)
Interest income from long-term investments		(34.80)		(34.80)
Profit on redemption/sale of long-term investments		(1563.86)		(1695.00)
Profit on sale of current investments		(530.73)		(325.34)
Exchange loss/(gain) on foreign currency bank balance		0.56		(0.54)
Exchange loss on long-term foreign currency borrowings		549.79		467.18
Provision for wealth-tax		-		30.00
Interest expenses - on borrowings		519.02		1295.50
- others		60.83		157.87
Fixed assets written off		159.39		3.97
Loss on sale of fixed assets		68.85		22.58
Write down in the value of fixed assets held for sale		434.03		-
		<u>9603.51</u>		<u>9747.31</u>
Operating profit before working capital changes		33288.52		36887.19
Adjustments for:				
Trade receivables, loans and advances and other current assets		3801.94		(3124.23)
Inventories		7193.64		(15375.29)
Trade payables, liabilities and provisions		(4526.71)		(3042.79)
		<u>6468.87</u>		<u>(21542.31)</u>
Cash generated from operations		39757.39		15344.88
Interest received		283.01		278.78
Direct taxes paid		(7437.78)		(9309.76)
		<u>(7154.77)</u>		<u>(9030.98)</u>
Net cash from operating activities		32602.62		6313.90
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(13694.14)		(10781.02)
Proceeds from sale of fixed assets		189.57		64.79
Purchase of current and long-term investments	(203014.86)		(98744.85)	
Proceeds from sale of current and long-term investments	<u>203920.33</u>	<u>905.47</u>	<u>104055.85</u>	<u>5311.00</u>
Loans and deposits received back		-		2053.50
Interest received		34.80		292.21
Bank balances not considered as cash and cash equivalents		(56.02)		(90.64)
Net cash used in investing activities		(12620.32)		(3150.16)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(7362.60)		(8676.89)
Proceeds from long term borrowings		5300.80		-
(Repayment of)/Proceeds from short-term bank borrowings		(12256.99)		11987.96
Interest paid		(635.55)		(1509.67)
Dividend paid		(4154.95)		(4156.24)
Corporate dividend tax paid		(846.78)		(706.91)
Net cash used in financing activities		(19956.07)		(3061.75)
NET INCREASE IN CASH AND CASH EQUIVALENTS		26.23		101.99
Opening cash and cash equivalents		<u>904.62</u>		<u>802.09</u>
		930.85		904.08
Effect of exchange rate changes on foreign currency bank balance		(0.56)		0.54
Closing cash and cash equivalents		<u>930.29</u>		<u>904.62</u>

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

For and on behalf of the Board of Directors

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R.A. SHAH
(DIN 00009851)
Chairman

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(DIN 00030463)
Whole-time Director

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

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

ATUL KUMAR GUPTA
(DIN 01734070)

Notes forming part of the financial statements for the year ended March 31, 2016



CORPORATE INFORMATION

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

1. Significant Accounting Policies

(i) **Basis of Accounting**

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

(ii) **Use of estimates**

The preparation of the financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may differ from these estimates. Any revision to the accounting estimates or difference between the estimates and the actual results are recognised in the periods in which the results are known/materialise or the estimates are revised.

(iii) **Inventories**

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

(iv) **Cash and cash equivalents**

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

(v) **Cash flow statement**

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

(vi) **Revenue recognition**

Sale of goods

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

Income from services

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

(vii) **Other income**

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



(viii) **Fixed assets**

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

Capital work in progress

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

(ix) **Depreciation and amortisation**

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

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

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

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

Computer software – 5 years

(x) **Foreign currency transactions**

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

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

(xi) **Investments**

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

(xii) **Employee benefits**

Defined contribution plan

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

Defined benefit plan and Long term Employee benefits

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

(xiii) **Earnings per share**

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

(xiv) **Taxes on income**

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

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



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

(xv) **Research and development expenditure**

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

(xvi) **Impairment of assets**

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

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

(xvii) **Proposed dividends**

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

(xviii) **Operating cycle**

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

	Rupees in lacs	
	As at 31.3.2016	As at 31.3.2015
2. Share capital		
Authorised		
60,000 Preference shares of Rs. 100 each	60.00	60.00
12,20,00,000 Equity shares of Rs. 2 each	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) Shares held by each shareholder holding more than 5% :

	Name of the shareholder	No. of Shares	% held as at March 31, 2016	No. of shares	% held as at March 31, 2015
a)	Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%
b)	K K Modi Investment & Financial Services Pvt. Ltd.	15,196,660	29.23%	15,196,660	29.23%
c)	Good Investment (India) Ltd.	4,309,220	8.29%	4,095,220	7.88%



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
3. Reserves and surplus		
Capital Redemption Reserve	30.00	30.00
General Reserve	29930.72	27930.72
Surplus in Statement of Profit and Loss	109753.26	100261.19
	139713.98	128221.91
General Reserve		
Opening balance	27930.72	25930.72
Add: Transfer from surplus in statement of profit and loss	2000.00	2000.00
Closing Balance	29930.72	27930.72
Surplus in Statement of Profit and Loss		
Opening balance	100261.19	89369.31
Less: Adjustment for depreciation in transition (Last year net of deferred tax asset of Rs.217.12)	-	410.27
Add : Net profit for the current year	16498.36	18308.44
Less: Proposed dividend (Rs.8 per share; previous year Rs.8 per share)	4159.51	4159.51
Corporate dividend tax	846.78	846.78
Transfer to general reserve	2000.00	2000.00
Net surplus in the statement of profit and loss	109753.26	100261.19
4 Long-term borrowings		
Secured		
Foreign currency term loans from banks	8613.80	10125.81
Less : Current maturities of long term borrowings	5963.40	7000.56
	2650.40	3125.25
<u>Details of security and terms of above loans:</u> These loans carry interest ranging between 1.8% to 5.5% per annum and are repayable in half yearly/yearly instalments ranging between 2 to 5 years. Further, these loans are secured by way of exclusive charge over specific plant and machinery.		
5. Other long term-liabilities		
Others		
- Security deposits	28.10	26.15
	28.10	26.15
6. Long-term Provisions		
Provision for employee benefits		
- provision for compensated absences	5235.41	4745.81
	5235.41	4745.81



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
7. Short-term borrowings		
Secured		
- Cash credits from banks*	4773.33	8029.55
Unsecured		
- Demand loan from banks	500.00	9500.00
- Cash credits from banks	0.07	0.84
	5273.40	17530.39
Details of security and terms of above loans:		
*Secured against hypothecation of stocks and book debts and second charge on all movable fixed assets of the Company		
- The above loans carry interest ranging between 9.25% to 11.90% per annum.		
8. Trade payables		
Trade Payables		
- Micro and small enterprises (Refer Note 37)	183.91	192.74
- Other than Micro and small enterprises#*	11797.71	14930.54
	11981.62	15123.28
#Includes payable to employees Rs.898.29 lacs (Previous year Rs.1650.55 lacs)		
*Includes payable to a subsidiary company Rs.811.32 lacs (Previous year Rs.661.33 lacs)		
9. Other current liabilities		
Current maturities of long-term borrowings	5963.40	7000.56
Interest accrued but not due on borrowings	10.78	66.48
Unclaimed dividends	185.97	181.41
Payable to gratuity fund	994.79	1580.90
Payables for fixed assets	1420.43	667.19
Other payables		
- Security deposits	17.30	12.98
- Statutory dues	13627.36	15454.46
- Advances from customers	3299.73	3117.66
- Others	72.91	91.12
	25592.67	28172.76
10. Short-term provisions		
Provision for employee benefits		
- Provision for compensated absences	1230.35	861.92
Others		
- Proposed dividend	4159.51	4159.51
- Provision for corporate dividend tax	846.78	846.78
- Taxation (net of payments)	220.29	542.32
	6456.93	6410.53

11. Fixed assets

	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTIZATION				Rupees in lacs	
	As at 31.3.2015	Additions	Deductions	As at 31.3.2016	As at 31.3.2015	For the year	On deductions	As at 31.3.2016	As at 31.3.2016	As at 31.3.2015
										NET BLOCK
Tangible Assets:										
Land-leasehold	1433.16	467.43	-	1900.59	-	-	-	-	1900.59	1433.16
Land-freehold	944.01	-	-	944.01	-	-	-	-	944.01	944.01
Buildings	17927.38*	2422.79	59.65	20290.52*	2312.62	1239.17	29.32	3522.47	16768.05	15614.76
Leasehold building improvements	677.17	1814.59	677.18**	1814.58	128.55	70.43	148.00**	50.98	1763.60	548.62
Plant and machinery	83014.98	10166.64	1066.28**	92115.34	43883.98	7337.91	750.14**	50471.75	41643.59	39131.00
Electrical installation and equipments	523.50	182.54	49.33**	656.71	201.33	59.11	24.40**	236.04	420.67	322.17
Computers and information technology equipments	3621.13	517.76	348.93**	3789.96	2146.21	455.09	324.37**	2276.93	1513.03	1474.92
Furniture, fixtures and office equipments	3294.98	945.74	500.94**	3739.78	1894.68	445.54	370.52**	1969.70	1770.08	1400.30
Motor vehicles	3678.85	369.79	671.13	3377.51	1510.11	452.65	440.82	1521.94	1855.57	2168.74
Total of Tangible assets	115115.16	16887.28	3373.44	128629.00	52077.48	10059.90	2087.57	60049.81	68579.19	63037.68
Intangible Assets										
Computer software	1387.39	40.61	-	1428.00	849.34	160.59	-	1009.93	418.07	538.05
Total of Intangible assets	1387.39	40.61	-	1428.00	849.34	160.59	-	1009.93	418.07	538.05
Grand Total	116502.55	16927.89	3373.44	130057.00	52926.82	10220.49	2087.57	61059.74	68997.26	
Previous year	108914.69	7974.08	386.22	116502.55	42368.66	10853.04#	294.88	52926.82		63575.73
Capital work-in-progress									4853.76	6515.74
									73851.02	70091.47

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

** Includes adjustment of Rs.1637.45 lacs in gross block and Rs.769.39 lacs in accumulated depreciation on account of fixed assets held for sale' classified as other current assets under Note 20.

#Includes transition adjustment of Rs.627.39 lacs.



Rupees in lacs

		As at 31.3.2016	As at 31.3.2015
12. NON CURRENT INVESTMENTS			
LONG TERM INVESTMENTS-AT COST			
TRADE INVESTMENT - UNQUOTED			
Investments in Equity Instruments			
Subsidiary company			
International Tobacco Company Limited 3,00,000 Equity shares of Rs.100 each fully paid up		3250.00	3250.00
Godfrey Phillips Middle East DMCC 200 Equity Shares of AED 1000 each fully paid up (subscribed during the year)		35.50	-
Flavors And More, Inc. 250 Ordinary Shares with no par value (subscribed during the year)		329.35	-
Others			
Molind Engineering Limited 3,500 Equity shares of Rs.10 each fully paid up		0.25	0.25
IPM India Wholesale Trading Private Limited 49,60,000 Equity shares of Rs.10 each fully paid up Less: Provision for diminution in the value	496.00 496.00	-	496.00 496.00
KKM Management Centre Private Limited 11,02,500 Equity shares of Rs.10 each fully paid up		110.25	110.25
OTHER INVESTMENTS - UNQUOTED			
Investments in Equity Instruments			
Subsidiary companies:			
Chase Investments Limited 2,01,210 Equity shares of Rs.100 each fully paid up 1,58,490 Equity shares of Rs.100 each Rs.50 paid up		360.26 79.24	360.26 79.24
Friendly Reality Projects Limited (formerly known as Kashyap Metal and Allied Industries Limited) 6,650 Equity shares of Rs. 100 each fully paid up 5,000 Shares of Rs.100 each Rs.25 paid up (Rights issue subscribed during the year)		2134.65 400.00	2134.65 -
Others:			
Success Principles India Limited 1,99,673 Equity shares of Rs.10 each fully paid up		19.97	19.97
OTHER INVESTMENTS - QUOTED			
Investments in Bonds			
Indian Railway Finance Corporation Limited 43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1000 each fully paid up		435.01	435.01
Investments in Mutual Fund			
Franklin Templeton Mutual Fund Nil (Previous year 1,43,75,356) Units of Franklin India Income Opportunities Fund-Growth of Rs.10 each		-	1480.44
ICICI Prudential Mutual Fund Nil (Previous year 70,50,405) Units of ICICI Prudential Income Opportunities Fund-Regular Plan-Growth of Rs.10 each 13,88,808 Units of ICICI Prudential Income-Regular Plan-Growth of Rs.10 each		- 500.00	1095.29 500.00
41,57,762 Units of ICICI Prudential Short Term-Direct Plan-Growth of Rs.10 each		1000.00	1000.00
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each		1000.00	1000.00
1,00,00,000 Units of ICICI Prudential Interval Fund Series VII Annual Interval Plan C-Direct Plan of Rs.10 each		1000.00	1000.00
50,00,000 Units of ICICI Prudential FMP Series 74-369 Days Plan I Direct Plan Cumulative of Rs.10 each		500.00	500.00



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
12. NON CURRENT INVESTMENTS (Continued)		
Birla Mutual Fund		
19,53,831 Units of Birla Sun Life Income Plus-Growth-Regular Plan of Rs.10 each	710.20	710.20
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each	-	1000.00
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each	-	1000.00
50,00,000 Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs.10 each	500.00	500.00
IDFC Mutual Fund		
52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan-Growth-(Direct Plan) of Rs.10 each	1500.00	1500.00
50,00,000* Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	-	500.00
50,00,000* Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	500.00
HDFC Mutual Fund		
Nil (Previous year 80,90,484) Units of HDFC Medium Term Opportunities Fund-Growth of Rs.10 each	-	1000.00
50,00,000 Units of HDFC FMP 370D May 2014(1) Series 31-Direct-Growth of Rs.10 each	500.00	500.00
60,89,466 Units of HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option of Rs.10 each (purchased during the year)	1000.00	-
SBI Mutual Fund		
1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	1500.00	1500.00
50,00,000 SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	500.00	500.00
57,40,759 Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs.10 each (purchased during the year)	1000.00	-
AXIS Mutual Fund		
79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	1000.00	1000.00
DSP BlackRock Mutual Fund		
1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	1500.00	1500.00
DHFL Pramerica Mutual Fund (formerly known as Deutsche Mutual Fund)		
47,24,290 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth (formerly known as DWS Short Maturity Fund-Direct Plan-Growth) of Rs.10 each	1000.00	1000.00
1,62,327 (Previous year 1,57,703) Units of DHFL Pramerica Insta Cash Plus Fund-Bonus (formerly known as DWS Treasury Fund-Cash-Bonus) of Rs.10 each	187.50	187.50
Reliance Mutual Fund		
1,00,00,000 Units of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	1000.00	1000.00
1,00,00,000* Units of Reliance Fixed Horizon Fund -XXV-Series 14-Direct Plan Growth Plan of Rs.10 each	-	1000.00
33,73,190** Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	375.00	-
UTI Mutual Fund		
70,99,046 Units of UTI- Short Term Income Fund- Institutional Option-Direct Plan-Growth of Rs.10 each	1000.00	1000.00
76,42,438 Units of UTI-Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	1000.00	1000.00
54,40,667 Units of UTI- Short Term Income Fund -Institutional Option-Direct Plan-Growth of Rs.10 each	1000.00	-
(purchased during the year)		
Sundaram Mutual Fund		
1,00,00,000 Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	1000.00	1000.00
TATA Mutual Fund		
50,00,000* Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs.10 each	-	500.00
50,00,000 Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	500.00	500.00



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
12. NON CURRENT INVESTMENTS (Continued)		
34,85,851 Units of TATA Short Term Bond Fund Direct Plan		
- Growth of Rs.10 each (purchased during the year)	1000.00	-
Investment in Government Securities (Unquoted)	0.36	0.36
	28927.54	31863.42
Aggregate value of quoted investments:	22207.71	25908.44
Aggregate amount of unquoted investments:		
- Investments in equity instruments	6719.47	5954.62
- Others	0.36	0.36
	6719.83	5954.98
Market/Net asset value of quoted investments	27429.40	31326.10
*Transferred to Current Investments in Note 15.		
**Transferred from Current Investments in Note 15.		

Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
13. Deferred taxation		
Deferred tax assets		
- Accrued expenses deductible on payment	2971.10	2644.50
- Foreign currency fluctuation relating to borrowings	484.00	852.39
- Expenditure under voluntary retirement schemes	489.81	734.72
- Others	132.96	145.55
	4077.87	4377.16
Deferred tax liabilities		
- Accelerated depreciation	2597.02	2659.77
- Capital gains	64.89	64.89
	2661.91	2724.66
Deferred tax assets/(liabilities)-net	1415.96	1652.50

14. Long-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Capital advances	483.23	1301.76
Security deposits	1132.89	1639.43
Other loans and advances		
- Prepaid expenses	50.67	390.27
- Loans to employees	892.24	879.65
	2559.03	4211.1



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
15. CURRENT INVESTMENTS		
Current portion of long-term investments (at cost)#		
Investments in Mutual Fund (Quoted)		
Reliance Mutual Fund		
33,73,190** Units of Reliance Income Fund-Direct		
Plan Growth Plan-Bonus Option of Rs.10 each	-	375.00
1,00,00,000* Units of Reliance Fixed Horizon Fund -XXV-Series		
14-Direct Plan Growth Plan of Rs.10 each	1000.00	-
Birla Mutual Fund		
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series IU		
(1099 Days)-Growth Direct of Rs.10 each	1000.00	-
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series		
KG-Growth Direct of Rs.10 each	1000.00	-
IDFC Mutual Fund		
50,00,000* Units of IDFC Fixed Term Plan Series 50 Direct Plan		
-Growth of Rs.10 each	500.00	-
50,00,000* Units of IDFC Fixed Term Plan Series 48 Direct Plan		
-Growth of Rs.10 each	500.00	-
TATA Mutual Fund		
50,00,000* Units of TATA Fixed Maturity Plan Series 45 Scheme		
A-Direct Plan-Growth of Rs.10 each	500.00	-
Total	4500.00	375.00
Aggregate value of quoted investments	4500.00	375.00
Net asset value of quoted investments	5478.09	447.51

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

*Transferred from Non Current Investments in Note 12.

**Transferred to Non Current Investments in Note 12.

16. Inventories		
At lower of cost and net realisable value:		
Raw and packing materials*	31245.66	40374.48
Work-in-process	575.76	591.73
Finished goods - Cigarettes**	27548.36	25010.97
- Chewing products	1042.47	341.94
Traded goods***	4704.64	5886.50
At cost or under:		
Stores and spare parts****	1515.81	1620.72
	66632.70	73826.34
* Includes goods in transit Rs.129.89 lacs (Previous year Rs.1628.26 lacs)		
** Includes goods in transit Rs.67.98 (Previous year Rs.35.07 lacs)		
*** Includes goods in transit Rs.Nil (Previous year Rs.205.32 lacs)		
**** Includes goods in transit Rs.Nil (Previous year Rs.14.77 lacs)		



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
17. Trade Receivables		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	602.21	107.53
	602.21	107.53
Others		
Unsecured-considered good*	9759.25	12874.22
	9759.25	12874.22
	10361.46	12981.75
*Includes due from a subsidiary company Rs.1196.39 lacs (Previous year Rs.Nil)		
18. Cash and cash equivalents		
Cash and cash equivalents (As per AS-3 Cash Flow Statement):		
- Cash on hand	50.59	63.85
- Cheques, drafts on hand	52.93	38.04
- Balances with Banks		
In current accounts	826.77	802.73
	930.29	904.62
Other bank balances:		
- In earmarked accounts for		
- Margin money	1477.90	1426.54
- Unpaid dividend	185.97	181.41
- Fixed deposit receipts lodged with government authorities	1.77	1.67
	1665.64	1609.62
	2595.93	2514.24
19. Short Term Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Loans and advances to related parties		
- Dues from officers/directors of the Company	19.46	-
- Dues from subsidiary companies	94.42	-
- Dues from other related parties	2.90	1.68
Others		
- With excise and customs on current/cenvat accounts	640.38	450.22
- Income-tax recoverable	986.31	820.67
- Security deposits	228.42	67.98
- Prepaid expenses	460.51	960.60
- Loans to employees	170.64	183.29
- Others	3048.16	2412.24
	5651.20	4896.68



Rupees in lacs

		As at 31.3.2016		As at 31.3.2015
20. Other Current Assets				
Interest accrued on bank and other deposits		42.39		45.34
Export incentives accrued/available		1001.13		1937.97
Fixed assets held for sale-net book value on transfer	868.06		0.35	
Less: Write down in the value	(434.03)	434.03	(0.21)	0.14
		1477.55		<u>1983.45</u>

Rupees in lacs

	Year ended 31.3.2016	Year ended 31.3.2015
21. Revenue from operations		
Sale of products (Refer Note 42)	429109.85	438771.02
Other operating revenues		
Export incentives	885.36	2090.67
Receipts from secondment of services	2757.25	2410.57
Scrap sales	592.31	662.39
Sundries	1483.14	1377.14
	5718.06	<u>6540.77</u>
Total revenue from operations	434827.91	445311.79
Less: Excise duty	193669.14	186668.78
	241158.77	<u>258643.01</u>
22. Other income		
Interest income (gross) from:		
- Subsidiary companies	-	123.96
- Debts, deposits, loans and advances, etc.	280.06	275.80
- Long-term investments	34.80	34.80
Rent and hire charges (gross) from:		
- Subsidiary companies	4.80	4.80
- Others	268.90	343.85
Net gain on sale/redemption of:		
- Long-term investments	1563.86	1695.00
- Current investments	530.73	325.34
Profit on sale of fixed assets held for sale	0.14	225.72
Foreign currency fluctuation	156.61	248.28
	2839.90	<u>3277.55</u>
23. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	21458.08	22907.40
Cigarette paper	784.94	848.35
Cardboard (shells, slides and others)	9114.30	9097.55
Filter rods	6955.46	7339.52
Aluminium foil/Metallised paper	1331.60	1528.59
Cellulose paper	896.43	978.86
Flavours for chewing products	1901.70	1920.82
Betel nut	3624.81	3715.29
Katha, lime and bulking agent	1000.87	918.89
Paper/Laminate pouches for chewing products	1703.52	1549.89
Miscellaneous	6379.06	6367.22
	55150.77	<u>57172.38</u>



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

		Year ended 31.3.2016		Year ended 31.3.2015
24. Purchases of traded goods				
Unmanufactured tobacco (transferred from raw and packing materials)		25385.32		32261.08
Cigarettes		128.05		1584.81
Other goods-Tea, etc. (including packing materials and processing charges)		24071.13		22107.03
		49584.50		55952.92
25. Changes in Inventories of finished goods, work-in-process and traded goods				
Opening stock:				
- Work-in-process	591.73		391.25	
- Finished goods - Cigarettes	25010.97		11530.47	
- Chewing products	341.94		818.27	
- Traded goods	5886.50		5072.80	
	31831.14		17812.79	
Less: Excise duty in opening stock	18549.75		8321.47	
Opening stock net of excise duty	13281.39		9491.32	
Closing stock:				
- Work-in-process	575.76		591.73	
- Finished goods - Cigarettes	27548.36		25010.97	
- Chewing products	1042.47		341.94	
- Traded goods	4704.64		5886.50	
	33871.23		31831.14	
Less: Excise duty in closing stock	20802.85		18549.75	
Closing stock net of excise duty	13068.38		13281.39	
(Increase)/Decrease		213.01		(3790.07)
26. Employee Benefits Expenses				
Salaries, wages, bonus, etc.		20104.16		20374.63
Contribution to provident and other funds		1414.58		1340.91
Workmen and staff welfare expenses		1440.18		1404.27
Contribution to gratuity and superannuation fund		1167.77		1749.63
		24126.69		24869.44
27. Finance Costs				
Interest expenses on:				
- Borrowings		519.02		1295.50
- Others*		60.83		157.87
Other borrowing costs		68.29		40.61
Foreign currency fluctuations (considered as finance cost)		359.98		419.83
		1008.12		1913.81
*including Rs.41.58 lacs (Previous year Rs.41.58 lacs) towards interest on entry tax.				



Rupees in lacs

	Year ended 31.3.2016	Year ended 31.3.2015
28. Other Expenses		
Manufacturing charges paid to a subsidiary company for cigarette/tobacco manufactured on our behalf	5164.18	5359.13
Consumption of stores and spare parts*	79.05	90.38
Power and fuel	2078.09	2087.47
Rent	3134.21	2920.51
Repairs and maintenance		
- Buildings	303.49	301.25
- Machinery	847.78	950.79
- Others	1041.50	980.31
Insurance	476.72	518.92
Rates and taxes	4217.41	6018.84
Freight and cartage	3611.27	3569.93
Legal and professional expenses	10893.78	10229.92
Auditors' Remuneration (net of cenvatable service tax)		
- Audit fees	74.00	61.00
- For tax audit	18.04	16.27
- For limited review of unaudited financial statements	47.98	43.46
- For corporate governance, consolidated financial statements and other certificates	6.63	6.10
- For other services	1.53	4.78
- Reimbursement of expenses	10.66	8.91
Cash discount	110.68	124.76
Commission paid to other than sole selling agents	381.38	344.95
Advertising and sales promotion	23911.60	31613.80
Selling and distribution expenses	7048.17	6843.27
Travelling and conveyance	3458.83	4151.10
Donations	77.22	91.63
Contributions/expenses towards CSR (Refer Note 29)	496.31	499.72
Bad debts and advances written off	19.97	26.09
Fixed assets written off	159.39	3.97
Loss on sale of fixed assets	68.85	22.58
Technical services fee and royalty	1144.58	1345.68
Consumer research activity	818.89	917.02
Machine and material handling expenses	129.44	286.22
Write down in the value of fixed assets held for sale	434.03	-
Miscellaneous expenses	9744.42	8997.79
	80010.08	88436.55
*Excludes consumption of spare parts charged to repairs and maintenance-machinery	614.96	678.67



29. 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.496.00 lacs (Previous year Rs.499.00 lacs) and the details of amount spent are as under:

	Rupees in lacs	
	For the year ended 31.3.2016	For the year ended 31.3.2015
a) By way of contribution for the above mentioned activities	472.68	474.73
b) Administrative expenses incurred (restricted to 5%)	23.63	24.99
	496.31	499.72

30. Earnings per share has been computed as under:

a) Net profit as per statement of profit and loss (Rs. lacs)	16498.36	18308.44
b) Weighted average number of equity shares outstanding	51993920	51993920
c) Basic and diluted earnings per share-Rupees (Face value of share-Rs.2 each)	31.73	35.21

31. Remuneration of Directors

a) Included in Expenses are:		
Salaries*	697.93	432.00
Monetary value of benefits	97.23	59.35
Commission**	443.53	472.00
Sitting fees (# excluding service tax paid under reverse charge)	64.00#	46.77
	1302.69	1010.12

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

** includes Rs.31.18 lacs (previous year Rs.200.00 lacs) payable to a non-working director.

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

Profit before tax	23685.01	27139.88
Add/(less):		
Directors' remuneration	1302.69	1010.12
Profit on sale/redemption of long term investments	(1563.86)	(1695.00)
Profit on sale of fixed assets held for sale	(0.14)	(225.72)
	23423.70	26229.28
Maximum remuneration to working directors @ 10% of above	2342.37	2622.93
Restricted to	1207.51	763.35
Maximum remuneration to non-working directors @ 1% of above	234.24	262.29
Restricted to	31.18	200.00



Rupees in lacs

	For the year ended 31.3.2016	For the year ended 31.3.2015
32. Expenditure on Scientific Research and Development		
Revenue expenditure	989.10	1056.25
Capital expenditure	490.21	532.53
33. Contingent Liabilities not Provided for	As at 31.3.2016	As at 31.3.2015
a) Demands from excise, income tax, sales tax and other authorities disputed by the Company @	3926.03*	3679.74*
b) Uncalled liability on shares partly paid (including share premium)	1279.24	79.24
c) Guarantee given to a bank on behalf of subsidiary company – International Tobacco Company Limited	46.47	81.18
- Godfrey Phillips Middle East DMCC (AED 34.36 lacs)	622.66@@	-

* includes Rs.1825.39 lacs (previous year Rs.1809.72 lacs) relating to demands received by the subsidiary company – International Tobacco Company Limited.

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

@@ this is to secure overdraft limit given by the bank. The actual overdrawn balance as on 31st March, 2016 was Rs.196.54 lacs (AED 10.94 lacs)

34 (a). The following are the particulars of dues on account of sales tax, value added tax, excise duty and income-tax as at March 31, 2016 that have been disputed by the Company in appeals pending before the appellate authorities:

Name of the statute	Nature of the dues	Amount of dues* (Rs. lacs)	Amount deposited (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Acts	Sales tax	274.97	165.71	1995-96, 2001-02, 2006-07, 2007-08, 2012-13, 2014-15	Sales Tax Tribunal
		300.14	120.00	2008-09 to 2015-16	Upto Commissioners' Level
Central Excise Act, 1944	Excise duty and Service tax	40.84	11.70	2012-13, 2013-14, 2008-09 to 2013-14	Upto Commissioners' Level
		1802.51**	329.72	2003-04 to 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	244.00***	244.00	1979 to 1982, 1995-96 to 1997-98	High Court
		127.17***	127.98	2009-10 to 2010-11	Income Tax Appellate Tribunal
		252.93***	270.85	1999-00, 2005-06 to 2008-09, 2011-12	Upto Commissioners' Level

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

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

*** provided for in the accounts amounting to Rs.562.48 lacs.

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

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

Name of the statute	Nature	Amount (Rs. lacs)	Period to which the amount relates	Forum where department has preferred appeal
Income Tax Act, 1961	Income Tax	340.54	1969, 1974 to 1977, 1991-92 to 1994-95, 2001-02 to 2003-04	High Court
U.P. Krishi Utpadan Mandi Adhiniyam	Mandi Cess	108.20	1997-98 to 1998-99	Supreme Court
Central Excise Act, 1944	Excise duty	8.32	2010-11	Upto Commissioners' Level
		122.71	2009-10, 2010-11, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Sales Tax Acts	Sales tax	10.40	2007-08	High Court

34. (b) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the requirements of the Companies Act.

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

36. a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.2239.24 lacs (previous year- Rs.7767.74 lacs).

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

37. 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, 2016 are as under.

	For the year ended 31.3.2016	For the year ended 31.3.2015
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year are as under:		
Principal amount	183.91	192.74
Interest due thereon	0.08	2.12
Amount of payments made to suppliers beyond the appointed day during the year are as under:		
Principal amount	11.53	112.88
Interest actually paid under section 16 of MSMED	0.19*	-
*out of interest outstanding at the beginning of the year		
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	0.08	2.12
Interest remaining unpaid as at the end of the year	2.01	2.12
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961.	0.08	2.12



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

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

- (i) for periods not later than one year – Rs.820.49 lacs (previous year – Rs.1176.50 lacs).
- (ii) for periods between later than one year and less than five years – Rs.307.13 lacs (previous year – Rs.5337.10 lacs).
- (iii) For period later than five years- Rs. Nil (previous year Rs.1814.78 lacs).

