

DIRECTORS' REPORT OF GODREJ AGROVET LIMITED

[Corporate Identification Number (CIN): U15410MH1991PLC135359]

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**TO THE SHAREHOLDERS:**

Your Directors have pleasure in presenting the Board's Report along with the Audited Financial Statements for the Financial Year (F.Y.) 2016-17.

FINANCIAL SUMMARY / HIGHLIGHTS:

Your Company's Standalone performance during the Financial Year 2016-17 is summarized below:-

₹ In Lakh

Particulars	For the Financial Year 2016-17	For the Financial Year 2015-16*
Total Income	367,024.03	342,127.83
Profit Before Taxation (before exceptional and demerger of Seeds business)	26,066.93	21,189.93
Add: Exceptional items	2,000.00	--
Profit before Taxation	28,066.93	21,189.93
Less : Provision for Taxation	7,269.98	5,363.17
Profit After Taxation (PAT)	20,796.95	15,826.76

* Figures for previous year have been re-stated in accordance with Ind AS.

REVIEW OF OPERATIONS / STATE OF AFFAIRS OF THE COMPANY AND ITS SUBSIDIARIES:

There has been no change in the nature of business of your Company during the Financial Year (F.Y.) 2016-17.

Review of Operations / State of Affairs of the Company:**Animal Feeds:**

The Animal feed business had a flat year due to head winds faced in certain feed categories. While cattle feed, layer feed and fish feed recorded robust growth. The business had flat sales in shrimp feed, while the volumes declined in broiler feed. Integration as an operating business model had gained ground in broiler business in last 5 years. The prevalence has increased to an extent that majority of the broiler market share has been captured by Integrators. Your Company is working on multiple solution themes to improve its broiler feed play in coming years. Good monsoons lead to bumper Kharif and Rabi crops in the said Financial Year, keeping the critical raw materials prices muted in the second half of Financial Year 2016-17, which aided the profitability of the business in Financial Year 2016-17.

Crop Protection Business:

During the Financial Year 2016-17, good south west monsoons helped the Crop protection business clocked a growth of 18% in sales. The business reported sales of ₹ 45,132 Lakh during the Financial Year 2016-17. The Crop protection business started sales of product portfolio of Astec LifeSciences Limited (a subsidiary) during the Financial Year 2016-17 and has seen its market share improve across the Azole product fungicide portfolio.

Vegetable Oil:

During the Financial Year 2016-17, both Crude Palm Oil and Palm Kernel Oil prices were robust which resulted in significant improvement in the performance of Oil Palm business over last year. Operating performance of the business remained strong. The business recorded Sales of ₹ 50,672 Lakh in Financial Year 2016-17, growth of over 25% over Financial Year 2015-16. A project to convert the Oil Palm Biomass into value added product was also commissioned during the Financial Year 2016-17, which will add to the profitability of the Oil Palm Business in times to come.

Review of Operations / State of Affairs of the Subsidiaries of the Company:

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with the Rules framed thereunder, a statement containing the salient features of the financial statements of our Subsidiaries and Associates in the Form AOC-1 is annexed and form part of the Financial Statement. The statement provides the details of performance and financial position of each of the Subsidiaries and Associates. In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statements, including the consolidated financial statements, audited accounts of all the subsidiaries and other documents attached thereto are available on our website: www.godrejagrovet.com. Your Directors present herewith a broad overview of the operations and financials of Subsidiaries and Associates of your Company:

Godrej Seeds & Genetics Limited (Subsidiary upto March 18, 2017):

The seeds business of the Company had a muted Financial Year 2016-17. The Company registered sales of ₹ 371 Lakh as compared to sales of ₹ 368 Lakh during the Financial Year 2015-16.

Your Company has sold its entire equity stake in Godrej Seeds & Genetics Limited on March 19, 2017, consequent to which it ceases to be your Company's subsidiary w.e.f. March 18, 2017.

Godvet Agrochem Limited:

For the Financial Year 2016-17, Operating Profit, i.e., EBITDA was ₹ 338.30 Lakh, against Operating Profit of ₹ 236.44 Lakh reported for the Financial Year 2015-16, Profit After Tax is ₹ 40.15 Lakh for the Financial Year 2016-17, as compared to the Profit After Tax of ₹ 59.86 Lakh reported for the Financial Year 2015-16.

