

R. C. AGARWAL & CO.
CHARTERED ACCOUNTANTS

102, Laxman Palace, 19, Veer Savarkar Block, Madhuban Road, Shakarpur, Delhi-110092
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Godfrey Phillips India Limited

Report on the standalone financial statement by the auditors of Flavors & More Inc, USA to Deloitte Haskins & Sells, auditors of Godfrey Phillips India Limited (GPI)

We have audited the accompanying consolidated financial statements of Flavors & More Inc, USA ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended and other reconciliations and information (all collectively referred to as the Fit for Consolidation (FFC) Accounts).

Management's Responsibility for the FFC Accounts

These FFC Accounts are the responsibility of the Company's Board of Directors. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the FFC Accounts. 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 controls relevant to the Company's preparation of the FFC Accounts that give a true and fair view in order to design audit procedures that are



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appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

These FFC accounts have been prepared solely to enable GPI to prepare its Consolidated Financial Statements in accordance with the requirements of IND-AS 110 'Consolidated Financial Statements' and not to report on **FLAVORS & MORE INC, USA** as a separate entity.

Opinion

In our opinion, these FFC Accounts have been prepared, in all material respects, in conformity with accounting principles of GPI and the instructions received from controller of accounts and are suitable for inclusion in the Consolidated Financial Statements of GPI prepared in accordance with the requirements of IND-AS 110 'Consolidated Financial Statements'

We further state that there are no other matters that, in our judgment, need to be reported to you .

This report is intended solely for the use of Deloitte Haskins & Sells in connection with the audit of the Consolidated Financial Statements of GPI and should not be used for any other purpose.



For R.C. Agarwal & co.
Chartered Accountants

R.C. Agarwal
R.C. Agarwal
Partner

Membership No 010200.
FRN No. : 003175N

Place: New Delhi
Date: 18-May-2017

FLAVORS AND MORE, INC.

BALANCE SHEET AS AT MARCH 31, 2017

All amounts in USD unless otherwise stated

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
ASSETS			
Current assets			
Inventories	5	300,186	-
Financial assets			
-Trade Receivable	6	1,838	-
-Cash and cash equivalents	7	116,836	283,832
Other current assets	8	37,750	-
Total current assets		456,610	283,832
Total assets		456,610	283,832
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	1,450,000	500,000
Other equity	10	(1,036,539)	(257,193)
Total equity		413,461	242,807
Liabilities			
Current liabilities			
Financial liabilities			
-Trade payables	11	43,148	41,025
Total current liabilities		43,148	41,025
Total liabilities		43,148	41,025
Total equity and liabilities		456,610	283,832

Notes forming part of the Financial Statements 1-24

In terms of our report attached

For R.C.Agrawal & Co.

Chartered Accountants

R.C.Agrawal

Partner

Membership No 010200

FRN No : 003175N

Place: New Delhi

Date: May 18,2017



For and on behalf of the Board of Directors

Arnab Ghosh
Arnab Ghosh

Director

Ashrant Bhatia

Director

Bhisham Wadhwa
Bhisham Wadhwa

Director

FLAVORS AND MORE, INC.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,2017

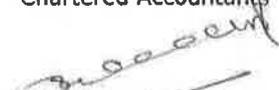
All amounts in USD unless otherwise stated

Particulars	Note No.	As at	As at
		31.3.2017	31.3.2016
I INCOME			
Revenue from operations	12	22,025	-
TOTAL INCOME		22,025	-
II EXPENSES			
Cost of Material Consumed	13	4,105	-
Other expenses	14	797,266	257,193
TOTAL EXPENSES		801,371	257,193
III Profit before tax(II-I)		(779,346)	(257193)
Tax expense:			
Current tax		-	-
IV Profit for the period		(779,346)	(257,193)
V Other comprehensive income		-	-
VI Total comprehensive income for the year		(779,346)	(257,193)
Earning per equity share- basic/diluted			
1) Basic		(1,075)	(1,029)
2) Diluted		(1,075)	(1,029)