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

39. Related party disclosures under Accounting Standard 18

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

- (a) Subsidiary companies:

International Tobacco Company Limited

Chase Investments Limited

Godfrey Phillips Middle East DMCC (company incorporated in Dubai)

Flavors And More, Inc. (company incorporated in USA)

- (b) Subsidiaries through the subsidiary companies:

Friendly Reality Projects Limited

(Formerly Kashyap Metal and Allied Industries Limited)

Unique Space Developers Limited

Rajputana Infrastructure Corporate Limited (subsidiary of Friendly Reality Projects Limited)

Gopal Krishna Infrastructure & Real Estate Limited (subsidiary of Unique Space Developers Limited)

- (c) Associates:

Philip Morris Global Brands Inc., of which the Company is an associate.

K K Modi Investment & Financial Service Private Limited, of which the Company is an associate.

Success Principles India Limited, an associate of the Company.

IPM India Wholesale Trading Private Limited, an associate of the Company.

KKM Management Centre Private Limited, an associate of the Company.

(d) Key management personnel and their relatives:

Mr. K.K.Modi	President and Managing Director
Mr. Samir Kumar Modi	Executive Director
Mr. Lalit Kumar Modi	Ordinary Director (upto 28 th May,2015) and a relative of Mr.K.K.Modi, Mrs. Bina Modi and Mr.Samir Kumar Modi
Mrs. Bina Modi	Ordinary Director and a relative of Mr. K.K. Modi, Mr. Lalit Kumar Modi and Mr. Samir Kumar Modi
Mr. R.Ramamurthy	Whole-time Director

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

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



(B) Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end:						
Nature of transactions	Subsidiary companies		Associates		Key management personnel and their relatives	Rupees in lacs
	2016	2015	2016	2015		
Sale of goods, spare parts, etc.	7830.97*	31.78*	54631.56@	41140.50@	-	231.79
Purchase of goods/services/spare parts	7.55*	8.13*	128.05@	1584.81@	-	1743.83\$
Receipts from secondment of services	-	-	2610.71@	2321.47@	-	146.54
Interest income	-	123.96**	61.26@	44.08@	-	-
Miscellaneous income	-	-	114.56@	221.40@	-	-
Rent and hire charges received	4.80*	4.80*	128.28	136.06	-	76.71
Manufacturing charges paid	5164.18*	5359.13*	-	-	-	-
Subscription to share capital of :-	400.00	2134.65	-	-	-	-
-Friendly Reality Projects Limited	35.50	-	-	-	-	-
-Godfrey Phillips Middle East DMCC	329.35	-	-	-	-	-
-Flavors And More, Inc.	4.03***	-	-	-	-	-
Deposits given on behalf of	-	-	-	-	-	-
Rent paid	-	-	3960.13@	3906.46@	-	18.98
Payments for professional services availed	-	-	-	-	-	17.50
Sale of fixed assets	38.19***	-	-	-	-	-
Donation given \$\$\$	-	-	-	-	-	-
Expenses recovered	44.55**	3.62*	4054.50@*	3136.12@*	-	284.50
Expenses reimbursed	115184.65###	120974.07*	308.83	24.98	-	0.89
Dividend payment (gross)	-	-	-	-	-	0.55
- Philip Morris Global Brands Inc.	-	-	1044.04	1044.04	-	-
Managerial remuneration \$	-	-	-	-	-	-
- K.K.Modi	-	-	-	-	440.40	-
- Lalit Kumar Modi	-	-	-	-	200.00	-
- Samir Kumar Modi	-	-	-	-	202.56	-
- R.Ramamurthy	-	-	-	-	120.39	-
- Bina Modi	-	-	-	-	5.00	-
Balance outstanding as at the year end	1196.39***	-	2786.38@**	3505.41@**	-	76.66
- Trade receivables	94.42***	-	-	-	19.46	2.90
- Loans and advances	-	-	-	-	-	180.25
- Trade payables	-	-	999.08@	1399.21@	-	8.06
- Dues payable	811.32*	661.33*	325.32	123.25	3.73	-
- Guarantees given by the Company to a bank on behalf of International Tobacco Company Ltd.	46.47	81.18	-	-	-	-
- Godfrey Phillips Middle East DMCC	622.66	-	-	-	-	-

* related to transaction with wholly owned subsidiary International Tobacco Company Limited.

** relates to transactions with Friendly Reality Projects Limited (Formerly Kashyap Metal and Allied Industries Limited).

*** relates to transaction with wholly owned subsidiary Godfrey Phillips Middle East DMCC

includes Rs.7817.37 lacs to Godfrey Phillips Middle East DMCC and Rs.13.60 lacs to International Tobacco Company Limited

includes Rs.27.03 lacs from International Tobacco Company Limited and Rs.17.52 lacs from Godfrey Phillips Middle East DMCC

includes Rs.115183.46 lacs to International Tobacco Company Limited and Rs.1.19 lacs to Godfrey Phillips Middle East DMCC

@ relates to transactions with IPM India Wholesale Trading Private Limited.

@@ relates to KKM Management Centre Private Limited.

@* includes Rs.4051.53 lacs (Previous year Rs.3127.55 lacs) from IPM India Wholesale Trading Private Limited.

@** includes Rs.2786.38 lacs (Previous year Rs.3505.13 lacs) due from IPM India Wholesale Trading Private Limited.

\$ includes Rs.1616.20 lacs (Previous year Rs.1852.80 lacs) from Beacon Travels Private Ltd.

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

\$\$\$\$ including for CSR activities.

40. Segment reporting disclosures under Accounting Standard 17

(A) Business segments:

Based on the guiding principles given in Accounting Standard-17 "Segment Reporting", the Company's primary business segments are (a) Cigarette and tobacco products; and (b) Tea and other retail products.

(B) Geographical segments:

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

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

	Rupees in lacs				
	Cigarette and tobacco products	Tea and other retail products	Total	Cigarette and tobacco products	Tea and other retail products
	For the year ended March 31, 2016			For the year ended March 31, 2015	
1. Segment revenue - External sales (gross)	397912.79	31197.06	429109.85	411325.11	27445.91
- Less : Excise duty	193669.14	-	193669.14	186668.78	-
- Net sales	204243.65	31197.06	235440.71	224656.33	27445.91
- Other operating income	5140.00	578.06	5718.06	6024.55	516.22
- Total	209383.65	31775.12	241158.77	230680.88	27962.13
- Unallocable income			2839.90		
Total revenue	26677401	(4270.88)	243998.67	30925.74	(4553.26)
2. Segment result			22403.13		
- Unallocable income/(expenses) net of unallocable (expenses)/income			2290.00		2681.21
Profit before finance costs and tax			24693.13		29053.69
- Finance costs			(1008.12)		(1,913.81)
- Tax expense			(7186.65)		(8,831.44)
Profit after tax			16498.36		18308.44
3. Other information	As at March 31, 2016			As at March 31, 2015	
a) Segment assets	151816.09	9044.08	160860.17	156834.55	11589.45
- Unallocable assets/investments			37112.22		
Total assets			197972.39		
b) Segment liabilities	35698.49	2209.50	37907.99	39338.35	2343.12
- Share capital and reserves			140753.86		
- Unallocable liabilities			19310.54		
Total liabilities			197972.39		
c) Capital expenditure including capital work in progress	For the year ended March 31, 2016			For the year ended March 31, 2015	
d) Depreciation and amortization	13827.30	620.07	14447.37	10200.52	442.63
e) Non cash expenditure other than depreciation	9820.42	400.07	10220.49	9789.01	436.64
	1404.80	115.50	1520.30	1128.27	101.54

Segment accounting policies:

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

a) Segment revenue and expenses:

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

b) Segment assets and liabilities:

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

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

41. Employee Benefits

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

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

	Rupees in Lacs	
	Current year	Previous year
- Employers' contribution to provident fund and employee's pension scheme	1415.84	1340.91
- Employers' contribution to superannuation fund	172.99	168.73
- Employers' contribution to employee's state insurance scheme	6.17	8.05

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

- Compensated absences – amount recognized in the statement of profit and loss– Rs.1435.89 lacs (previous year Rs.1760.77 lacs).

III. Defined benefit plans (based on actuarial valuation)

- Gratuity

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

	Gratuity (Funded)	
	Current year	Previous year
A) Principal Assumptions		
• Discount rate (per annum)	8.30%	7.90%
• Rate of increase in compensation levels	8.00%	7.50%
• Expected rate of return on plan assets	7.50%	7.50%
• Expected average remaining working lives of employees	11.44 years	12.02 years
• Retirement age	58 years	58 years



Rupees in lacs

	Current year	Previous year
B) Changes in the present value of obligation		
• Present value of obligation as at the beginning of the year	6912.56	5370.87
• Interest cost	545.03	486.12
• Current service cost	508.68	384.65
• Benefits paid	(434.82)	(506.64)
• Actuarial (gain)/loss on obligations	529.16	1177.56
• Present value of obligation as at the end of the year	8060.61	6912.56
C) Change in the fair value of plan assets		
• Fair value of plan assets as at the beginning of the year	5334.38	4662.59
• Expected return on plan assets	387.16	340.57
• Actuarial gain/(loss) on plan assets	213.85	154.00
• Contributions received	1580.91	683.86
• Benefits paid	(434.82)	(506.64)
• Fair value of plan assets as at the end of the year	7081.48	5334.38
D) (Shortfall)/excess of fair value over book value of plan assets	15.66	2.72
E) Net liability recognized in the balance sheet (B-C+D)	994.79	1580.90
F) Constitution of plan assets		
• Government Securities	613.55	673.80
• Corporate Bonds	730.82	837.68
• Insurer Managed Funds	5733.04	3812.69
• Others (net)	4.07	10.21
• Total	7081.48	5334.38
G) Expenses recognized in the profit and loss account		
• Current service cost	508.68	384.65
• Interest cost	545.03	486.12
• Expected return on plan assets	(387.16)	(340.57)
• Net actuarial (gain)/ loss	315.31	1023.56
• (Shortfall)/excess of fair value over book value of plan assets-incremental	12.93	27.14
• Total	994.79	1580.90

H) Experience adjustments

Rupees in lacs

Particulars	31-Mar-12	31-Mar-13	31- Mar-14	31- Mar-15	31-Mar-16
Defined benefit obligation	4907.69	5974.95	5370.87	6912.56	8060.61
Plan assets	4294.69	5058.35	4662.59	5334.38	7081.48
Surplus/(deficit)	(613.00)	(916.60)	(708.28)	(1578.18)	(979.13)
Experience adjustment on plan liabilities	457.77	495.91	596.04	417.69	456.46
Experience adjustment on plan assets	144.82	144.78	76.80	154.00	213.85



Rupees in lacs

			For the year ended 31.3.2016		For the year ended 31.3.2015
42. Turnover and stocks					
a) Particulars of sales (gross)**					
- Cigarettes	Million	13104	345125.78	14824	355929.24
- Unmanufactured tobacco*	Tonne	17120	33700.96	18577	37499.01
- Chewing products#	Tonne	1022	15103.14	1003	14462.61
- Manufactured tobacco	Tonne	1449	3695.79	1403	3050.51
- Traded goods			31484.18		27829.65
			429109.85##		438771.02
*transferred from raw and packing materials					
#includes chewing tobacco purchased for resale					
**excludes samples, write-off, etc.					
##includes sale to a subsidiary Rs.7817.37 lacs (USD 118.53 lacs)					
b) Details of stock-in-trade					
i) Opening stocks					
- Cigarettes	Million	1165	25010.97	738	11530.47
- Chewing products	Tonne	22	341.94	91	818.27
- Traded goods			5886.50		5072.80
ii) Closing stocks					
- Cigarettes	Million	1162	27548.36	1165	25010.97
- Chewing products	Tonne	84	1042.47	22	341.94
- Traded goods			4704.64		5886.50

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

	% of total consumption	Rs. in lacs	% of total consumption	Rs. in lacs
(A) Raw and packing materials				
i) Imported	21.36	11780.02	18.77	10732.83
ii) Indigenous	78.64	43370.75	81.23	46439.55
	100.00	55150.77	100.00	57172.38
(B) Spare parts				
i) Imported	47.85	294.23	50.79	344.69
ii) Indigenous	52.15	320.73	49.21	333.98
	100.00	614.96	100.00	678.67

	For the year ended 31.3.2016	For the year ended 31.3.2015
44. Earnings in foreign exchange		
a) Export of goods on F.O.B. basis	60922.52	60115.55
b) Others including freight, etc.	891.55	940.90
	61814.07	61056.45



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

	For the year ended 31.3.2016	For the year ended 31.3.2015
45. Value of imports on C.I.F. basis (including those in transit)		
i) Raw and packing materials	10183.01	8794.43
ii) Components and spare parts	51.36	412.85
iii) Capital goods	5611.54	1587.21
iv) Purchases for resale - cigars, etc.	27.67	274.04
	15873.58	11068.53
46. Expenditure in foreign currencies (net of tax, where applicable)		
Technical services fee and royalty	1030.12	1211.11
Professional /technical consultancy fees	2328.18	1926.88
Interest	197.36	542.54
Others	1810.11	1785.32
	5365.77	5465.85
47. Dividends remittance to non-resident shareholders in foreign currency		
Amount of dividends	1044.04	1044.04
Number of non-resident shareholders to whom remittances made	1	1
Number of shares on which remittances made	1,30,50,475	1,30,50,475
Year for which dividends remitted (year ended)	31.3.2015	31.3.2014

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

Particulars	As at 31.3.2016		As at 31.3.2015	
	Amount in foreign currency (Lacs)	Amount in Rs. in lacs	Amount in foreign currency (Lacs)	Amount in Rs. in lacs
Loan Funds	130.00 USD	8613.80	162.00 USD	10125.81
Sundry debtors	63.20 USD	4186.98	90.58 USD	5660.80
	2.99 GBP	285.60	4.41 GBP	409.23
Current liabilities and provisions	20.15 USD	1334.93	19.62 USD	1226.65
	4.35 EURO	327.55	1.31 EURO	87.94
	0.51 GBP	48.25	7.88 GBP	731.66
	0.85 SGD	41.82	0.57 SGD	25.96
	- AED	-	0.22 AED	3.75
	4.43 JPY	2.62	214.58 JPY	111.83
	1.06 HKD	9.09	0.84 HKD	6.75
	5.59 NPR	3.52	82.17 NPR	51.36
(b) Derivative instrument outstanding as at year end:				
Currency option and interest rate swap to hedge exposure in foreign currency loan and interest thereon	4050.00 JPY	3313.00	13839.00 JPY	10125.81

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

For and on behalf of the Board of Directors

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

R.A. SHAH
(DIN 00009851)
Chairman

DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place: New Delhi
Date : May 30, 2016

SUNIL AGRAWAL SANJAY GUPTA
Chief Financial Officer Company Secretary



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **GODFREY PHILLIPS INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/financial information of subsidiaries viz., Chase Investments Limited, Friendly Reality Projects Limited (formerly known as Kashyap Metal and Allied Industries Limited), Godfrey Phillips Middle East DMCC, Flavors and More, Inc., Rajputana Infrastructure Corporate Limited, Unique Space Developers Limited and Gopal Krishna Infrastructure & Real Estate Limited whose financial statements/financial information reflect total assets (net) of Rs.5,388.08 lacs as at 31st March, 2016, total revenues of Rs.8,353.63 lacs and net cash inflows amounting to Rs.185.19 lacs for the year ended on that date, as considered in the consolidated

financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 35.15 lacs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of associate viz., KKM Management Centre Private Limited, Success Principles India Limited and IPM India Wholesale Trading Private Limited (IPM) whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (e) On basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and associate companies is disqualified as on 31st March, 2016 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 (IFCoFR) and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiary companies and associate companies (excluding IPM, reporting of IFCoFR is not applicable during the period) incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary company's and associate company's incorporated in India internal financial controls over financial reporting.
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Refer Note 34 (a) to the consolidated financial statements.
 - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivate contracts - Refer Note 37 (b) to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associates companies incorporated in India- Refer Note 35 to the consolidated financial statements.

