DIRECTORS' REPORT

King Maker Marketing, Inc. (KMM) is a wholly-owned subsidiary of your Company registered in the State of New Jersey, USA. Its main business is to import and distribute tobacco products to licensed wholesalers and retailers throughout the USA. Your Company is KMM's sole supplier of tobacco products.

Despite the continuing decline in consumption in the US market, the company's Net Sales grew by 9% during the year, driven by robust growth in volumes on the back of focused market interventions. The company recorded Net Sales of US$ 29.3 million (previous year US$ 26.9 million) and earned a Net Income of US$ 0.14 million (previous year US$ 0.07 million) during the financial year ended 31st March, 2015. During the year, KMM also paid a dividend of US$ 2.0 million to your Company.

Increasing presence of major cigarette manufacturers in the discount segment - in direct competition with KMM, illicit trade driven by tax differentials between various States in USA, non-compliant cigarette imports and Native American manufacture continue to pose significant challenges for the company.

INDEPENDENT AUDITOR'S REPORT

Board of Directors, King Maker Marketing, Inc. Paramus, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of King Maker Marketing, Inc., which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of operations and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of King Maker Marketing, Inc. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information presented on page 304 is for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

New York, New York
April 10, 2015

SaxBST LLP

BALANCE SHEETS

	March 31, 2015 $	March 31, 2015 ₹	March 31, 2014 $	March 31, 2014 ₹
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5,659,608	353,725,500	5,036,576	301,791,634
Accounts receivable	352,188	22,011,750	192,475	11,533,102
Accounts receivable, other	92,091	5,755,688	219,155	13,131,768
Inventory	2,284,194	142,762,125	1,271,401	76,182,348
Due from related parties, net	—	—	1,262	75,619
Prepaid expenses	333,623	20,851,438	339,581	20,347,694
Income tax receivable	—	—	238,030	14,262,758
Deferred income taxes	917,904	57,369,000	19,983	1,197,381
Total current assets	9,639,608	602,475,500	7,318,463	438,522,304
PROPERTY AND EQUIPMENT, net	24,166	1,510,375	40,407	2,421,187
OTHER ASSETS	5,360	335,000	10,390	622,569
	9,669,134	604,320,875	7,369,260	441,566,060
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	2,199,885	137,492,813	722,334	43,282,253
Accrued settlement charges	3,821,116	238,819,750	2,082,749	124,798,320
Income tax payable	897,250	56,078,125	—	—
Deferred income taxes	45,190	2,824,375	—	—
Accrued expenses and other	255,352	15,959,500	188,500	11,294,920
Total current liabilities	7,218,793	451,174,563	2,993,583	179,375,493
LONG-TERM LIABILITIES				
Deferred income taxes	9,514	594,625	77,036	4,615,997
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDER'S EQUITY				
Common stock, voting, no par value, 1,000 shares authorized; 204 shares issued and outstanding	4,080	181,948	4,080	181,948
Retained earnings	2,436,747	97,993,078	4,294,561	192,349,388
Foreign Exchange Translation Reserve	—	54,376,661	—	65,043,234
	2,440,827	152,551,688	4,298,641	257,574,570
	9,669,134	604,320,875	7,369,260	441,566,060