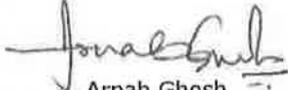
Notes forming part of the Financial Statements 1-24

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For R.C.Agrawal & Co.
Chartered Accountants

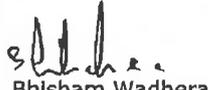
For and on behalf of the Board of Directors


R.C.Agrawal
Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: May 18,2017




Arnab Ghosh

Director


Bhisam Wadhwa

Director

Ashrant Bhatia

Director

FLAVORS AND MORE, INC.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

(a) Equity Share Capital

	<u>Amount</u>
Balance as at April 01, 2015	-
Changes in equity share capital during the year	500,000
As at March 31, 2016	500,000
Changes in equity share capital during the year	950,000
As at March 31, 2017	1,450,000

(b) Other equity

Particulars	Reserve and Surplus
	Retained earnings
Balance as at April 01, 2015	-
Profit for the year	(257,193)
Other Comprehensive Income for the year, net of income-tax	-
Total Comprehensive Income	(257,193)
Balance as at March 31, 2016	(257,193)
Profit for the year	(779,346)
Other Comprehensive income or the year, net of income-tax	-
Total Comprehensive Income	(1,036,539)
Payment of Dividends	-
Balance as at March 31, 2017	(1,036,539)

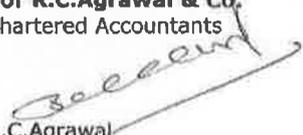
Notes forming part of the Financial Statements

1-24

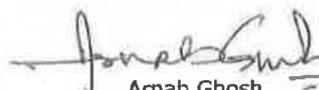
In terms of our report attached

For and on behalf of the Board of Directors

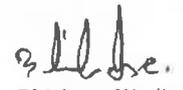
For R.C.Agrawal & Co.
Chartered Accountants


R.C.Agrawal
Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: May 18,2017




Arnab Ghosh

Director


Bhisham Wadhwa

Director

Ashrant Bhatia

Director

FLAVORS AND MORE, INC.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

Particulars	Note	For the year ending	
		31 March 2017	31 March 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		(779,346)	(257,193)
Operating profit before working capital changes		(779,346)	(257,193)
Adjustments for:			
Current assets:			
Inventories	2	(300,186)	-
Trade Receivable	3	(1,838)	-
Other current assets	5	(37,750)	-
Trade payables	8	2,123	41,025
Net Increase / (decrease) In working capital		(337,650)	41,025
Net cash from operating activities		(1,116,996)	(216,168)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities		-	-
C. CASH FLOWS FROM FINANCIING ACTIVITIES			
Issue of share capital	6	950,000	500,000
Net cash flow from Financiang activities		950,000	500,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(166,996)	283,832
Opening cash and cash equivalents		283,832	-
Closing cash and cash equivalents		116,836	283,832

Notes forming part of the Financial Statements

1-24

In terms of our report attached
For R.C.Agrawal & Co.
Chartered Accountants

R.C.Agrawal

Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: May 18,2017



For and on behalf of the Board of Directors

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Director

FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

1. Corporate information

Flavors and More, Inc. ('the Company') is a private limited company incorporated in USA on 26 June 2015. The Company is engaged in trading and distribution of vaping products.

The addresses of its registered office is FLAVORS AND MORE INC., 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA

2. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is June 26, 2015. Refer note no. 24 for the details of first time adoption exemptions availed by the Company.

3. Basis of preparation and presentation

3.1. Basis of preparation and presentation

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

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

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

3.2. Use of estimates

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

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

4. Significant accounting policies

4.1. Revenue recognition

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

4.1.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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



FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

4.1.2. Income from services

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

4.1.3. Dividend and interest income

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

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

4.2. Non-current assets held for sale

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

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

4.3. Leases

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

4.3.1. Operating lease

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

4.3.2. Finance lease

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

4.4. Finance costs

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

4.5. Foreign currencies

4.5.1. Functional and presentational currency

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



FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

4.5.2. Transactions and balances

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

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

4.6. Taxation

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

4.6.1. Current tax

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

4.6.2. Deferred tax

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.



FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

Current and deferred tax for the year

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

4.7. Employee benefits

4.7.1. Short term employee benefits

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

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

4.7.2. Long term employee benefits

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

4.7.3. Defined contribution plan

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

4.7.4. Defined benefit plan

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

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

4.7.5. Termination benefits

Termination benefits are immediately recognised as an expense as and when incurred.

4.8. Property, plant and equipment

4.8.1. Recognition and measurement

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

4.8.2. Capital work in progress

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



FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

4.8.3. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.8.4. Depreciation

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

Depreciation on tangible fixed assets (other than free hold land and properties under construction) is recognised on straight-line method 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.

Estimated useful lives of the assets are as follows:

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

Freehold land is not depreciated.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.9. Investment property

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

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

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in USD unless otherwise stated

4.10. Intangible assets

4.10.1. Recognition and measurement of intangible assets acquired separately

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

4.10.2. Derecognition of intangible asset

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

4.10.3. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.10.4. Amortisation method and useful life

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

Computer software – 5 years

4.11. Impair of tangible and intangible assets

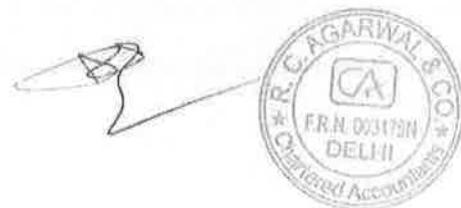
The management periodically assesses whether there is any indication that an asset may have been impaired. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss (if any). An impairment loss is recognized wherever the carrying value of an 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.

4.12. Inventories

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

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



4.13. Provisions and contingencies

4.13.1. Provisions

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

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

4.13.2. Contingent liabilities

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

4.14. Financial instruments

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

4.14.1. Financial assets

4.14.1. Initial recognition and measurement

1.

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

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

4.14.1. Classification of financial assets

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

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

Financial assets at amortised cost:

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

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



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
All amounts in USD unless otherwise stated

Financial assets at FVTOCI:

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

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

Financial assets at FVTPL:

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

4.14.1. Equity investment in subsidiaries, associates and joint ventures

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

4.14.1. Derecognition

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

4.14.1. Impairment of financial assets

- 5. In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
 - a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
 - b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

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

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

4.14.2. Financial liabilities

4.14.2. Initial recognition and measurement

- 1. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.



4.14.2. Subsequent measurement

2.

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

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

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

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

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

4.14.2. Loans and borrowings

3.

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

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

4.14.2. Financial guarantee contracts

4.

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

4.14.2. Derecognition

5.

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

4.15. Offsetting financial instruments

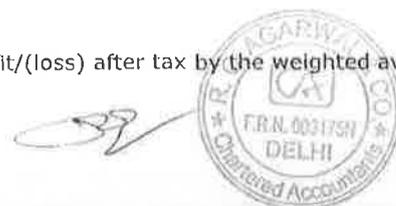
Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.16. Cash and cash equivalents

Cash 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.