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

Place : Gurgaon
Date : May 30, 2016

Manjula Banerji
(Partner)
(Membership No. 086423)

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 the Company as of and for the year ended March 31, 2016, 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 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 incorporated in India, are 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 (ICAI). 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 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 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 and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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



GODFREY PHILLIPS
—INDIA LIMITED—

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 to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies and its associate companies incorporated in India, have, 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, 2016, 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to five subsidiary companies and two associate companies, which are companies incorporated in India is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Place : Gurgaon
Date : May 30, 2016

Manjula Banerji
(Partner)
(Membership No. 086423)



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED BALANCE SHEET

as at March 31, 2016

Rupees in lacs

Particulars	Note No.	As at 31.3.2016	As at 31.3.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1039.88	1039.88
Reserves and surplus	4	141479.87	130226.42
		142519.75	131266.30
Minority interests		468.76	438.24
Non-current liabilities			
Long-term borrowings	5	2650.40	3125.25
Other long-term liabilities	6	28.50	26.55
Long-term provisions	7	5798.16	5264.04
		8477.06	8415.84
Current liabilities			
Short-term borrowings	8	5469.94	17530.39
Trade payables	9		
- Dues to Micro and small enterprises		184.46	192.74
- Dues to creditors other than Micro and small enterprises		11316.99	14572.75
Other current liabilities	10	26029.40	28408.81
Short-term provisions	11	6551.79	6519.93
		49552.58	67224.62
TOTAL		201018.15	207345.00
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	71772.03	66473.36
- Intangible assets	12	418.07	538.05
- Capital work-in-progress	12	4876.21	6542.09
Goodwill on consolidation		517.94	486.33
Non-current investments	13	23003.34	26798.08
Deferred tax assets (net)	14	1486.97	1683.43
Long-term loans and advances	15	5482.77	6738.35
		107557.33	109259.69
Current assets			
Current investments	16	4622.50	503.26
Inventories	17	67117.19	74358.19
Trade receivables	18	10793.05	12981.75
Cash and cash equivalents	19	3118.49	2773.08
Short-term loans and advances	20	6310.83	5463.37
Other current assets	21	1498.76	2005.66
		93460.82	98085.31
TOTAL		201018.15	207345.00
Accompanying notes 1 to 44 form part of the consolidated financial statements			

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

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

SANJAY GUPTA
Company Secretary

For and on behalf of the Board of Directors

R.A. SHAH
(DIN 00009851)
Chairman

DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

Particulars	Note No.	Year ended 31.3.2016	Year ended 31.3.2015
INCOME			
Revenue from operations	22	435368.66	445363.86
Less: Excise duty		193669.14	186668.78
		241699.52	258695.08
Other income	23	2848.85	3179.85
TOTAL REVENUE		244548.37	261874.93
EXPENSES			
Cost of materials consumed	24	55150.77	57172.38
Purchases of traded goods	25	49584.50	55952.92
Changes in inventories of finished goods, work-in-process and traded goods	26	217.46	(3804.08)
Employee benefits expenses	27	26709.22	27234.64
Finance costs	28	1009.69	1915.08
Depreciation and amortization expenses	12	10678.78	10819.35
Other expenses	29	77766.33	85474.50
TOTAL EXPENSES		221116.75	234764.79
Profit before tax		23431.62	27110.14
Tax expense:			
Current tax		7109.43	9320.56
Deferred tax charge/(credit)		196.46	(540.38)
Current tax expense relating to prior years		(97.77)	79.22
Profit after tax but before results of associates and minority interests		16223.50	18250.74
Share of net profit of associates		35.15	56.72
Profit after tax but before minority interests		16258.65	18307.46
Minority interests		(1.09)	(24.93)
Net profit		16259.74	18332.39
Earnings per equity share- basic/diluted (Face value of share - Rs. 2 each)	31	Rs.31.27	Rs.35.26
Accompanying notes 1 to 44 form part of the consolidated financial statements			

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

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R. RAMAMURTHY
(DIN 00030463)
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SANJAY GUPTA
Company Secretary

For and on behalf of the Board of Directors

R.A. SHAH
(DIN 00009851)
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DR. LALIT BHASIN
(DIN 00001607)
ANUP N. KOTHARI
(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer



GODFREY PHILLIPS
—INDIA LIMITED—

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

Rupees in lacs

		For the year ended 31.3.2016		For the year ended 31.3.2015
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before tax		23431.62		27110.14
Adjustments for:				
Depreciation and amortization		10678.78		10819.35
Interest income from debts, deposits, loans and advances, etc.		(300.66)		(303.14)
Dividends from current and long-term investments		(16.50)		(14.83)
Interest income from long-term investments		(34.80)		(34.80)
Profit on redemption/sale of long-term investments		(1568.42)		(1718.45)
Profit on sale of current investments		(530.73)		(325.34)
Exchange loss/(gain) on foreign currency bank balance		0.56		(0.54)
Exchange loss on long-term foreign currency borrowings		549.79		467.18
Provision for wealth-tax		-		30.00
Interest expenses - on borrowings		519.71		1295.50
- others		61.71		159.14
Provision for decline in the value of investments		90.24		-
Fixed assets written off		159.80		4.36
Loss on sale of fixed assets		68.79		21.82
Write down in the value of fixed assets held for sale		434.03		-
		<u>10112.30</u>		<u>10400.25</u>
Operating profit before working capital changes		33543.92		37510.39
Adjustments for:				
Trade receivables, loans and advances and other current assets		3324.22		(3065.61)
Inventories		7241.00		(15341.37)
Trade payables, liabilities and provisions		(4482.63)		(3604.05)
		<u>6082.59</u>		<u>(22011.03)</u>
Cash generated from operations		39626.51		15499.36
Interest received		307.59		293.75
Dividends received		16.50		14.83
Purchase of investments*		-		(34.19)
Proceeds from sale of investments*	48.73	48.73	16.33	(17.86)
Direct taxes paid		(7545.67)		(9443.20)
		<u>(7172.85)</u>		<u>(9152.48)</u>
Net cash from operating activities		32453.66		6346.88
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(13843.26)		(10951.99)
Proceeds from sale of fixed assets		191.54		80.48
Purchase of current and long-term investments	(202250.00)		(96609.20)	
Proceeds from sale of current and long-term investments	203920.33	1670.33	104113.85	7504.65
Loans and deposits (given)/ received back		(400.00)		200.00
Interest received		34.80		45.93
Bank balances not considered as cash and cash equivalents		(66.01)		(109.14)
Net cash used in investing activities		(12412.60)		(3230.07)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term borrowings		(7362.60)		(8676.89)
Proceeds from long term borrowings		5300.80		-
Proceeds from/(Repayment of) short-term bank borrowings		(12060.45)		11987.96
Interest paid		(637.12)		(1510.94)
Dividend paid		(4154.95)		(4156.24)
Corporate dividend tax paid		(846.78)		(706.91)
Net cash used in financing activities		(19761.10)		(3063.02)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		279.96		53.79
Opening cash and cash equivalents		1053.39		999.06
		<u>1333.35</u>		<u>1052.85</u>
Effect of exchange rate changes on foreign currency bank balance		(0.56)		0.54
Closing cash and cash equivalents		<u>1332.79</u>		<u>1053.39</u>
*By the subsidiary companies engaged in the business of investments				

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

For and on behalf of the Board of Directors

Manjula Banerji
Partner

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R.A. SHAH
(DIN 00009851)
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(DIN 00294737)
ATUL KUMAR GUPTA
(DIN 01734070)

Directors

Place : New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

Notes

forming part of the consolidated financial statements
for the year ended March 31, 2016

1. BASIS OF CONSOLIDATION

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

a) Principles of consolidation

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

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

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

Name	Country of incorporation	Percentage of voting power as at 31.3.2016	31.3.2015
		%	%
International Tobacco Company Ltd.	India	100.00	100.00
Chase Investments Ltd.	India	100.00	100.00
Friendly Reality Projects Limited (Formerly Kashyap Metal and Allied Industries Ltd.)	India	83.33 *	81.88 *
Godfrey Phillips Middle East DMCC	U.A.E.	100.00	-
Flavors And More, Inc.	U.S.A.	100.00	-
Unique Space Developers Ltd.	India	66.67 **	66.67 **
Gopal Krishna Infrastructure & Real Estate Ltd.	India	66.67 ***	66.67 ***
Rajputana Infrastructure Corporate Ltd.	India	83.33 ****	81.88 ****

* Held partly through other subsidiary

** Held through other subsidiaries

*** 100% Subsidiary of Unique Space Developers Limited

**** 100% Subsidiary of Friendly Reality Projects Limited

c) The Group's associates are:

Name	Country of incorporation	Percentage of voting power as at 31.3.2016	31.3.2015
		%	%
Success Principles India Ltd.	India	48.89	48.89
IPM India Wholesale Trading Private Ltd.	India	24.80	24.80
KKM Management Centre Private Ltd.	India	36.75	36.75



In respect of IPM India Wholesale Trading Private Limited, the financial statements for the fifteen months ended March 31, 2016 have been considered for the purpose of consolidation.

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

- d) During the year the Company has subscribed to rights share issue of Friendly Reality Projects Limited at a premium, which has resulted in change in the minority interests as well as goodwill on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

- (i) **Use of estimates**

The preparation of the consolidated financial statements requires the Management of the Group to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results may differ from these estimates. Any revision to the accounting estimates or difference between the estimates and the actual results are recognised in the periods in which the results are known/materialise or the estimates are revised.

- (ii) **Inventories**

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

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

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

- (iv) **Cash flow statement**

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

- (v) **Revenue recognition**

- Sale of goods**

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

- Income from services**

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

- (vi) **Other income**

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

- (vii) **Fixed assets**

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

Capital work in progress

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

(viii) Depreciation and amortisation

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

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

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

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

Computer software – 5 years

(ix) Foreign currency transactions and translations

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

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

In case of integral foreign operations, transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate on the date of the transaction.

Foreign currency monetary items of the Company's integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

(x) Investments

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

(xi) Employee benefits

Defined contribution plan

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

Defined benefit plan and Long term Employee benefits

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

(xii) Earnings per share

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

(xiii) Taxes on income

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



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

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

(xiv) **Research and development expenditure**

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

(xv) **Impairment of Assets**

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

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

(xvi) **Proposed dividends**

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

(xvii) **Operating cycle**

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

(xviii) **Investment subsidiaries**

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

	Rupees in lacs	
	As at 31.3.2016	As at 31.3.2015
3. Share capital		
Authorised		
60,000 Preference shares of Rs. 100 each	60.00	60.00
12,20,00,000 Lacs Equity shares of Rs. 2 each	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) Shares held by each shareholder holding more than 5%

Name of the shareholder	No. of shares	% held as at 31.03.2016	No. of shares	% held as at 31.06.2015
a) Philip Morris Global Brands Inc.	13,050,475	25.10%	13,050,475	25.10%
b) K K Modi Investment & Financial Services Pvt. Ltd.	15,196,660	29.23%	15,196,660	29.23%
c) Good Investment (India) Ltd.	4,309,220	8.29%	4,095,220	7.88%

	Rupees in lacs	
	As at 31.3.2016	As at 31.3.2015
4. Reserves and surplus		
Capital Redemption Reserve	30.13	30.13
Statutory Reserve	20.89	20.89
General Reserve	29931.89	27931.89
Surplus in Statement of Profit and Loss	111496.96	102243.51
	141479.87	130226.42
Movement in reserves and surplus is as under:		
Statutory Reserve		
Opening balance	20.89	15.65
Add: Transfer from surplus in statement of profit and loss	-	5.24
Closing Balance	20.89	20.89
General Reserve		
Opening balance	27931.89	25931.89
Add: Transfer from surplus in statement of profit and loss	2000.00	2000.00
Closing Balance	29931.89	27931.89
Surplus in Statement of Profit and Loss		
Opening balance	102243.51	91412.06
Less : Adjustment for depreciation in transition (net of deferred tax asset of Rs. 255.13 lacs)	-	489.41
Add : Net profit for the current year	16259.74	18332.39
Less : Proposed dividend	4159.51	4159.51
Corporate dividend tax	846.78	846.78
Transfer to general reserve	2000.00	2000.00
Transfer to statutory reserve	-	5.24
Net surplus in the statement of profit and loss	111496.96	102243.51
5. Long-term borrowings		
Secured		
Foreign currency term loans from banks	8613.80	10125.81
Less : Current maturities of long term borrowings	5963.40	7000.56
	2650.40	3125.25

Details of security and terms of above loans:

These loans carry interest ranging between 1.8% to 5.5% per annum and are repayable in half yearly/ yearly instalments ranging between 2 to 5 years. Further, these loans are secured by way of exclusive charge over specific plant and machinery.



	As at 31.3.2016	Rupees in lacs As at 31.3.2015
6. Other long term-liabilities		
Others		
- Security deposits	28.50	26.55
	28.50	26.55
7. Long-term Provisions		
Provision for employee benefits		
- provision for compensated absences	5798.16	5264.04
	5798.16	5264.04
8. Short-term borrowings		
Secured		
- Cash credits from banks*	4969.87	8029.55
Unsecured		
- Demand loan from banks	500.00	9500.00
- Cash credits from banks	0.07	0.84
	5469.94	17530.39
Details of security and terms of above loans:		
*Secured against hypothecation of stocks and book debts and second charge on all movable fixed assets of the Company		
- The above loans carry interest ranging between 9.25% to 11.90% per annum		
9. Trade payables		
Trade Payables		
- Micro and small enterprises	184.46	192.74
- Other than Micro and small enterprises*	11316.99	14572.75
	11501.45	14765.49
*Includes payable to employees Rs.898.52 lacs (Previous year Rs.1650.55 lacs)		
10. Other current liabilities		
Current maturities of long-term borrowings	5963.40	7000.56
Interest accrued but not due on borrowings	10.78	66.48
Unclaimed dividends	185.97	181.41
Payable to gratuity fund	995.61	1712.26
Payables for fixed assets	1505.43	686.34
Other payables		
- Security deposits	18.05	13.73
- Statutory dues	13699.51	15536.27
- Advances from customers	3515.10	3117.66
- Others	135.55	94.10
	26029.40	28408.81
11. Short-term provisions		
Provision for employee benefits		
- Provision for compensated absences	1325.21	969.67
Others		
- Proposed dividend	4159.51	4159.51
- Provision for corporate dividend tax	846.78	846.78
- Taxation (net of payments)	220.29	543.97
	6551.79	6519.93

12. Fixed assets

	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTIZATION				Rupees in lacs	
	As at 31.3.2015	Additions	Deductions	As at 31.3.2016	As at 31.3.2015	For the year	On deductions	As at 31.3.2016	As at 31.3.2016	As at 31.3.2015
Tangible Assets:										
Land-leasehold	1730.22*	467.43	-	2197.65*	-	-	-	-	2197.65	1730.22
Land-freehold	982.42**	-	-	982.42**	-	-	-	-	982.42	982.42
Buildings	20304.42***	2557.93	59.65	22802.70***	2996.15	1312.41	29.32	4279.24	18523.46	17308.27
Leasehold building improvements	677.17	1814.59	677.18@	1814.58	128.55	70.43	148.00@	50.98	1763.60	548.62
Plant and machinery	87557.10	10197.41	1066.28@	96688.23	47347.80	7622.06	750.14@	54219.72	42468.51	40209.30
Electrical installation and equipments	922.49	183.63	49.33@	1056.79	414.00	114.71	24.40@	504.31	552.48	508.49
Computers and information technology equipments	3674.07	520.15	349.49@	3844.73	2188.72	459.68	324.52@	2323.88	1520.85	1485.35
Furniture, fixtures and office equipments	3495.63	967.68	500.94@	3962.37	2044.71	470.33	370.52@	2144.52	1817.85	1450.92
Motor vehicles	3789.39	396.23	682.13	3503.49	1539.62	468.57	449.91	1558.28	1945.21	2249.77
Total of Tangible assets	123132.91	17105.05	3385.00	136852.96	56659.55	10518.19	2096.81	65080.93	71772.03	66473.36
Intangible Assets										
Computer softwares	1387.39	40.61	-	1428.00	849.34	160.59	-	1009.93	418.07	538.05
Total of Intangible assets	1387.39	40.61	-	1428.00	849.34	160.59	-	1009.93	418.07	538.05
Grand Total	124520.30	17145.66	3385.00	138280.96	57508.89	10678.78	2096.81	66090.86	72190.10	
Previous year	117017.86	8195.19	692.75	124520.30	46531.09	11563.89#	586.09	57508.89		67011.41
Capital work-in-progress										
									4876.21	6542.09
									77066.31	73553.50

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

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

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

@ Includes adjustment of Rs.1637.45 lacs in gross block and Rs.769.39 lacs in accumulated depreciation on account of fixed assets held for sale' classified as other current assets under Note 21

Includes transition adjustment of Rs.744.54 lacs.