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	For the year ended 31st March, 2015 $	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 $	For the year ended 31st March, 2014 ₹
SALES				
Revenues, net of customer returns	29,871,063	1,828,407,766	27,464,214	1,568,481,262
Less quick pay discounts	606,205	37,105,808	612,948	35,005,460
Net sales	29,264,858	1,791,301,958	26,851,266	1,533,475,801
COST OF SALES	22,379,332	1,365,252,194	20,572,238	1,168,172,687
	6,885,526	426,049,764	6,279,028	365,303,114
MSA SETTLEMENT CHARGES				
MSA settlement charges, net	3,145,212	192,518,427	2,392,063	136,610,718
MSA NPM adjustment credits	(355,064)	(21,733,467)	(163,877)	(9,359,015)
MSA settlement charges, adjusted for credits	2,790,148	170,784,959	2,228,186	127,251,702
Gross profit	4,095,378	255,264,805	4,050,842	238,051,412
OPERATING EXPENSES	3,861,361	236,353,907	4,011,666	229,106,245
Profit from operations	234,017	18,910,898	39,176	8,945,167
OTHER				
Interest income	24,915	1,525,047	22,369	1,277,494
Other income	3,935	240,861	2,160	123,358
Bad debt expense	—	—	(5,695)	(325,241)
	28,850	1,765,909	18,834	1,075,610
Income before provision for income taxes	262,867	20,676,807	58,010	10,020,776
PROVISION FOR INCOME TAXES	120,681	7,386,884	(8,386)	(478,924)
Net income	142,186	28,063,691	66,396	10,499,701
RETAINED EARNINGS, beginning of year	4,294,561	192,349,388	6,228,165	296,069,687
Distributions	(2,000,000)	(122,420,000)	(2,000,000)	(114,220,000)
RETAINED EARNINGS, end of year	2,436,747	97,993,078	4,294,561	192,349,388

STATEMENT OF CASH FLOWS

	For the year ended 31st March, 2015 $	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 $	For the year ended 31st March, 2014 ₹
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Net income	**142,186**	**28,063,691**	66,396	10,499,701
Adjustments to reconcile net income to net cash provided (used) by operating activities				
Depreciation	**16,241**	**994,112**	15,494	884,862
Deferred income taxes	**(920,253)**	**(57,368,616)**	(13,865)	(830,791)
(Increase) decrease in				
Accounts receivable	**(159,713)**	**(10,478,648)**	79,317	3,222,486
Accounts receivable, other	**127,064**	**7,376,080**	9,695	(707,501)
Inventory	**(1,012,793)**	**(66,579,777)**	(159,632)	(15,824,409)
Due from related parties	**1,262**	**75,619**	7,468	398,333
Prepaid expenses	**5,958**	**(503,744)**	(22,690)	(3,143,681)
Accrued settlement charges	—	—	1,197	64,985
Income taxes receivable	**238,030**	**14,262,758**	(238,030)	(14,262,758)
Other assets	**5,030**	**287,569**	3,142	112,084
Increase (decrease) in				
Accounts payable	**1,477,551**	**94,210,559**	105,558	9,797,484
Accrued settlement charges	**1,738,367**	**114,021,430**	2,082,749	124,798,320
Accrued expenses and other	**66,852**	**4,664,580**	(36,079)	(897,473)
Income tax payable	**897,250**	**56,078,125**	(475,111)	(25,793,776)
	2,623,032	**185,103,737**	1,425,609	88,317,866
CASH FLOWS USED BY INVESTING ACTIVITIES				
Payments for the purchase of property and equipment	—	—	(37,226)	2,850,135
CASH FLOWS USED BY FINANCING ACTIVITIES				
Distributions to Stockholder	**(2,000,000)**	**(122,420,000)**	(2,000,000)	(114,220,000)
Net increase (decrease) in cash and cash equivalents	**623,032**	**62,683,737**	(611,617)	(23,051,999)
CASH AND CASH EQUIVALENTS, beginning of year	**5,036,576**	**301,791,634**	5,648,193	306,640,398
Foreign Exchange Translation (Gains)/ Losses	—	**10,749,871**	—	(18,203,235)
CASH AND CASH EQUIVALENTS, end of year	**5,659,608**	**353,725,500**	5,036,576	301,791,634
SUPPLEMENTARY CASH FLOW INFORMATION				
Cash paid during the year for Income taxes	**4,294**	**262,836**	719,467	41,088,760

NOTES TO FINANCIAL STATEMENTS
March 31, 2015 and 2014

Note 1 - Organization

King Maker Marketing, Inc. (Company) is organized and headquartered in New Jersey. Its business is to import and distribute tobacco products to licensed wholesale distributors and retailers throughout the United States. The Company employs an independent warehouse located in Illinois. The Company has significant transactions with ITC Limited (ITC), its sole stockholder, which is organized under the laws of the Republic of India. The Company is subject to the inherent risks associated with the industry, such as new or increased taxes/assessments, regulators as well as litigation.