Astec LifeSciences Limited & Its Subsidiaries:

The Financial Year 2016-17 was the first full year of consolidation of your subsidiary Astec LifeSciences Limited. The company recorded Sales of ₹ 30,365 Lakh in Financial Year 2016-17, a growth of 30% over the Financial Year 2015-16. Both enterprise and bulk sales and contract manufacturing volumes grew by 30% and 55% respectively. During the Financial Year 2016-17, Astec has successfully implemented SAP and streamlined all the business processes around it to ensure smoother business operations in future.

Subsidiaries of Astec LifeSciences Limited:

Astec LifeSciences Limited had the following 3 (three) subsidiaries during the Financial Year (F.Y.) 2016-17:-

1. Behram Chemicals Private Limited:

During the Financial Year 2016-17, Operating Profit i.e., EBITDA is ₹10.22 Lakh, against Operating Profit of ₹ 9.44 Lakh reported for the Financial Year 2015-16. Profit After Tax is ₹ 6.45 Lakh for the Financial Year 2016-17, as compared to the Profit After Tax of ₹ 5.90 Lakh reported for the Financial Year 2015-16.

2. Comercializadora Agricola Agrostrachem Cia Ltda (Bogota Columbia):

For the period ended 31st March 2017, Operating Profit, i.e., EBITDA was Profit / (Loss) was ₹ (5.72) Lakh against Operating Profit / (Loss) of ₹ 3.65 Lakh reported for the period ended 30th September, 2015. Profit / (Loss) after Tax was ₹ (5.75) Lakh for the period ended 31st March, 2017, as compared to Profit / (Loss) after Tax of ₹ (3.65) Lakh reported for the period ended 30th September, 2015.

3. Astec Europe Sprl (Belgium, Europe):

For the period ended 31st March 2017, Operating Profit, i.e. EBITDA was ₹ 8.55 Lakh, against Operating Profit of ₹ 16.28 Lakh reported for the period ended 31st December 2015. Profit After Tax was ₹ 7.77 Lakh for the period ended 31st March, 2017, as compared to Profit After Tax of ₹ 15.90 Lakh reported for the period ended 31st December, 2015.

Creamline Dairy Products Limited & Its Subsidiary:

The Dairy business of Creamline Dairy Products Limited (CDPL) was favourably impacted by softening of the milk price during the year under review. The Financial Year 2016-17 was a robust milk year, with CDPL recording sales of ₹ 1,01,852 Lakh and growth of around 9% over Financial Year 2015-16. Our focus on Value added products has started yielding results with the sales of the products portfolio increasing by 25% during the Financial Year 2016-17 over the Financial Year 2015-16. Overall the salience of the value added products in the portfolio increased to 24% in Financial Year 2016-17 over 21% in the Financial Year 2015-16.

CDPL also acquired assets of Nutraamax Dairy in Andhra Pradesh and RBS Dairy in Southern Tamil Nadu. Both the acquisitions will aid the dairy business expanding and strengthening its footprint across Southern India.

Subsidiary of Creamline Dairy Products Limited:**Nagavalli Milkline Private Limited:**

Nagavalli Milkline Private Limited has been a subsidiary of Creamline Dairy Products Limited during the Financial Year 2016-17.

Review of Operations / State of Affairs of Joint Ventures (JVs):**ACI Godrej Agrovet Private Limited, Bangladesh:**

The joint venture in Bangladesh recorded a strong volume growth of 16% in the Financial Year 2016-17 over the Financial Year 2015-16. The growth was recorded across all the categories of feed in Bangladesh. The business continues to consolidate and grow its market share in the categories of Feed.

Godrej Tyson Foods Limited:

The processed poultry business recorded sales of ₹ 44,852 Lakh during Financial Year 2016-17 over sales of ₹ 45,147 Lakh during the Financial Year 2015-16. The focus of the business will continue to remain investing and building the Real Good Chicken and Yummiez brands for future growth.

FINANCE & INFORMATION SYSTEMS:

Your Company has been managing its treasury operations efficiently and has been able to borrow funds at competitive rates. During the Financial Year under review, the credit rating granted by ICRA Limited to your Company has been reaffirmed at "[ICRA]AA" in respect of

Long Term Fund Based bank limits and "[ICRA]A1+" in respect of Short Term Fund Based facilities (including for Commercial Paper).