Rupees in lacs

		As at 31.3.2016		As at 31.3.2015
13. Non Current Investments				
LONG TERM (At cost unless otherwise stated)				
TRADE INVESTMENT - UNQUOTED				
Investments in Equity Instruments				
Associate:				
IPM India Wholesale Trading Private Limited				
49,60,000 Equity shares of Rs. 10 each fully paid up	496.00		496.00	
Less: Group's share of loss restricted to the original cost of investment	496.00		496.00	-
KKM Management Centre Private Limited				
11,02,500 Equity Shares of Rs.10 each fully paid up	110.25		110.25	
Cost of acquisition	179.02		143.94	
Add: Group's share of profit upto year end		289.27		254.19
Others:				
Molind Engineering Limited				
3,500 Equity Shares of Rs.10 each fully paid up		0.25		0.25
Narang Industries Limited				
40,000 Equity Shares of Rs.10 each fully paid up		4.00		4.00
OTHER INVESTMENTS - QUOTED				
Investments in Equity Instruments				
Nestle India Limited				
93 Equity Shares of Rs.10 each fully paid up		0.07		0.07
GlaxoSmithKline Consumer Healthcare Limited				
320 Equity Shares of Rs.10 each fully paid up		0.38		0.38
GTC Industries Limited				
100 Equity Shares of Rs.10 each fully paid up		0.01		0.01
VST Industries Limited				
100 Equity Shares of Rs.10 each fully paid up		0.11		0.11
Hindustan Unilever Limited				
290 Equity Shares of Re.1 each fully paid up		0.07		0.07
HDFC Bank Limited				
75,000 Equity Shares of Rs.2 each fully paid up		1.50		1.50
Oriental Bank of Commerce				
1,000 Equity Shares of Rs.10 each fully paid up		0.60		0.60
Bank of Baroda				
5,000 Equity Shares of Rs.2 each fully paid up		2.30		2.30
State Bank of Travancore				
14,050 Equity Shares of Rs.10 each fully paid up		8.43		8.43
Bank of India				
1,000 Equity Shares of Rs.10 each fully paid up		1.35		1.35
Corporation Bank				
18,435 Equity Shares of Rs.2 each fully paid up		13.58		13.58
Punjab Communications Limited				
2,399 Equity Shares of Rs.10 each fully paid up		6.00		6.00
Circassia Pacific Finance Limited				
1,00,000 Equity Shares of Rs.10 each fully paid up		10.00		10.00
Maruti Suzuki India Limited				
950 Equity Shares of Rs.5 each fully paid up		1.19		1.19
Emami Limited				
2700 Equity Shares of Re.1 each fully paid up		0.63		0.63
NTPC Limited				
6,544 Equity Shares of Rs.10 each fully paid up		9.58		9.58
Punjab National Bank				
6,880 Equity Shares of Rs.2 each fully paid up		7.13		7.13
Reliance Industries Limited				
5,176 Equity Shares of Rs.10 each fully paid up		33.00		33.00
Tata Consultancy Services Limited				
3,850 Equity Shares of Re.1 each fully paid up		17.90		17.90
Ashok Leyland Limited				
15,000 Equity Shares of Re.1 each fully paid up		2.05		2.05



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
13. Non Current Investments (Continued)		
HT Media Limited 1,000 Equity Shares of Rs.2 each fully paid up	1.06	1.06
Andhra Bank 12,379 Equity Shares of Rs.10 each fully paid up	11.40	11.40
ICICI Bank Limited 11,695 Equity Shares of Rs.2 each fully paid up	18.58	18.58
Zee Entertainment Enterprises Limited 1,094 Equity Shares of Re.1 each fully paid up	0.82	0.82
22,974 6% Preference Shares of Re.1 each fully paid up (received free of cost)	-	-
Suzlon Energy Limited 975 Equity Shares of Rs.2 each fully paid up	0.99	0.99
Talbro Automotive Components Limited 1,034 Equity Shares of Rs.10 each fully paid up	1.06	1.06
IDFC Limited 1,500 Equity Shares of Rs.10 each fully paid up	1.80	1.80
Chennai Petroleum Corporation Limited 400 Equity Shares of Rs.10 each fully paid up	0.96	0.96
Dabur India Limited 6,000 Equity Shares of Re.1 each fully paid up	2.11	2.11
SRF Limited 3,200 Equity Shares of Rs.10 each fully paid up	8.31	8.31
State Bank of India 10,000 Equity Shares of Re.1 each fully paid up	8.76	8.76
Tata Chemicals Limited 1,500 Equity Shares of Rs.10 each fully paid up	3.74	3.74
Union Bank of India 913 Equity Shares of Rs.10 each fully paid up	1.00	1.00
Lanco Infratech Limited 1,00,000 Equity Shares of Re.1 each fully paid up	24.00	24.00
Parsvnath Developers Limited 1,122 Equity Shares of Rs.5 each fully paid up	1.68	1.68
Power Finance Corporation Limited 997 Equity Shares of Rs.10 each fully paid up	0.85	0.85
Idea Cellular Limited 1,637 Equity Shares of Rs.10 each fully paid up	1.68	1.68
Indian Bank Limited 2,096 Equity Shares of Rs.10 each fully paid up	1.91	1.91
Technocraft Industries India Limited 2,350 Equity Shares of Rs.10 each fully paid up	2.47	2.47
Reliance Communication Limited 2,010 Equity Shares of Rs.5 each fully paid up	2.75	2.75
Reliance Infrastructure Limited 1,113 Equity Shares of Rs.10 each fully paid up	9.16	9.16
Reliance Power Limited 306 Equity Shares of Rs.10 each fully paid up	1.17	1.17
Axis Bank 5,000 Equity Shares of Rs.2 each fully paid up	8.27	8.27
Deccan Chronicle Holdings Limited 2,000 Equity Shares of Rs.2 each fully paid up	3.40	3.40
GMR Infrastructure Limited 10,000 Equity Shares of Re.1 each fully paid up	10.63	10.63
Industrial Development Bank of India 3,500 Equity Shares of Rs.10 each fully paid up	4.70	4.70
Indian Hotels Company Limited 3,500 Equity Shares of Re.1 each fully paid up	4.73	4.73
ITC Limited 9,000 Equity Shares of Re.1 each fully paid up	7.39	7.39
J.K.Cement Limited 2,000 Equity Shares of Rs.10 each fully paid up	3.47	3.47



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
13. Non Current Investments (Continued)		
Mahanagar Telephone Nigam Limited 1,000 Equity Shares of Rs.10 each fully paid up	1.65	1.65
Adani Port & Special Economic Zone Limited 240 Equity Shares of Rs.2 each fully paid up	0.21	0.21
Omaxe Limited 263 Equity Shares of Rs.10 each fully paid up	0.65	0.65
Power Grid Corporation of India Limited 17,068 Equity Shares of Rs.10 each fully paid up	19.32	19.32
Steel Authority of India Limited 6,000 Equity Shares of Rs.10 each fully paid up	13.21	13.21
SKF India Limited 1,000 Equity Shares of Rs.10 each fully paid up	4.34	4.34
Tata Motors Limited 5,000 Equity Shares of Rs.2 each fully paid up	6.96	6.96
Tata Power Limited 10,000 Equity Shares of Re.1 each fully paid up	11.52	11.52
V2 Retail Limited 25 Equity Shares of Rs.10 each fully paid up	0.07	0.07
Central Bank of India 598 Equity Shares of Rs.10 each fully paid up	0.61	0.61
Fortis Healthcare Limited 51,176 Equity Shares of Rs.10 each fully paid up	55.27	55.27
Bharat Earth Movers Limited 166 Equity Shares of Rs.10 each fully paid up	1.78	1.78
Cipla Limited 1,000 Equity Shares of Rs.2 each fully paid up	2.14	2.14
ICRA Limited 1,000 Equity Shares of Rs.10 each fully paid up	9.68	9.68
Infosys Limited 2,000 (Previous year 1,000) Equity Shares of Rs.5 each fully paid up (1,000 Equity Shares received as bonus share)	6.56	6.56
Kotak Mahindra Bank Limited 4,000 (Previous year 2,000) Equity Shares of Rs. 5 each fully paid up (2,000 Equity Shares received as bonus share)	7.99	7.99
Oil India Limited 525 Equity Shares of Rs. 10 each fully paid up	2.21	2.21
Coal India Limited 154 Equity Shares of Rs.10 each fully paid up	0.37	0.37
Punjab and Sind Bank 50 Equity Shares of Rs.10 each fully paid up	0.06	0.06
Shipping Corporation of India Ltd 719 Equity Shares of Rs.10 each fully paid up	1.01	1.01
Emami Infrastructure Limited 300 Equity Shares of Rs.2 each fully paid up (received free of cost)	-	-
Reliance Capital Limited 75 Equity Shares of Rs.10 each fully paid up (received free of cost)	-	-
Siti Cable Network Limited 250 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
Zee News Limited 226 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
Zee Learn Limited 137 Equity Shares of Re.1 each fully paid up (received free of cost)	-	-
IDFC Bank Limited 1,500 (Previous year Nil) Equity Shares of Rs.10 each fully paid up (received free of cost)	-	-
Investments in Bonds		
Indian Railway Finance Corporation Limited 43,501 Tax Free Secured Redeemable Non-convertible Bonds of Rs.1,000 each fully paid up	435.01	435.01



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
13. Non Current Investments (Continued)		
Investments under Portfolio Management Service #:		
A) Reliance Portfolio Management Scheme-Trinity Series (Managed by Reliance Capital Asset Management Limited)		
Kalpataru Power Transmission Ltd. Nil (Previous year 472) Equity Shares of Rs.2 each fully paid up	-	1.07
Yes Bank Limited Nil (Previous year 158) Equity Shares of Rs.10 each fully paid up	-	1.39
Bharat Electronics Ltd. Nil (Previous year 103) Equity Shares of Rs.10 each fully paid up	-	1.73
Hindustan Petroleum Corporation Ltd. Nil (Previous year 463) Equity Shares of Rs.10 each fully paid up	-	2.64
Dish TV India Ltd. Nil (Previous year 3,410) Equity Shares of Re.1 each fully paid up	-	2.77
Hinduja Global Solutions Limited Nil (Previous year 225) Equity Shares of Rs.10 each fully paid up	-	1.49
State Bank of Mysore Nil (Previous year 324) Equity Shares of Rs.10 each fully paid up	-	1.89
Multi Commodity Exchange of India Limited Nil (Previous year 135) Equity Shares of Rs.10 each fully paid up	-	1.64
Texmaco Rail and Engineering Limited Nil (Previous year 866) Equity Shares of Re.1 each fully paid up	-	1.38
DCB Bank Ltd. Nil (Previous year 2,257) Equity Shares of Rs.10 each fully paid up	-	1.61
Orient Cement Ltd. Nil (Previous year 1,733) Equity Shares of Re.1 each fully paid up	-	2.55
Indo Count Industries Limited Nil (Previous year 323) Equity Shares of Rs.10 each fully paid up	-	0.95
Ramkrishna Forgings Limited Nil (Previous year 538) Equity Shares of Rs.10 each fully paid up	-	1.64
HBL Power Systems Limited Nil (Previous year 4,517) Equity Shares of Rs.10 each fully paid up	-	2.24
KPIT Technologies Ltd. Nil (Previous year 1,246) Equity Shares of Rs.2 each fully paid up	-	2.49
Sai Rayalaseema Paper Mills Limited 15,895 Equity Shares of Rs.10 each fully paid up	1.93	1.93
ICICI Bank Limited Nil (Previous year 790) Equity Shares of Rs.2 each fully paid up	-	1.45
HCL Technologies Ltd. Nil (Previous year 215) Equity Shares of Rs.2 each fully paid up	-	1.70
Lupin Limited Nil (Previous year 177) Equity Shares of Rs.2 each fully paid up	-	2.45
Maruti Suzuki India Ltd. Nil (Previous year 75) Equity Shares of Rs.5 each fully paid up	-	1.89
Federal Bank Limited Nil (Previous year 1,921) Equity Shares of Rs.10 each fully paid up	-	1.63
IRB Infrastructure Developers Ltd. Nil (Previous year 999) Equity Shares of Rs.10 each fully paid up	-	1.80
Balance with portfolio management scheme	-	0.53
B) Kotak 2010 Opportunities Portfolio Management Scheme (Managed by Kotak Securities Limited)		
Kakinada Fertilizers Limited 7,521 Equity Shares of Rs.10 each fully paid up	0.54	0.53
# Investments have been made under the portfolio management agreement entered into between the Group and Portfolio Management schemes and are being held in the name of the Portfolio Manager as envisaged in the aforesaid agreement		
Investments in Mutual Fund		
Franklin Templeton Mutual Fund Nil (Previous year 1,43,75,356) Units of Franklin India Income Opportunities Fund -Growth of Rs.10 each	-	1480.44