4.17. Earnings per share (EPS)

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



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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4.18. Derivative financial instruments and hedge accounting

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

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

4.19. Embedded derivatives

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

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

4.20. Fair value measurement

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

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

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

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

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

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

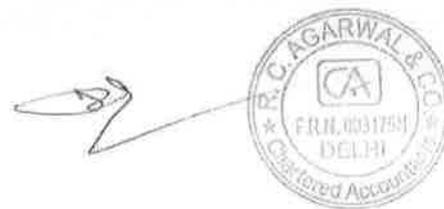
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	As at 31.3.2017	As at 31.3.2016
5. Inventories		
At lower of cost and net realisable value:		
Vapling Material	<u>300,186</u>	<u>-</u>
	<u>300,186</u>	<u>-</u>
6. Trade Receivables		
Current	<u>1,838</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>1,838</u>	<u>-</u>
7. Cash and cash equivalents		
(as per cash flow statements)		
Cash on hand	-	-
Balances with Banks		
-In current accounts	<u>116,836</u>	<u>283,832</u>
Cash and cash equivalents as per cash flow statement	<u>116,836</u>	<u>283,832</u>
Other bank balances:	-	-
Cash and bank balances	<u>116,836</u>	<u>283,832</u>
8. Other assets		
Current		
- Advance to suppliers	<u>1,625</u>	<u>-</u>
- Prepaid expenses	<u>26,175</u>	<u>-</u>
- Others	<u>9,950</u>	<u>-</u>
	<u>37,750</u>	<u>-</u>



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	As at 31.3.2017	As at 31.3.2016
9. Equity Share capital		
Authorised		
1000 equity shares of No par value	<u>2,000,000</u>	<u>2,000,000</u>
	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and fully paid up		
725 (Previous year 250) equity shares of no par value, with voting rights	<u>1,450,000</u>	<u>500,000</u>
	Number of shares	Share Capital amount
Balance at April 01, 2015	-	-
Issue of shares	250	500,000
Balance at March 31, 2016	<u>250</u>	<u>500,000</u>
Issue of shares	475	950,000
Balance at March 31, 2017	<u>725</u>	<u>1,450,000</u>

(I) The Holding company has subscribed to 475 shares of no par value, during the year.

(II) The Company has only one class of equity shares having no par value.

(III) Shares held by each shareholder holding more than 5%.

Name of the shareholder	No. of shares	% held as at March 31, 2017	No. of shares	% held as at March 31, 2016
a) Godfrey Phillips India Limited	725	100%	250	100%

10. Other equity

Retained Earning	<u>(1,036,539)</u>	<u>(257,193)</u>
	<u>(1,036,539)</u>	<u>(257,193)</u>
Retained Earning		
Opening balance	(257,193)	-
Add : Net profit for the current year	(779,346)	(257,193)
Add : Other Comprehensive Income	-	-
Net surplus in the statement of profit and loss	<u>(1,036,539)</u>	<u>(257,193)</u>

Retained earnings:

Retained earnings is the amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	Year ended 31.3.2017	Year ended 31.3.2016
11. Trade payables		
Payable to suppliers of goods and services	21,433	41,025
Expenses payable to a Director	21,715	-
	<u>43,148</u>	<u>41,025</u>
Trade payables are non-interest bearing and are normally settled on 60-day terms.		
12. Revenue from operations	22,025	-
	<u>22,025</u>	<u>-</u>
13. Cost of goods sold	4,105	-
	<u>4,105</u>	<u>-</u>
14. Other Expenses		
Bad debts written-off	12,884	-
Bank charges	2,386	499
Brokerage and commission paid	7,164	-
Courier charges	8,760	102
Product liability insurance charges	22,467	-
Product launch expenses	9,665	-
Legal and professional fees and expenses	655,917	163,800
Rates and taxes	1,223	-
Rent	44,775	-
Travelling expenses	1,153	-
Misc. expenses	30,872	92,792
	<u>797,266</u>	<u>257,193</u>



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	Year ended 31.3.2017	Year ended 31.3.2016
15. Earnings per share has been computed as under:		
(a) Net profit as per statement of profit and loss	(779,346)	(257,193)
(b) Weighted average number of equity shares Outstanding	725.00	250
(c) Basic and diluted earnings per share-Rupees	(1,075)	(1,029)

16. In the opinion of the board, the current assets and loans and advances are approximately of the value stated, if realised, in the ordinary course of business. There are no contingent liabilities outstanding as the end of year.