Note 2 -Summary of Significant Accounting Policies

a. *Basis of Accounting and Financial Statement Presentation*

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. *Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

c. *Fair Value Measurement*

The Company reports certain assets and liabilities at fair value. 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 on the measurement date.

d. *Cash and Cash Equivalents*

The Company's cash and cash equivalents are defined as cash and short-term highly liquid investments with an original maturity of three or fewer months.

e. *Inventory*

Inventory consists mainly of cigarettes and includes bonded, tax paid available for sale and in-transit inventory. The lower of cost (first manufactured, first out) or market method has been used in determining the inventory value. The tax paid available for sale inventory includes the cost of the cigarettes, plus applicable duty, federal excise taxes, tobacco buyout costs, FDA User Fee, MSA, freight-in, storage, and other direct costs. The tax paid available for sale inventory amounts to approximately $788,000 and $407,000 as of March 31, 2015 and 2014, respectively. The bonded inventory includes cost of the cigarettes, plus freight-in, storage, and other direct costs. The bonded inventory amounts to approximately $924,000 and $864,000 as of March 31, 2015 and 2014, respectively. The in-transit inventory amounts to approximately $572,000 and $-0- as of March 31,2015 and 2014 respectively.

f. *Property and Equipment, Net*

Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements are capitalized, and replacements, maintenance, and repairs that do not improve or extend the useful lite of an asset are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to operations. The Company uses the straight-line method of depreciation and depreciates equipment and fixtures over 5 to 7 years, software over 3 to 5 years, and leasehold improvements over 7 to 40 years.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the assets. There were no impairment losses deemed necessary for the years ended March 31, 2015 and 2014.

g. *Revenue Recognition/Accounts Receivable*

The Company recognizes revenue when title is transferred as the product is shipped. Trade discounts are offered to customers on invoiced prices, and are included in net sales. Revenues are reflected net of customer returns. Total customer returns were $375,190 and $423,258 for the years ended March 31,2015 and 2014, respectively.

Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon management's periodic review of the accounts. Management considers accounts receivable to be fully collectible, and, therefore, no allowance is considered necessary as of March 31, 2015 and 2014.

h. *Shipping and Handling Expenses*

Shipping and handling expenses are classified under operating expenses. A portion of the expenses relating to inbound receipt of materials is classified under cost of goods sold. The shipping and handling expenses as it relates to operating expenses were $655,173 and $594,179 for the years ended March 31, 2015 and 2014, respectively.

i. *Marketing and Promotion Costs*

The Company's policy is to expense marketing and promotion costs as incurred. Total marketing and promotion costs, which are included in operating expenses, were $684,386 and $866,214 for the years ended March 31, 2015 and 2014, respectively.

j. *Income Tax*

The Company records income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities.

When income tax returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or the amount of the position's tax benefit that would be ultimately sustained. The portion of the benefits associated with tax positions taken that exceeds the amount measured as previously described is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets and includes, where applicable, accrued interest and/or penalties attributable to the unrecognized tax benefits.

The Company presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Company has taken no material tax position that requires an adjustment in the financial statements as of March 31,2015.

The Company's tax returns are subject to examination by the respective taxing authorities. The Company is no longer subject to tax examination for the years ended March 31, 2011, and prior.

k. *Reclassifications*

Certain prior year amounts have been reclassified to conform to current year presentation.

l. *Subsequent Events*

The Company has evaluated subsequent events for potential recognition or disclosure through April 10, 2015, the date the financial statements were available to be issued.

Note 3 - Property and Equipment, Net

Property and equipment, net, consist of the following:

	March 31, 2015		March 31, 2014	
	$	₹	$	₹
Equipment and fixtures	**147,271**	**9,204,438**	147,271	8,824,478
Leasehold improvements	**2,000**	**125,000**	2,000	119,840
Computer software	**58,482**	**3,655,125**	58,482	3,504,241
	207,753	**12,984,563**	207,753	12,448,559
Less accumulated depreciation	**183,587**	**11,474,188**	167,346	10,027,372
	24,166	**1,510,375**	40,407	2,421,186

Depreciation expense for property and equipment was $16,241 and $15,494 for the years ended March 31, 2015 and 2014, respectively.