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
13. Non Current Investments (Continued)		
ICICI Prudential Mutual Fund		
Nil (Previous year 70,50,405) Units of ICICI Prudential Income Opportunities Fund-Regular Plan-Growth of Rs.10 each	-	1095.29
13,88,808 Units of ICICI Prudential Income - Regular Plan-Growth of Rs.10 each	500.00	500.00
41,57,762 Units of ICICI Prudential Short Term - Direct Plan-Growth of Rs.10 each	1000.00	1000.00
75,28,363 Units of ICICI Prudential Dynamic Bond Fund-Direct Plan - Growth of Rs.10 each	1000.00	1000.00
1,00,00,000 Units of ICICI Prudential Interval Fund Series VII Annual Interval Plan C-Direct Plan of Rs.10 each	1000.00	1000.00
78,705 Units of ICICI Prudential Income Opportunities Fund -Regular Plan- Growth of Rs. 10 each	12.26	12.26
50,00,000 Units of ICICI Prudential FMP Series 74-369 Days Plan I-Direct Plan Cumulative of Rs. 10 each	500.00	500.00
Birla Mutual Fund		
19,53,831 Units of Birla Sun Life Income Plus-Growth - Regular Plan of Rs.10 each	710.20	710.20
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each	-	1000.00
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series KG-Growth Direct of Rs.10 each	-	1000.00
50,00,000 Units of Birla Sun Life Fixed Term Plan-Series LI (1173 Days)-Growth Direct of Rs. 10 each	500.00	500.00
IDFC Mutual Fund		
52,81,572 Units of IDFC Super Saver Income Fund- Investment Plan-Growth-(Direct Plan) of Rs. 10 each	1500.00	1500.00
50,00,000* Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	-	500.00
50,00,000* Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	-	500.00
HDFC Mutual Fund		
Nil (Previous year 80,90,484) Units of HDFC Medium Term Opportunities Fund-Growth of Rs.10 each	-	1000.00
50,00,000 Units of HDFC FMP 370D May 2014(1) Series 31 - Direct-Growth of Rs.10 each	500.00	500.00
60,89,466 Units of HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option of Rs.10 each (purchased during the year)	1000.00	-
SBI Mutual Fund		
1,06,10,005 Units of SBI Dynamic Bond Fund- Regular Plan-Growth of Rs.10 each	1500.00	1500.00
50,00,000 SBI Debt Fund Series - A 1 15 Months-Direct-Growth of Rs.10 each	500.00	500.00
57,40,759 Units of SBI Short Term Debt Fund-Direct Plan-Growth of Rs.10 each (purchased during the year)	1000.00	-
AXIS Mutual Fund		
79,97,505 Units of AXIS Dynamic Bond Fund-Direct Plan-Growth Plan (DB-DG) of Rs.10 each	1000.00	1000.00
DSP BlackRock Mutual Fund		
1,08,760 Units of DSP BlackRock Strategic Bond Fund-Direct Plan-Growth of Rs.1000 each	1500.00	1500.00
DHFL Pramerica Mutual Fund (formerly known as Deutsche Mutual Fund)		
47,24,290 Units of DHFL Pramerica Short Maturity Fund-Direct Plan-Growth (formerly known as DWS Short Maturity Fund-Direct-Plan-Growth) of Rs.10 each	1000.00	1000.00
1,62,327 (Previous year 1,57,703) Units of DHFL Pramerica Insta Cah Plus Fund-Bonus (formerly known as DWS Treasury Fund-Cash-Bonus) of Rs.10 each	187.50	187.50
Reliance Mutual Fund		
1,00,00,000 Units of Reliance Yearly Interval Fund -Series 6-Direct Growth Plan of Rs.10 each	1000.00	1000.00
1,00,00,000* Units of Reliance Fixed Horizon Fund - XXV- Series 14 -Direct Plan Growth of Rs. 10 each	-	1000.00
33,73,190** Units of Reliance Income Fund-Direct Plan Growth Plan-Bonus Option of Rs.10 each	375.00	-
20,000 Units of Reliance Equity Opportunity Fund -Growth of Rs.10 each	2.00	2.00
97,800 Units of Reliance Top 200 Fund -Retail Plan - Growth of Rs.10 each	10.00	10.00
UTI Mutual Fund		
70,99,046 Units of UTI- Short Term Income Fund-Institutional Option-Direct Plan-Growth of Rs. 10 each	1000.00	1000.00
76,42,438 Units of UTI- Dynamic Bond Fund-Direct Plan-Growth of Rs.10 each	1000.00	1000.00
54,40,667 Units of UTI-Short Term Income Fund-Institutional Option-Direct Plan-Growth of Rs.10 each (purchased during the year)	1000.00	-
Sundaram Mutual Fund		
1,00,00,000 Units of Sundaram Fixed Term Plan ER 18 Months Direct Growth of Rs.10 each	1000.00	1000.00
TATA Mutual Fund		
50,00,000* Units of TATA Fixed Maturity Plan Series 45 Scheme A-Direct Plan-Growth of Rs. 10 each	-	500.00
50,00,000 Units of TATA Fixed Maturity Plan Series 47 Scheme I-Direct Plan-Growth of Rs.10 each	500.00	500.00
34,85,851 Units TATA Short Term Bond Fund Direct Plan-Growth of Rs. 10 each (purchased during the year)	1000.00	-



GODFREY PHILLIPS
—INDIA LIMITED—

Rupees in lacs

		As at 31.3.2016		As at 31.3.2015
13. Non Current Investments (Continued)				
OTHER INVESTMENTS - UNQUOTED				
Investments in Equity Instruments				
Associate:				
Success Principles India Limited				
1,99,673 Equity Shares of Rs. 10 each fully paid up				
Cost of acquisition (net of capital reserve of Rs.1.67 lacs)	19.97		19.97	
Add: Group's share of profit upto year end	40.97	60.94	40.90	60.87
Others:				
K K Modi Investment & Financial Services Pvt. Ltd.				
91,875 Equity Shares of Rs.10 each fully paid up		36.78		36.78
71,28,000 Preference Shares of Rs.10 each fully paid up		54.00		54.00
Modicare Limited				
7,20,000 Equity Shares of Rs.2.50 each		18.00		18.00
Investment in Government Securities (Unquoted)		0.36		0.36
		23108.38		26812.88
Less: Provision for diminution in the value of investments		105.04		14.80
		23003.34		26798.08
Aggregate value of quoted investments		22561.74		26384.43
Aggregate amount of unquoted investments		441.60		413.65
		23003.34		26798.08
Market/net asset value of quoted investments		29049.36		33053.84
* Transferred to Current Investment in Note 16				
** Transferred from Current Investment in Note 16				

Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
14. Deferred taxation		
Deferred tax assets		
- Accrued expenses deductible on payment	3162.30	2828.23
- Foreign currency fluctuation relating to borrowings	484.00	852.39
- Expenditure under voluntary retirement schemes	489.81	734.72
- Others	132.96	145.55
	4269.07	4560.89
Deferred tax liabilities		
- Accelerated depreciation	2717.21	2812.57
- Capital gains	64.89	64.89
	2782.10	2877.46
Deferred tax assets net	1486.97	1683.43

15. Long-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Capital advances	493.24	1310.67
Security deposits	1291.11	1797.25
Other loans and advances		
- Loans given	2725.00	2325.00
- Prepaid expenses	50.67	390.27
- Loans to employees	922.75	915.16
	5482.77	6738.35



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
16. CURRENT INVESTMENTS		
Current portion of long-term investments (at cost)#		
Investments in Mutual Fund (Quoted)		
Birla Mutual Fund		
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series KG (1099 Days)-Growth Direct of Rs.10 each	1000.00	-
1,00,00,000* Units of Birla Sun Life Fixed Term Plan-Series IU (1099 Days)-Growth Direct of Rs.10 each	1000.00	-
45,649 Units of Birla Sun Life Saving Fund- Retails Growth of Rs.100 each	90.00	90.00
13,378 Units of Birla Sun Life Saving Fund- Growth of Rs.100 each	32.50	32.50
Reliance Mutual Fund		
33,73,190** (Previous year 32,90,917) Units of Reliance Income Fund-Growth Bonus Option of Rs.10 each	-	375.00
1,00,00,000* Units of Reliance Fixed Horizon Fund -XXV-Series 14-Direct Plan Growth Plan of Rs. 10 each	1000.00	-
Nil (Previous year 576) Units of Reliance Liquidity Fund -Direct-Daily Dividend of Rs.100 each**	-	5.76
IDFC Mutual Fund		
50,00,000* Units of IDFC Fixed Term Plan Series 50 Direct Plan-Growth of Rs.10 each	500.00	-
50,00,000* Units of IDFC Fixed Term Plan Series 48 Direct Plan-Growth of Rs.10 each	500.00	-
TATA Mutual Fund		
50,00,000* Units of TATA Fixed Maturity Plan Series 45 Scheme A- Direct Plan-Growth of Rs.10 each	500.00	-
Total	4622.50	503.26
Aggregate value of quoted investments	4622.50	503.26
Net asset value of quoted investments	5646.34	611.16

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

* Transferred from Non Current Investments in Note 13.

** Transferred to Non Current Investments in Note 13.

17. Inventories		
At lower of cost and net realisable value:		
Raw and packing materials*	31245.66	40374.48
Work-in-process	575.76	591.73
Finished goods - Cigarettes**	27541.21	25008.27
- Chewing products	1042.47	341.94
Traded goods***	4704.64	5886.50
At cost or under:		
Stores and spare parts****	2007.45	2155.27
	67117.19	74358.19

* Includes goods in transit Rs.129.89 lacs (Previous year Rs.1628.26 lacs)

** Includes goods in transit Rs.67.98 (Previous year Rs.35.07 lacs)

*** Includes goods in transit Rs.Nil (Previous year Rs.205.32 lacs)

**** Includes goods in transit Rs.Nil (Previous year Rs.14.77 lacs)



Rupees in lacs

	As at 31.3.2016	As at 31.3.2015
18. Trade Receivables		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	602.21	107.53
	602.21	107.53
Others		
Unsecured-considered good	10190.84	12874.22
	10190.84	12874.22
	10793.05	12981.75
19. Cash and cash equivalents		
Cash and cash equivalents (As per AS-3 Cash Flow Statement):		
- Cash on hand	52.64	67.77
- Cheques, drafts on hand	52.93	38.04
- Balances with Banks		
- In current accounts	1227.22	947.58
	1332.79	1053.39
Other bank balances:		
- In term deposit accounts	104.72	44.99
- In earmarked accounts for		
- Margin money	1477.90	1426.54
- Unpaid dividend	185.97	181.41
- Fixed deposit receipts lodged with government authorities	17.11	66.75
	1785.70	1719.69
	3118.49	2773.08
20. Short Term Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Loans and advances to related parties		
- Dues from officers/directors of the Company	19.46	-
- Dues from other related parties	17.21	1.68
Others		
- With excise and customs on current/cenvat accounts	784.16	604.87
- With service tax on current/cenvat accounts	33.48	-
- Income-tax recoverable	1349.61	1139.28
- Security deposits	233.71	67.98
- Prepaid expenses	506.37	990.30
- Loans to employees	196.47	192.52
- Others	3170.36	2466.74
	6310.83	5463.37



Rupees in lacs

		As at 31.3.2016		As at 31.3.2015
21. Other Current Assets				
Interest accrued on bank deposits		58.57		65.50
Export incentives accrued/available		1001.13		1937.97
Fixed assets held for sale-net book value on transfer	868.06		0.35	
Less: Write down in the value	(434.03)	434.03	(0.21)	0.14
Unbilled revenue and others		5.03		2.05
		1498.76		2005.66
		Year ended 31.3.2016		Year ended 31.3.2015
22. Revenue from operations				
Sale of products				
- Cigarettes		345566.23		355929.24
- Unmanufactured tobacco		33700.96		37499.01
- Chewing products		15103.14		14462.61
- Manufactured tobacco		3762.28		3050.51
- Traded goods		31484.76		27829.65
		429617.37		438771.02
Other operating revenues				
Export incentives		885.36		2090.67
Interest income (gross) from:				
- Debts, deposits, loans and advances, etc.		5.97		4.55
Dividend income from long-term investments		16.50		14.83
Profit on sale of other investments		4.56		-
Net gain on sale of long-term investments		-		16.96
Receipts from secondment of services		2757.25		2410.57
Scrap sales		595.85		670.20
Sundries		1485.80		1385.06
		5751.29		6592.84
Total revenue from operations		435368.66		445363.86
Less: Excise duty		193669.14		186668.78
		241699.52		258695.08
23. Other income				
Interest income (gross) from:				
- Debts, deposits, loans and advances, etc.		294.69		298.59
- Long-term investments		34.80		34.80
Rent and hire charges (gross) from:				
- Others		268.90		343.85
Net gain on sale/redemption of:				
- Long-term investments		1563.86		1701.49
- Current investments		530.73		325.34
Profit on sale of fixed assets held for sale		0.14		225.72
Foreign currency fluctuation		155.73		250.06
		2848.85		3179.85



Rupees in lacs

	Year ended 31.3.2016	Year ended 31.3.2015
24. Cost of materials consumed		
(Raw and packing materials)		
Unmanufactured and blended tobacco	21458.08	22907.40
Cigarette paper	784.94	848.35
Cardboard (shells, slides and others)	9114.30	9097.55
Filter rods	6955.46	7339.52
Aluminium foil/Metallised paper	1331.60	1528.59
Cellulose paper	896.43	978.86
Flavours for chewing products	1901.70	1920.82
Betel nut	3624.81	3715.29
Katha, lime and bulking agent	1000.87	918.89
Paper/Laminate pouches for chewing products	1703.52	1549.89
Miscellaneous	6379.06	6367.22
	55150.77	57172.38
25. Purchases of traded goods		
Unmanufactured tobacco	25385.32	32261.08
(transferred from raw and packing materials)	128.05	1584.81
Cigarettes		
Other goods-Tea, etc. (including packing materials and processing charges)	24071.13	22107.03
	49584.50	55952.92
26. Changes in Inventories of finished goods, work-in-process and traded goods		
Opening stock:		
- Work-in-process	591.73	391.25
- Finished goods - Cigarettes	25008.27	11513.76
- Chewing products	341.94	818.27
- Traded goods	5886.50	5072.80
	31828.44	17796.08
Less: Excise duty in opening stock	18549.75	8321.47
Opening stock net of excise duty	13278.69	9474.61
Closing stock:		
- Work-in-process	575.76	591.73
- Finished goods - Cigarettes	27541.21	25008.27
- Chewing products	1042.47	341.94
- Traded goods	4704.64	5886.50
	33864.08	31828.44
Less: Excise duty in closing stock	20802.85	18549.75
Closing stock net of excise duty	13061.23	13278.69
(Increase)/Decrease	217.46	(3804.08)



Rupees in lacs

	Year ended 31.3.2016	Year ended 31.3.2015
27. Employee Benefits Expenses		
Salaries, wages, bonus, etc.	22254.34	22248.55
Contribution to provident and other funds	1581.64	1488.03
Workmen and staff welfare expenses	1629.96	1582.96
Contribution to gratuity and superannuation fund	1243.28	1915.10
	26709.22	27234.64
28. Finance Costs		
Interest expenses on:		
- Borrowings	519.71	1295.50
- Others*	61.71	159.14
Other borrowing costs	68.29	40.61
Foreign currency fluctuations (considered as finance cost)	359.98	419.83
	1009.69	1915.08
*including Rs.41.58 lacs (Previous year Rs.41.58 lacs) towards interest on entry tax.		
29. Other Expenses		
Consumption of stores and spare parts*	105.47	99.45
Power and fuel	2899.00	3059.26
Rent	3254.74	2922.31
Repairs and maintenance		
- Buildings	386.80	325.84
- Machinery	1622.83	1748.85
- Others	1057.08	989.60
Insurance	524.99	535.98
Rates and taxes	4250.03	6039.07
Freight and cartage	3611.27	3569.93
Legal and professional expenses	11052.43	10267.11
Auditors' Remuneration (net of cenvatable service tax)@		
- Audit fees	93.17	68.63
- For tax audit	20.68	18.67
- For limited review of unaudited financial statements	47.98	43.46
- For corporate governance, consolidated financial statements and other certificates	6.63	6.10
- For other services	1.53	4.78
- Reimbursement of expenses	10.97	9.35
Cash discount	110.68	124.76
Commission paid to other than sole selling agents	389.04	344.95
Advertising and sales promotion	23920.82	31613.80
Selling and distribution expenses	7048.17	6843.27
Travelling and conveyance	3603.94	4206.69
Donations	77.22	91.63
Contributions/expenses towards CSR (Refer Note 30)	496.31	499.72
Bad debts and advances written off	19.97	26.27



Rupees in lacs

	For the year ended 31.3.2016	For the year ended 31.3.2015
29. Other Expenses (Continued)		
Fixed assets written off	159.80	4.36
Loss on sale of fixed assets	68.79	21.82
Technical services fee and royalty	1144.58	1345.68
Consumer research activity	818.89	917.02
Machine and material handling expenses	416.36	558.06
Provision for decline in the value of investments	90.24	-
Write down in the value of fixed assets held for sale	434.03	-
Miscellaneous expenses	10021.89	9168.08
	77766.33	85474.50
*Excludes consumption of spares parts charged to repairs and maintenance-machinery @Including fees paid to the auditors of the subsidiary companies	1069.34	1131.84

30. 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.496.00 lacs (Previous year Rs.499.00 lacs) and the details of amount spent are as under:

Rupees in lacs

a) By way of contribution for the above mentioned activities	472.68	474.73
b) Administrative expenses incurred (restricted to 5%)	23.63	24.99
	496.31	499.72

	For the year ended 31.3.2016	For the year ended 31.3.2015
31. Earnings per share has been computed as under:		
a) Net profit as per consolidated statement of profit and loss (Rs. lacs)	16259.74	18332.39
b) Weighted average number of equity shares outstanding	51993920	51993920
c) Basic and diluted earnings per share (Rupees) (Face value of share-Rs.2 each) (Refer Note 31)	31.27	35.26

32. REMUNERATION OF DIRECTORS

Included in Expenses are:		
Salaries*	731.56	442.00
Monetary value of benefits	97.23	60.56
Commission**	443.53	472.00
Sitting fees (#excluding service tax paid under reverse charge)	64.00#	47.01
Total	1336.32	1021.57

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

** includes Rs.31.18 lacs (previous year Rs.200.00 lacs) payable to a non-working director.



Rupees in lacs

	For the year ended 31.3.2016	For the year ended 31.3.2015
33. EXPENDITURE ON SCIENTIFIC RESEARCH AND DEVELOPMENT		
Revenue expenditure	989.10	1056.25
Capital expenditure	490.21	532.53
	As at 31.3.2016	As at 31.3.2015
34. CONTINGENT LIABILITIES NOT PROVIDED FOR		
a) Demands from excise, income tax, sales tax and other authorities disputed by the Group@	4042.65	3740.84
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.