17. Being a Single unit company, segment reporting in accordance with IND-AS 108 is not applicable.

18. There are no deferred Tax assets/liabilities pursuant to IND-AS 12.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

19. Financial instruments and risk management**19.1 Fair value measurements****Financial instruments by category**

	As at March 31, 2017		As at March 31, 2016	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Trade receivables		1,838		
Cash and cash equivalents		116,836		283,832
Total financial assets	-	118,674	-	283,832
Financial liabilities				
Trade payables		43148		41025
Total financial liabilities	-	43148	-	41025

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the quoted investments in mutual funds are based on price quotations at the reporting date. The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounted cash flow method using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use Unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

19 Financial instruments and risk management (continued)

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2017 was assessed to be insignificant.

Fair value hierarchy

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

As at March 31, 2017	Carring Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at amortised cost:					
Trade receivables	1,838				
Cash and cash equivalents	116,836				
Total financial assets	118,674	-	-	-	-
Financial liabilities					
Financial instruments at amortised cost:					
Trade payables	43,148				
Total financial liabilities	43,148	-	-	-	-
As at March 31, 2016	Carring Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at amortised cost:					
Cash and cash equivalents	283,832				
Total financial assets	283,832	-	-	-	-
Financial liabilities					
Financial instruments at amortised cost:					
Trade payables	41,025				
Total financial liabilities	41,025	-	-	-	-



FLAVORS AND MORE, INC.
All amounts in USD unless otherwise stated

19. Financial instruments and risk management (continued)

(A) Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	On demand	Less than 3 Months	3 Months to 12 Months	1 year to 5 years	> 5 years	Total
As at March 31, 2017						
Trade and other payables		43,148	-	-	-	43,148
		43,148	-	-	-	43,148
As at March 31, 2016						
Trade and other payables		41,025	-	-	-	41025.00
		41025	0.00	0.00	-	41025.00



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

19.2 Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by Senior Management.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through its finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest in order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the finance department undertaken the interest rate risk management exercise from time to time.

The Company is not exposed to significant interest rate as at the respective reporting dates.

Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from suppliers in various foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by Senior Management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

20. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents and current marketable investments.

The Company is not subject to any externally imposed capital requirement.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

21. Related party disclosure under IND-AS 24

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

(a) **Holding company:**

Godfrey Phillips India Limited

(b) **Associates of the Holding Company**

- i. Success Principle India Limited
- ii. KKM Management Centre Private Limited
- iii. IPM India Wholesale Trading Private Limited
- iv. Philip Morris Global brands Inc of which the holding company is an associate
- v. K K Modi investment & Financial Services Pvt Ltd. of which the holding company is an associate

(c) **Subsidiaries of the Holding Company**

- i. International Tobacco Company Limited
- ii. Chase Investments Limited
- iii. Godfrey Phillips Middle east.
- iv. Friendly Reality projects Ltd (formally known as Kashyap Metal and Allied Industries Ltd.) (Subsidiary thru subsidiary)
- v. Rajputana Infrastructure Corporate Limited (Subsidiary thru subsidiary)
- vi. Unique Space Developer Limited (Subsidiary thru subsidiary)
- vii. Gopal Krishna Infrastructure & Real Estate Ltd. (Subsidiary thru subsidiary)

(d) **Key management personnel:**

- a. Mr. Bhisham Wadhera, Director
- b. Mr. Arnab Ghosh, Director
- c. Mr. Ashrant Bhartia, Director

(e) **Enterprises over which key management personnel and their relatives are able to exercise significant influence: None**(B) **A. Disclosure of transactions between the company and related parties and the status of outstanding balances as at the year ended:****March 31, 2017 March 31, 2016**

With Holding Company		
Godfrey Phillips India Limited		
- Share capital subscription	950000	500000
With associates of the holding company	Nil	Nil
With subsidiaries of the holding company	Nil	Nil
With Key Management personnel	Nil	Nil
With enterprises over which significant influence of key management personnel and their relatives, exists	Nil	Nil