Note 4 - Commitments and Contingencies

a. *Leases*

The Company's main office is located in Paramus, New Jersey. Rent expense for the years ended March 31, 2015 and 2014, was approximately $86,000 and $85,000, respectively.

The Company leased two additional offices in Paramus, New Jersey, through January 31, 2015, which are across the hall from the main office, with the same terms and an annual rent of approximately $99,000 and $116,000 for the years ended March 31, 2015 and 2014, respectively. These offices were sublet to ITC Infotech, Inc. (an ITC Group Company) for the full term of the lease. ITC Infotech, Inc. has fully reimbursed the Company for the rent expense under the lease for the years ended March 31, 2015 and 2014.

The Company leased accommodations through March 31, 2014 for its managers seconded from ITC Ltd. India to ease their transition to the United States. Rent expense was approximately $14,200 for the year ended March 31, 2014.

The Company leases automobiles under noncancelable operating leases with 36-month terms. Vehicle lease expense was $15,169 and $16,514 for the years ended March 31, 2015 and 2014, respectively. Quarterly rental payments for the leasing of office equipment (postage meter) are included in operating expenses.

Future minimum lease payments are as follows:

For the year ending March 31,	
2016	$ 93,209
2017	$ 90,420
2018	$ 19,976
Total minimum payments required	$ 203,605

Total expenses under all operating leases, less sublease rentals recovered, are as follows and are included in operating expenses :

	March 31, 2015		March 31, 2014	
	$	₹	$	₹
Minimum rentals	**201,091**	**12,308,780**	232,914	13,301,719
Less sublease rentals	**98,529**	**6,030,960**	116,380	6,646,462
	102,562	**6,277,820**	116,534	6,655,257

b. *Legal Matters*

In the ordinary course of business, the Company may be a defendant in legal matters. Management does not believe the impact of such matters will have a material effect on the financial position or results of operations of the Company.

Note 5 - Related Party Transactions

The Company has in place an Exclusive Distribution, Private Label Supply, and a Controlled Label Distribution Agreement with ITC. These agreements designate ITC as the sole supplier to the Company, and the Company as the exclusive importer and distributor for all ITC manufactured tobacco products in the United States, Canada, and Mexico.

Purchases for the years ended March 31, 2015 and 2014, from ITC were $4,692,528 and $3,575,550, respectively. At March 31, 2015 and 2014, respectively, $-0- and $1,262 is due from ITC. At March 31, 2015 and 2014, the Company owed ITC $1,134,036 and $-0-, respectively.

Note 6 - Settlement Charges, Net

The Company is a signatory to the Master Settlement Agreement ("MSA") as a Subsequent Participating Manufacturer ("SPM") as stated in Amendment No. 11 to the MSA, dated February 11, 1999.

The MSA is similar to the Agreement reached by the major cigarette manufacturers. However, it provides small cigarette manufacturers (known as Subsequent Participating Manufacturers or SPMs), such as the Company, exemption from liability for any market share in 1998 (base year). Under the MSA, the Company is required to pay annually, a proportionate share of the ultimate liability as stipulated in the MSA, based on the additional market share gained by the Company over and above the base year, as measured by the federal excise tax paid units of the Company and as calculated by an independent auditor, which is PWC.

MSA settlement charges are as follows :

	March 31, 2015		March 31, 2014	
	$	₹	$	₹
Costs based on current activity, net of credits	**3,118,196**	**190,864,777**	2,406,616	137,441,840
Adjustment to prior period MSA settlement costs	**27,016**	**1,653,649**	(14,553)	(831,122)
	3,145,212	**192,518,427**	2,392,063	136,610,718

The MSA allows the Company, following payment of assessed settlement charges, to separately challenge or dispute certain amounts. The trials for the arbitration of the 2003 NPM Adjustment Dispute began in April 2012. Commencing December 2012 thru March 2013, the PMs reached a settlement with 22 states, comprising about 46% of the state MSA share. In September 2013, the arbitration panel issued its decisions as to the states that did not settle for the 2003 NPM adjustment, finding that six of them were not diligent and awarded the PMs the remaining amount of the NPM adjustment after application of the settlement with 22 states. In April and May 2014, the PMs settled with two additional states, Indiana and Kentucky, both of whom the arbitration panel had found liable for the 2003 NPM Adjustment. The 24 settled states have approx. 50% of the MSA payment share.