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

36. 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.

37. a) The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs.2256.19 lacs (previous year- Rs.7814.81 lacs).

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

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

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

(i) for periods not later than one year – Rs.820.49 lacs (previous year–Rs.1176.50 lacs)

(ii) for periods between later than one year and less than five years–Rs.307.13 lacs (previous year–Rs. 5337.10 lacs).

(iii) for period later than five years Rs. Nil (previous year Rs. 1814.78 lacs).

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

39. Related party disclosures under Accounting Standard 18

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

(a) Associates:

Philip Morris Global Brands Inc., of which the Company is an associate.

K K Modi Investment & Financial Services Private Limited, of which the Company is an associate.

Success Principles India Limited, an associate of the Company.

IPM India Wholesale Trading Private Limited, an associate of the Company.

KKM Management Centre Private Limited, an associate of the Company.

(b) Key management personnel and their relatives:

Mr. K.K.Modi	President and Managing Director
Mr. Samir Kumar Modi	Executive Director
Mr. Lalit Kumar Modi	Ordinary Director (upto 28 th May,2015) and a relative of Mr.K.K.Modi, Mrs. Bina Modi and Mr.Samir Kumar Modi
Mrs. Bina Modi	Ordinary Director and a relative of Mr.K.K.Modi, Mr. Lalit Kumar Modi and Mr.Samir Kumar Modi
Mr. R.Ramamurthy	Whole-time Director
Mr. Ashrant Bhartia	Executive Director of a subsidiary

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

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



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

Rs. in lacs

Nature of transactions	Associates		Key management personnel and their relatives		Enterprises over which significant influence exists	
	2016	2015	2016	2015	2016	2015
Sale of goods, spare parts, etc	54631.56@	41140.50@	-	-	231.79	222.49
Purchase of goods/services/spare parts	128.05@	1584.81@	-	-	1837.78#	2070.87#
Receipts from secondment of services	2610.71@@	2321.47@@	-	-	146.54	89.10
Interest income	61.26@	44.08@	-	-	-	-
Miscellaneous Income	114.56@	221.40@	-	-	-	-
Rent and hire charges received	128.28	136.06	-	-	76.71	73.44
Rent paid	-	-	-	-	18.98	17.50
Payments for professional services availed	3960.13@@	3906.46@@	-	-	-	-
Donation given**	-	-	-	-	284.50	274.50
Expenses recovered	4054.50@*	3136.12@*	-	-	0.89	5.16
Expenses reimbursed	308.83	24.98	-	-	0.55	0.91
Dividend payment (gross)						
- Philip Morris Global Brands Inc.	1044.04	1044.04	-	-	-	-
Managerial remuneration ##						
- K.K.Modi	-	-	718.35	440.40	-	-
- Lalit Kumar Modi	-	-	31.18	200.00	-	-
- Samir Kumar Modi	-	-	338.44	202.56	-	-
- R.Ramamurthy	-	-	150.72	120.39	-	-
- Bina Modi	-	-	7.00	5.00	-	-
- Ashrant Bhartia	-	-	33.63	11.21	-	-
Balance outstanding as at the year end						
- Trade receivables	2786.38@**	3505.41@**	-	-	76.66	61.31
- Loans and advances	-	-	33.77	-	2727.90*	2326.68*
- Trade payables	999.08@	1399.21@	-	-	189.50	124.51
- Dues payable	325.32	123.25	5.56	3.73	8.06	-

@ relates to IPM India Wholesale Trading Private Limited.

@@ relates to KKM Management Centre Private Limited.

@* includes Rs.4051.53 lacs (previous year Rs.3127.55 lacs) from IPM India Wholesale Trading Private Limited.

@** includes Rs.2786.38 lacs (previous year Rs.3505.13 lacs) due from IPM India Wholesale Trading Private Limited.

includes Rs.1710.15 lacs (previous year Rs.1873.61 lacs) from Beacon Travels Private Limited.

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

* includes Rs.2725 lacs (previous year Rs.2325 lacs) to Rajputana Developers Projects (AOP).

** including for CSR activities.

40. Segment reporting disclosures under Accounting Standard 17

(A) Business segments:

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

(B) Geographical segments:

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

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

Rupees in lacs								
	Cigarette and tobacco products	Tea and other retail products	Other	Total	Cigarette and tobacco products	Tea and other retail products	Other	Total
For the year ended March 31, 2016					For the year ended March 31, 2015			
1. Segment revenue - External sales (gross)	398419.73	31197.64	-	429617.37	411325.11	27445.91	-	438771.02
- Less: Excise duty	193669.14	-	-	193669.14	186668.78	-	-	186668.78
- Net sales	204750.59	31197.64	-	235948.23	224656.33	27445.91	-	252102.24
- Other operating income	5144.70	578.06	28.53	5751.29	6040.28	516.22	36.34	6592.84
- Total	209895.29	31775.70	28.53	241699.52	230696.61	27962.13	36.34	258695.08
- Unallocable income				2848.85				3179.85
Total revenue				244548.37				261874.93
2. Segment result	26662.89	(4270.88)	(250.06)	22141.95	30985.73	(4553.26)	9.24	26441.71
- Unallocable (expenses)/income net of unallocable income/(expenses)				2299.36				2583.51
Profit before finance costs and tax				24441.31				29025.22
- Finance costs				(1009.69)				(1915.08)
- Tax expense				(7208.12)				(8859.40)
Profit after tax before share of results of associates and minority interests				16223.50				18250.74
Share of net profit of associates				35.15				56.72
Profit after tax before minority interests				16258.65				18307.46
3. Other information	As at March 31, 2016				As at March 31, 2015			
a) Segment assets	156627.00	9044.08	3666.06	169337.14	161748.87	11589.45	3284.13	176622.45
- Unallocable assets/investments				31681.01				30722.55
Total assets				201018.15				207345.00
b) Segment liabilities	36284.39	2209.50	28.44	38522.33	39839.53	2343.12	3.42	42186.07
- Share capital, reserves and minority interests				142988.51				131704.54
- Unallocable liabilities				19507.31				33454.39
Total liabilities				201018.15				207345.00
For the year ended March 31, 2016					For the year ended March 31, 2015			
c) Capital expenditure including capital work in progress	14004.08	620.07	-	14624.15	10322.04	442.63	-	10764.67
d) Depreciation and amortization	10278.71	400.07	-	10678.78	10382.71	436.64	-	10819.35
e) Non cash expenditure other than depreciation	1436.84	115.50	90.24	1642.58	1753.88	101.54	-	1855.42

Segment accounting policies:

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

a) Segment revenue and expenses:

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



b) Segment assets and liabilities:

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

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

41. Employee Benefits

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

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

Rupees in lacs

	For the year ended 31.3.2016	For the year ended 31.3.2015
Employers' contribution to provident fund and employee's pension scheme	1582.90	1488.03
Employers' contribution to superannuation fund	201.74	197.59
Employers' contribution to employee's state insurance	6.17	8.05

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

- Compensated absences – amount recognized in the statement of profit and loss – Rs. 1549.30 lacs; (previous year Rs. 1858.61 lacs).

III Defined benefit plans (based on actuarial valuation)

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

	Gratuity (Funded)	
	For the year ended 31.3.2016	For the year ended 31.3.2015
A) Principal Assumptions		
• Discount rate (per annum)	8.30%/7.90%	7.90%
• Rate of increase in compensation levels	8.00%/7.50%	7.50%
• Expected rate of return on plan assets	7.50%	7.50%
• Expected average remaining working lives of employees	11.44 / 8.65 years	12.02 / 10.35 years
• Retirement age	58 years	58 years

Rupees in lacs

	For the year ended 31.03.2016	For the year ended 31.3.2015
B) Changes in the present value of obligation		
• Present value of obligation as at the beginning of the year	8108.65	6384.64
• Interest cost	636.96	578.96
• Current service cost	544.50	452.24
• Benefits paid	(541.56)	(550.96)
• Actuarial (gain)/loss on obligations	537.96	1243.77
• Present value of obligation as at the end of the year	9286.51	8108.65
C) Change in the fair value of plan assets		
• Fair value of plan assets as at the beginning of the year	6402.87	5572.49
• Expected return on plan assets	465.72	409.85
• Actuarial gain/ (loss) on plan assets	233.29	186.71
• Contributions received	1749.37	784.78
• Benefits paid	(541.56)	(550.96)
• Fair value of plan assets as at the end of the year	8309.69	6402.87
D) (Shortfall)/excess of fair value over book value of plan assets	18.79	6.48
E) Net liability recognized in the balance sheet (B-C+D)	995.61	1712.26



Rupees in lacs

	For the year ended 31.03.2016	For the year ended 31.3.2015
F) Constitution of plan assets		
• Government Securities	765.58	849.14
• Corporate Bonds	817.24	965.36
• Insurer Managed Funds	5733.04	3812.69
• Others (net)	993.83	775.68
• Total	8309.69	6402.87
G) Expenses recognized in the profit and loss Account		
• Current service cost	544.50	452.24
• Interest cost	636.96	578.96
• Expected return on plan assets	(465.72)	(409.85)
• Net actuarial (gain)/ loss	304.67	1057.07
• (Shortfall)/excess of fair value over book value of plan assets – incremental	12.30	39.09
• Total	1032.71	1717.51

H) Experience Adjustments

Particulars	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
Defined benefit obligation	5706.66	6858.09	6384.64	8108.65	9286.51
Plan assets	5133.05	5945.80	5572.50	6402.87	8309.69
Surplus/(Deficit)	(573.61)	(912.29)	(812.14)	(1705.78)	(976.82)
Experience adjustment on plan liabilities	476.80	510.96	732.55	393.54	447.66
Experience adjustment on plan assets	167.08	147.99	73.12	186.71	233.29

I) Gratuity liability in case of subsidiary in Dubai has been calculated and provided for as per local laws amounting to Rs.8.84 lacs.

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

Particulars	As at March 31,2016		As at March 31,2015	
	Amount in foreign Currency (lacs)	Amount in Rs. lacs	Amount in foreign Currency (lacs)	Amount in Rs. lacs
Loan funds	130.00 USD	8613.80	162 USD	10125.81
Sundry debtors	45.14 USD 2.99 GBP	2990.59 285.60	90.58 USD 4.41 GBP	5660.80 409.23
Current liabilities and provisions	20.15 USD	1334.93	19.62 USD	1226.65
	4.63 EURO	349.32	1.37 EURO	91.98
	0.51 GBP	48.27	7.882 GBP	731.88
	0.85 SGD	41.82	0.57 SGD	25.96
	0.02 CHF	1.19	0.017 CHF	1.10
	4.43 JPY	2.62	214.58 JPY	111.8
	- AED	-	0.22 AED	3.75
	1.06 HKD	9.09	0.84 HKD	6.75
	5.59 NPR	3.52	82.17 NPR	51.36

(b) Derivative instrument outstanding as at year end:

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

4050.00 JPY **3313.00** 13839.00 JPY 10125.81



GODFREY PHILLIPS
—INDIA LIMITED—

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

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount (Rs.In Lacs)	As % of consolidated profit or loss	Amount (Rs.In Lacs)
Parent				
Godfrey Phillips India Ltd.	94.41	134545.44	101.46	16498.36
Subsidiaries				
a) Indian				
1. International Tobacco Company Ltd.	3.14	4475.29	0.31	50.14
2. Chase Investments Ltd.	0.43	618.07	(0.44)	(71.60)
3. Friendly Reality Projects Limited (Formerly known as Kashyap Metal and Allied Industries Limited)	1.69	2408.79	(0.01)	(1.34)
4. Gopal Krishna Infrastructure & Real Estate Ltd.	-	2.83	-	0.05
5. Rajputana Infrastructure Corporate Ltd.	0.28	403.24	(0.03)	(5.17)
6. Unique Space Developers Ltd.	0.05	64.72	(0.01)	(2.01)
b) Foreign				
1. Godfrey Phillips Middle East DMCC	(0.03)	(40.94)	(0.47)	(76.44)
2. Flavors and More, Inc.	0.11	160.86	(1.04)	(168.49)
Minority Interests in all subsidiaries	(0.33)	(468.76)	0.01	1.09
Associates in India (Investment as per the equity method)				
1. IPM India Wholesale Trading Pvt. Ltd.	-	-*	-	-*
2. KKM Management Centre Pvt.Ltd.	0.20	289.27	0.22	35.08
3. Success Principles India Ltd.	0.04	60.94	-	0.07
	100.00	142519.75	100.00	16259.74

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

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

BHISHAM WADHERA
Chief Executive Officer

SAMIR KUMAR MODI
(DIN 00029554)
Executive Director

R. RAMAMURTHY
(DIN 00030463)
Whole-time Director

Place: New Delhi
Date : May 30, 2016

SUNIL AGRAWAL
Chief Financial Officer

SANJAY GUPTA
Company Secretary

For and on behalf of the Board of Directors

R.A. SHAH
(DIN 00009851)
Chairman

DR. LALIT BHASIN
(DIN 00001607)

ANUP N. KOTHARI
(DIN 00294737)

ATUL KUMAR GUPTA
(DIN 01734070)

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, Next to Kala Chowky Post Office, Dr. Babasaheb Ambedkar Road,
Lalbaug, Mumbai - 400 033
For more information, log on to www.godfreyphillips.com

GODFREY PHILLIPS INDIA LIMITED

Registered Office:

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

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



NOTICE

NOTICE is hereby given that the **Seventy-Ninth Annual General Meeting of Godfrey Phillips India Limited will be held at Y.B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana) Mumbai – 400 021 on Monday, the 26th September, 2016 at 03:00 P.M.** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:
 - a. the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2016, 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, 2016.
2. To declare dividend on Equity Shares for the year ended 31st March, 2016.
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.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

Special Business

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

6. As an Ordinary Resolution

"RESOLVED THAT Mr. Ruchir Kumar Modi (DIN 07174133), who was appointed as an Additional Director (Non-Executive Director) of the Company with effect from March 19, 2016 and who, in terms of Section 161(1) of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force), holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT the approval of the members be and is hereby accorded for payment of remuneration by way of commission on a quarterly basis, to Mr. Ruchir Kumar Modi, Non-Executive Director of the Company, a sum @ Rs. 1,50,00,000 (Rupees One crore fifty lacs) per annum, subject to a maximum of one percent (1%) of the net profit of the Company during any financial year computed in the manner laid down in section 198 of the Companies Act, 2013, for a period of three years with effect from 1st July, 2016.