22. Figures of previous year are regrouped/reclassified to match current year presentation where ever necessary & rounded off to nearest USD

23. Approval of financial statements

The financial statements were reported for issue by the board of directors on May 18, 2017.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

24. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The effect of the Company's transition to Ind AS is summarised in the following notes:

- (i) Transition elections
- (ii) Reconciliation of equity, total comprehensive income, balance sheet, profit and loss and cash flows as reported as per Ind AS, in this statement with as reported in previous years as per previous Indian GAAP.

24.1. Transition elections

The Company has prepared the opening balance sheet as per Ind AS as of Mar 31, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has not applied any transition exemptions apart from mandatory exceptions in Ind-AS 101:



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

24.2. Reconciliation of total equity as at March 31, 2016

Particulars	As at March 31, 2016 (End of last period presented under previous GAAP)
Total equity (shareholders' funds) under previous GAAP	242,807
Change in valuation	
Total adjustment to equity	-
Total equity under Ind AS	242,807

Reconciliation of profit for the period Mar-2016

Particulars	Year ended Mar-2016
Net profit as reported under Previous GAAP	(257,193)
Effects of transition to Ind AS:	
Net profit as reported under Ind AS	(257,193)
Other comprehensive Income/(expense) (net of tax)	-
Total comprehensive income as reported under Ind AS	(257,193)



FLAVORS AND MORE, INC.
All amounts in USD unless otherwise

24.3 First-time IND AS adoption reconciliation
Effect of Ind AS adoption on the balance sheet as at March 31, 2016

Particulars	Note No.	As on 31/03/2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet
ASSETS				
Non-current assets				
Other non-current assets		-	-	-
Total non-current assets		-	-	-
Current assets				
-Cash and cash equivalents		283,832	-	283,832
Total current assets		283,832	-	283,832
Total assets		283,832	-	283,832
EQUITY AND LIABILITIES				
Equity				
Equity share capital		500,000	-	500,000
Other equity		(257,193)	-	(257,193)
Total equity		242,807	-	242,807
Current liabilities				
Financial liabilities				
-Trade payables		41,025	-	41,025
Total current liabilities		41,025	-	41,025
Total liabilities		41,025	-	41,025
Total equity and liabilities		283,832	-	283,832



FLAVORS AND MORE, INC.
All amounts in USD unless otherwise stated

24.4. Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

Particulars	Notes to first time adoption	Year ended 31/3/2016 (Latest period presented under previous		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
I Revenue from operations		-	-	-
Total income		-	-	-
II Expenses				
Other expenses		257,193	-	257,193
Total expenses		<u>257,193</u>	-	<u>257,193</u>
III Profit before tax (I-II)		(257,193)	-	(257,193)
IV Tax expense:				
- Current tax		-	-	-
- Deferred tax charge		-	-	-
		-	-	-
V Profit for the year (V-VI)		<u>(257,193)</u>	-	<u>(257,193)</u>
VI Other comprehensive income		-	-	-
VII Total comprehensive income for the year.		<u>(257,193)</u>	-	<u>(257,193)</u>

24.5. Effect of Ind AS adoption of the statement of cash flows for the year ended March 31, 2016:

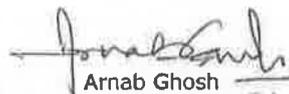
The transition from previous GAAP to Ind AS has not had any material impact on the statement of cash flows.

24.6. Effect of Ind AS adoption of the other comprehensive income for the year ended March 31, 2016:

Under previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled previous GAAP profit and loss to profit and loss as per Ind AS. Further, previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

For and on behalf of the Board of Directors

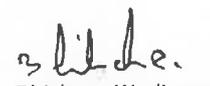




Arnab Ghosh

Director

Ashrant Bhatla

Director


Bisham Wadhwa
Director