The other four "non-diligent" states, have filed motions to vacate the arbitration awards and find them diligent and to vacate the settlement award's "pro rata" judgment reduction and instead calculate their potential NPM liability as if all the 22 states that settled previously, were not diligent. Three out of the four states' trial courts have upheld the Arbitration Panel's ruling that those states were non-diligent. We expect the fourth one to do so as well. However, the position on pro-rata judgment reduction is likely to be more contentious.

The Company received a credit of $890,895 in March 31, 2014, in PWC's final calculations, on account of the 2003 Arbitration award recoverable from the six non-diligent states. However, given the above challenges and the potential liability in relation to the 2003 arbitration, the Company did not recognize this credit as income as of March 31, 2014. Further, the Company paid $178,179 as the 20% owed to these six states per the "Agreement Regarding Arbitration." Since two of the six states, Indiana and Kentucky settled our claims, we have recognized the amounts related to them, of $231,643 in income from these credits. Further, the Company received $168,015 as additional credits as of March 31, 2015 on account of Indiana and Kentucky Settlements and credits for transition years 2013 and 2014.

From March 31, 2013 through March 31, 2015, the Company has received a total net credit, on account of NPM Adjustment disputes, of $2,760,400. The Company has recognized $2,279,326 in income leaving $481,074 in unrealized credit. An amount of approximately $4.5 million is the maximum recoverable amount in NPM Adjustment Disputes, with the balance non-settling states, for the years 2004 onwards, subject to arbitration, as of March 31, 2015.

Note 7- Tobacco Buyout

As required by Title VI of the American Jobs Creation Act of October 2004 and related regulations thereof, the Company was required to pay its share of the "Tobacco Buyout" assessment issued by the Commodity Credit Corporation, USDA. This assessment was for a ten-year period which commenced January 2005 and ended December 31, 2014, and was payable quarterly. Each quarterly payment was based on the Company's market share as determined by the federal excise tax paid units during the previous quarter per the rules and regulations notified. Total payments for the years ended March 31,2015 and 2014, were $703,284 and $946,056, respectively, and are included in cost of sales.

Note 8 - Profit-Sharing Pension Plan

The Company offers a profit-sharing pension plan (Plan) for all eligible employees. Employees become eligible as long as they are twenty-one years of age and have twelve months of credited service. To continue in the plan, employees must have a minimum of 1,000 hours of employment annually and be on the payroll at the end of each plan year, with some exceptions. Employees become fully vested with six or more years of service. Contributions to the Plan are discretionary, with a 3% minimum, under certain circumstances, on an employee's Social Security base income. Expenses for the years ended March 31, 2015 and 2014, were $157,193 and $108,500, respectively.

Note 9 - Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable.

The Company deposits its cash at four major financial institutions in the United States. At times, the Company's cash balances exceed the current insured amount under the Federal Deposit Insurance Corporation.

For the year ended March 31, 2015, revenue from one customer approximately aggregated 10% of the total sales for the Company. Amounts due from this customer included in accounts receivable at March 31, 2015, was $44,664. This amount was fully recovered as of the date of the issue of this financial statement.

For the year ended March 31, 2014, revenue from one customer approximately aggregated 13% of the total sales for the Company. There were no amounts due from this customer at March 31, 2014.

NOTE 10 - INCOME TAXES

Income taxes consists of the following components:

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹
Current income tax expense				
Federal	823,899	50,430,858	14,590	833,235
States	217,035	13,284,712	(9,111)	(520,329)
Total current	1,040,934	63,715,570	5,479	312,906
Deferred income tax expense				
Federal	(733,106)	(44,873,418)	(9,408)	(537,291)
States	(187,147)	(11,455,268)	(4,457)	(254,539)
Total deferred	(920,253)	(56,328,686)	(13,865)	(791,830)
Total income tax expense				
Federal	90,793	5,557,440	5,182	295,944
States	29,888	1,829,444	(13,568)	(774,868)
	120,681	7,386,884	(8,386)	(478,924)

The Company's effective income tax rate varies from the federal statutory rate primarily as the result of state taxes, net of federal effect.