RESOLVED FURTHER THAT Mr. Ruchir Kumar Modi during the tenure of his appointment shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company, including provision of a mobile telephone connection in India and travel related expenses.

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

7. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Chandra Wadhwa & Co., Cost Accountants (Firm Registration Number - 00239), appointed as Cost Auditors for conducting audit of the cost accounting records of 'Tea' business of the Company for the Financial Year ending 31st March, 2017 be paid a remuneration, not exceeding Rs.2.50 lacs (Two lacs fifty thousand only) plus service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit."

8. As a Special Resolution

"RESOLVED THAT pursuant to provisions of Section 94(1) and other applicable provisions of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and any other applicable Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company 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., M/s. LINK INTIME INDIA PVT. LTD. at C- 13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai- 400078 and at such places within Mumbai in the State of Maharashtra where the Registrar and Share Transfer Agent may shift its office from time to time, instead of keeping such Register of Members and copies of Annual Returns including Register of Debenture holders/other security holders, if any, at the Registered Office of the Company."

New Delhi : August 16, 2016
REGISTERED OFFICE:

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

By order of the Board
for Godfrey Phillips India Limited

Sanjay Gupta
Company Secretary
Membership No.7545

Notes:

1. The Register of Members and Share Transfer Register of the Company shall remain closed from September 20, 2016 to September 26, 2016 (both days inclusive) for the purpose of payment of dividend for the year ended 31st March, 2016.
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 6 & 7 is annexed to the Notice of the meeting.
4. Dividend when declared, will be paid from September 30, 2016 to those members of the Company whose names appear on the Register of Members on September 26, 2016 after giving effect to all the valid transfers in physical form lodged on or before the close of business hours on September 19, 2016. 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 September 19, 2016 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. Members are, therefore, requested to dematerialize their shareholding to avoid any inconvenience.
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. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all unpaid or unclaimed dividends for the financial years 1993-94 have been transferred to the General Revenue Account of the Central Government. Further, pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 as amended, all unpaid or unclaimed dividends for the financial years 1994-95 to 2007-08 have already been transferred by the Company to the credit of the Investor Education & Protection Fund established by the Central Government. Unclaimed dividend for the financial years 2008-09 and 2009-2010 would become due for transfer sometime in October, 2016 and October, 2017, respectively



Members are requested to write to the Registrar and Transfer Agents of the Company to obtain payment of any dividend which might be lying unclaimed in their account with the Company before those are transferred to the Investor Education & Protection Fund referred to as above.

8. 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- 13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai- 400078 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 :

Main Office at Bhandup (W), Mumbai
Tel. No. : 022- 25946970
Fax No. : 022- 25946969
e-mail: 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: delhi@linkintime.co.in

9. Members holding shares in single name and 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.
10. The Statement of Profit and Loss for the financial year ended 31st March, 2016, 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.

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

Members, who have not yet submitted their requisite bank account details, are once again requested to kindly provide these details latest by 12th September, 2016, 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.



12. 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.
13. 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.
14. The address of the registered office of Company is as detailed hereunder:

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

15. **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.

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

Item No. 6

On the basis of the recommendations of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Ruchir Kumar Modi as an Additional Director (Non-executive Director) on 19th March, 2016 who holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing along with the requisite deposit, from a member proposing his candidature for appointment as a Director of the Company.

Mr. Ruchir Kumar Modi is expected to play an important role in the expansion and development of the Company's international business and in the pursuit of new business opportunities. Considering his entrepreneurial skills and the role he is expected to play for growth of the international business of the Company, the Board of Directors recommended payment to Mr. Ruchir Kumar Modi a remuneration on quarterly basis, by way of commission of Rs. 1,50,00,000/- (Rupees One crore fifty lacs only) per annum for a period of 3 years with effect from 1st July, 2016 in accordance with the provisions of Section 197 of the Companies Act, 2013. In addition to this, the Board also recommended to pay/reimburse him all expenses incurred in connection with business of the Company including provision of a mobile telephone connection in India and travel related expenses.

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

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

The Board recommends the Resolution set out at Item No. 6 of the notice for approval by the Members.

Profile of Mr. Ruchir Kumar Modi is as under :

Name of the Director	RUCHIR KUMAR MODI
Director Identification Number	07174133
Date of joining the Board	19/03/2016
Qualification	Bachelor's Degree in Global Business Management from the Regent University, London
Profile of the Director	He founded Modi Ventures in the year 2014 to bring the most innovative technology projects to the Indian Market. As a pilot, Modi Ventures has established two joint-ventures, the first being with U-First S.r.l. Italy, which has created a mass scale digital application that prioritizes users in queues at a range of public and private locations and institutions, including airports, stations and other establishments where customer queuing is necessary and the second being a joint venture with an established NBFC to provide an on-line loan service for business and private consumers and contractors. Modi Ventures is close to finalizing an investment in the food and beverages sector in the United Kingdom.
Directorships and Committee memberships in other companies*	-
Number of Shares held in Company	2000
Age	22 years

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

Item No. 7

On the recommendation of the Audit Committee, the Board of Directors of the Company approved the re-appointment of M/s. Chandra Wadhwa & Co., Cost Accountants, as Cost Auditors to conduct the audit of the Cost Accounting Records of 'Tea' business of the Company for the financial year 2016-17.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be approved by the Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditor for the financial year 2016-17 as set out in the Resolution.

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

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

Item No. 8

Section 94(1) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and any other Rules framed thereunder allow the Company to keep the Register of Members together with Index of Members and copies of Annual Returns filed by the Company, at a place other than the Registered Office of the Company, if approved by the Members by way of Special Resolution.

Presently more than one - tenth of the total number of Members of the Company are residing in the city of Mumbai in the State of Maharashtra. Accordingly the Board seeks approval of the Members to keep the Register of Members, copies of Annual Returns and all relevant documents/ registers pertaining thereto, maintained by the Company either physically or electronically, at the office of the Registrar & Transfer Agents of the Company — M/s. LINK INTIME INDIA PVT. LTD. located at C- 13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai- 400078 who were recently appointed by the Company as its new Registrar & Transfer Agents in place of M/s Sharepro Services India Pvt. Ltd.

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

The Board recommends the Resolution set out at Item No. 8 of the notice for approval by the Members.

New Delhi : August 16, 2016

REGISTERED OFFICE:

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

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

Sanjay Gupta
Company Secretary
Membership No.7545



GODFREY PHILLIPS
—INDIA LIMITED—

PROXY FORM

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

Godfrey Phillips India Limited

CIN: L16004MH1936PLC008587

Registered Office: 'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, Dr. Babasaheb Ambedkar Road, Lalbaug, Mumbai – 400 033
Phone: 022-61952300 Fax: 022-61952319 Email : 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 holdingshares of the Company, hereby appoint:

1. Name		
Address	Signature	
Email ID		
Or failing him/her		
2. Name		
Address	Signature	
Email ID		
Or failing him/he		
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 79th Annual General Meeting of the Company, to be held on Monday, 26th September, 2016 at 03:00 p.m. at Y. B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolutions	For*	Against*
	Ordinary Business		
1.	a. Adoption of Audited Standalone Financial Statements of the Company for the financial year ended 31 st March, 2016, the reports of the Board of Directors and Auditors thereon; and		
	b. Adoption of Audited Consolidated Financial Statements of the Company for the financial year ended 31 st March, 2016.		
2.	Declaration of dividend on equity shares.		
3.	Appointment of Mr. R. A. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	Re-appointment of Mrs. Bina Modi, who retires by rotation, and being eligible, offers herself for re-appointment.		
5.	Ratification of appointment of Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company for the financial year 2016-17.		
	Special Business		
6.	Appointment of Mr. Ruchir Kumar Modi as a Non Executive Director and approval for payment of remuneration by way of commission to him.		
7.	Approval of remuneration payable to M/s Chandra Wadhwa & Co., Cost Auditors for the financial year 2016-17		
8.	Approval for keeping Register of Memnrs, Index and copies of Annual Returns, etc at a place other than the regd. office of the Company.		

Signed this — day of ———— 2016

Signature of Member ————

Affix
Revenue
Stamp

Signature of Proxy ————

Notes:

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



Godfrey Phillips India Limited

CIN: L16004MH1936PLC008587

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

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

Phone: 022-61952300 Fax: 022-61952319

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

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional slip at the Venue of the meeting

No. of shares held :

Registered Folio No./ DP ID/ Client ID:

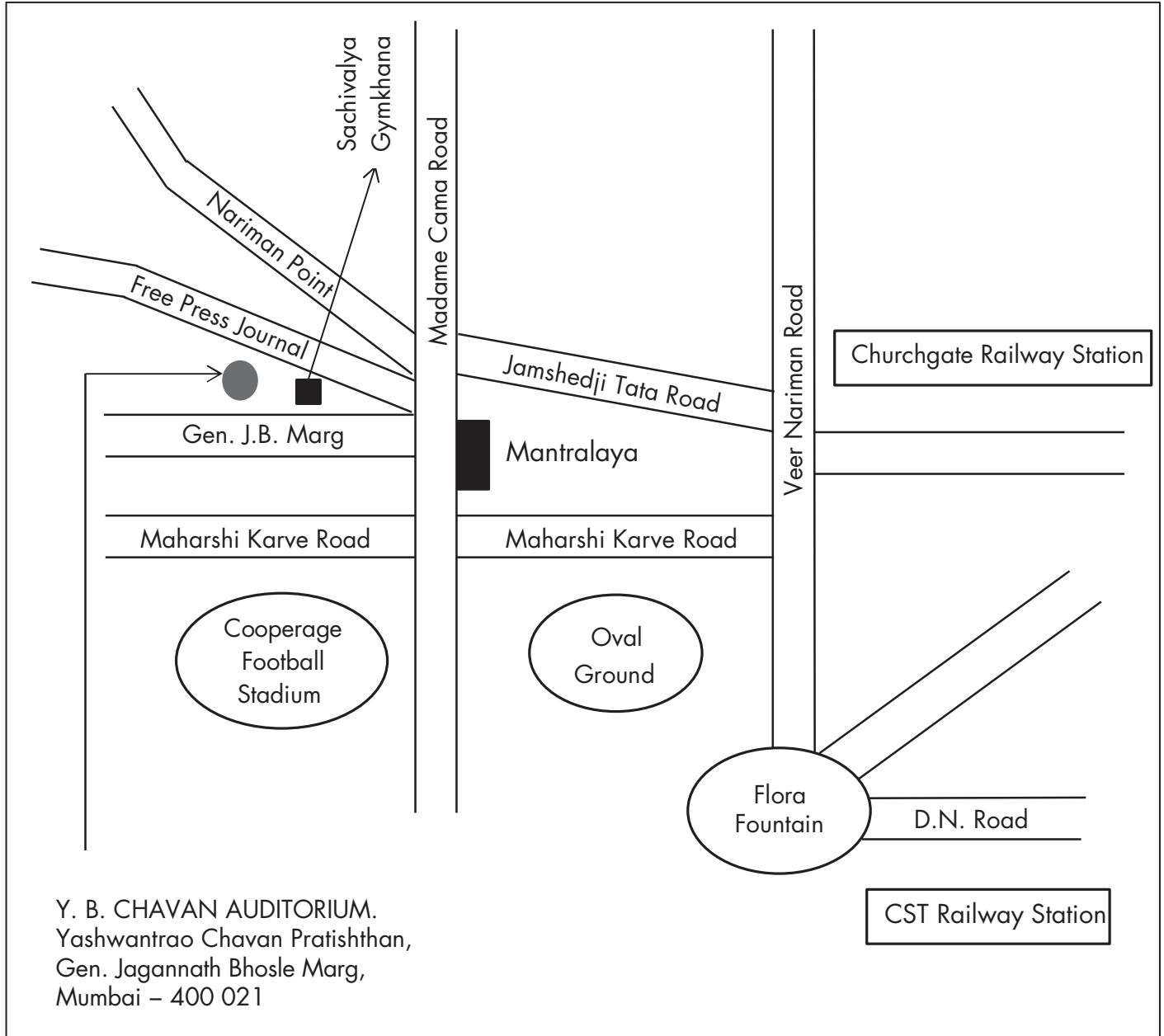
I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the 79th Annual General Meeting of the Company to be held on Monday, 26th September, 2016 at 03:00 p.m. at Y. B. Chavan Auditorium, General Jagannath Bhosle Marg (Next to Sachivalaya Gymkhana), Mumbai – 400 021

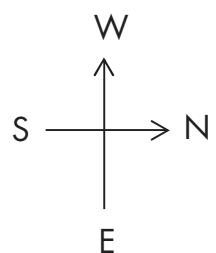
.....
Name of the Member/Proxy
(in BLOCK letters)

.....
Signature of the Member/Proxy

Route map to the venue of the AGM



Not to scale



**GODFREY PHILLIPS INDIA LIMITED**

CIN: L16004MH1936PLC008587

Regd.off.: 'Macropolo Building', Ground Floor, Next to Kala Chowky Post Office, 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)

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 79th Annual General Meeting scheduled to be held on Monday, September 26, 2016 at 3.00 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
104755		

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 September 23, 2016
End of Remote E-voting :	Upto 5 p.m. (IST) on September 25, 2016

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 September 19, 2016.

This Communication forms an integral part of the Notice dated August 16, 2016 convening the 79th Annual General Meeting scheduled to be held on Monday, September 26, 2016 at 3.00 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

August 16, 2016
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:

- A. In case a Member receives an email from NSDL [for members whose email ids are registered with the Company/DepositoryParticipants(s)] :
- Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote e-voting. Please note that the password is an initial password.
 - Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - Click on Shareholder - Login
 - Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - Home page of remote e-voting opens. Click on remote e-voting : Active Voting Cycles.
 - Select "EVEN" of "Godfrey Phillips India Limited".
 - Now you are ready for remote e-voting as Cast Vote page opens.
 - Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - Upon confirmation, the message "Vote cast successfully" will be displayed.
 - Once you have voted on the resolution, you will not be allowed to modify your vote.
 - 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizergpi@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of Annual General Meeting [for members whose email ids are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- Initial password is provided as below/at the bottom of the remote e-voting form for the Annual General Meeting :

EVEN (Remote E-voting Event Number)	USER ID	PASSWORD/PIN
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 - Please follow all steps from Sl. No. (i) to Sl. No. (xii) above, to cast vote.

General Instructions:

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members, available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password / PIN for casting your vote.
- 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).
- 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 September 19, 2016.
- 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. September 19, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or evoting@linkintime.co.in

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- 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.
- 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.
- 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.
- 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.
- 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.
- The Results declared along with 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.
- 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. September 26, 2016.**

29th September, 2016

**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 2015-16 and AGM Notice for the 79th
Annual General Meeting of the Company held on 26th September, 2016**

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 2015-16 along with Notice for the 79th Annual General Meeting of members of Godfrey Phillips India Limited held on Monday, 26th September, 2016 at 3 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