Significant components of the Company's deferred tax assets and deferred tax liabilities are as follows:

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹
Deferred tax assets				
Accrued settelment charges	889,294	55,580,875	—	—
Inventory	28,610	1,788,125	19,983	1,197,381
	917,904	57,369,000	19,983	1,197,381
Deferred tax liabilities				
Property and Equipment	(9,514)	(594,625)	(13,897)	(832,708)
Accounts receivable, other	—	—	(19,831)	(1,188,274)
Prepaid expenses	(45,190)	(2,824,375)	(43,308)	(2,595,015)
	(54,704)	(3,419,000)	(77,036)	(4,615,997)

SUPPLEMENTARY INFORMATION – COST OF SALES

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Net Sales %	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹	Net Sales %
Beginning inventory, net of reserve for write-off	1,271,401	76,182,348	4.3	1,111,769	60,357,939	4.1
Cigarette tax, duty, and harbor processing fees	17,159,641	1,050,341,626	58.6	15,503,225	885,389,180	57.7
Cigarette purchases	4,692,528	287,229,639	16.0	3,575,550	204,199,661	13.3
Tobacco buyout expense	703,284	43,048,014	2.4	946,056	54,029,258	3.5
FDA	628,896	38,494,724	2.1	576,014	32,896,160	2.1
Other expenses	5,053	309,294	0.0	—	—	—
Storage	152,486	9,333,668	0.5	115,229	6,580,728	0.4
Freight-in	19,851	1,215,080	0.1	—	—	—
Customs brokerage	28,821	1,764,133	0.1	14,433	824,269	0.1
Destruction charges	1,565	95,794	0.0	1,363	77,841	0.0
	24,663,526	1,508,014,319	84.2	21,843,639	1,244,355,035	81.3
Ending inventory, prior to reserve	(2,284,194)	(142,762,125)	(7.8)	(1,271,401)	(76,182,348)	(4.7)
	22,379,332	1,365,252,194	76.4	20,572,238	1,168,172,687	76.6

SUPPLEMENTARY INFORMATION – OPERATING EXPENSES

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Net Sales %	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹	Net Sales %
Marketing and promotion	684,386	41,891,267	2.3	866,214	49,469,482	3.2
Salaries	999,619	61,186,679	3.4	985,930	56,306,462	3.7
Shipping and handling	655,173	40,103,139	2.2	594,179	33,933,563	2.2
Professional fees	383,713	23,487,073	1.3	414,841	23,691,570	1.5
Travel	176,417	10,798,485	0.6	217,683	12,431,876	0.8
Fees and licenses	139,676	8,549,568	0.5	150,949	8,620,697	0.6
Group insurance	120,367	7,367,664	0.4	126,690	7,235,266	0.5
Pension	157,193	9,621,784	0.5	108,500	6,196,435	0.4
Payroll tax	80,197	4,908,858	0.3	89,306	5,100,266	0.3
Rent	86,426	5,290,135	0.3	84,937	4,850,752	0.3
General insurance	88,265	5,402,701	0.3	85,737	4,896,440	0.3
Office supplies and expense	66,446	4,067,160	0.2	81,639	4,662,403	0.3
Dues and subscriptions	77,733	4,758,037	0.3	73,763	4,212,605	0.3
Auto	36,638	2,242,612	0.1	44,334	2,531,915	0.2
Miscellaneous/other expenses	53,261	3,260,106	0.2	30,728	1,754,876	0.1
Telephone/communication	24,568	1,503,807	0.1	25,142	1,435,860	0.1
Training and placement fees	15,042	920,721	0.1	15,600	890,916	0.1
Depreciation	16,241	994,112	0.1	15,494	884,862	0.1
	3,861,361	236,353,907	13.2	4,011,666	229,106,245	14.9