During the year under review the Company have upgraded its Mobility Infrastructure to provide improved functionalities and this solution is getting rolled out to cover all sales users in various businesses of your Company.

The Company have extended its existing SAP ERP to its subsidiary, "Astec LifeSciences Limited" to capture all business processes which has helped to improve timely information flow to all stakeholders thereby helping better decision making in all areas of operations.

We have also upgraded our ERP system to be in line with latest trend in technology and to ensure system readiness for forthcoming GST implementation.

MATERIAL CHANGES AND COMMITMENTS SINCE THE FINANCIAL YEAR END:

There have been no material changes and commitments affecting the financial position of your Company which have occurred between March 31, 2017 and the date of this Directors' Report.

DIVIDEND:

The Board of Directors of your Company recommend Dividend @ 8% per annum on 6,000 (Six Thousand) Preference Shares of ₹10/- (Rupees Ten Only) each, i.e., ₹ 0.80 (Paise Eighty Only) per Preference Share per annum for the Financial Year 2016-17.

Your Directors have recommended a Final Dividend for the Financial Year 2016-17 at the rate of 45% (Forty-five per cent) i.e. ₹ 4.50/- (Rupees Four Paise Fifty Only) per Equity Share of Face Value of ₹10/- each, subject to approval of the Shareholders at the ensuing Annual General Meeting.

The Dividend will be paid to Shareholders whose names appear in the Register of Members of the Company as on the Record Date in respect of shares held in dematerialized form, it will be paid to Shareholders whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as the beneficial owners as on that date.

SHARE CAPITAL:

The Company's Equity Share Capital position as on March 31, 2017 is as follows:-

Category of Share Capital	Authorized Share Capital			Issued, Subscribed & Paid-up Share Capital		
	No. of Shares	Face Value per Share (₹)	Total Amount (₹)	No. of Shares	Face Value per Share (₹)	Total Amount (₹)
Equity	224,994,000	10	2,249,940,000	185,130,876	10	1,851,308,760
Preference	6,000	10	60,000	6,000	10	60,000
TOTAL	225,000,000		2,250,000,000	185,136,876		1,851,368,760

During the Financial Year 2016-17, the Company has issued Bonus Shares to all the existing Shareholders in the ratio of 1:1, i.e., 1 (One) Equity Share of Face Value of ₹ 10/- (Rupees Ten Only) each for every 1 (One) Equity Share of Face Value of ₹ 10/- (Rupees Ten Only) held in the Company, ranking *pari passu* with the existing Equity Shares, aggregating to 92,565,438 (Nine Crore Twenty Five Lakh Sixty Five thousand Four Hundred Thirty Eight) Equity Shares of Face Value of ₹ 10/- (Rupees Ten Only) each.

The Company has neither issued any Equity Shares with differential rights nor issued any Sweat Equity Shares during the Financial Year 2016-17.

The Company has not bought-back any Equity Shares during the Financial Year under review.

EMPLOYEES STOCK OPTION SCHEMES:

The Company has implemented Employee Stock Option Plan I (ESOP Scheme – I) and Employee Stock Option Plan II (ESOP Scheme – II) with a view to promote the long term interest of the Company by means of providing incentive to attract, retain and reward employees performing services for the Company and by motivating such employees to contribute to the growth and profitability of the Company. In December 2012, the Company instituted ESOP as approved by the Board of Directors and the Shareholders, for the allotment of 586,764 options convertible into 586,764 Equity Shares of ₹ 10/- each and Bonus Shares issued against the initial allotment for 3,520,584 Equity Shares of ₹ 10/- each to eligible employees of the Company.

The scheme is administered by an independent Employees Stock Option Trust (ESOP Trust) created. The Company has issued 586,764 Equity Shares and Bonus Shares issued against the initial allotment for 7,627,932 Equity Shares to the said ESOP Trust at face value of ₹ 10/- each amounting to ₹ 58.68 Million. During the Financial Year under review, the Equity Shares which were in the name of Employees Stock Option Trust were vested in the eligible employees pursuant to ESOP Schemes – I and II, who exercised the Options granted to them in entirety. Subsequently, the Equity Shares in the Company held by the ESOP Trust and transferred by March 31, 2017.

a) Options granted	586,764
b) Options vested	586,764
c) Options exercised	586,764
d) Total number of shares arising as a result of exercise of Options	586,764 Equity Shares
e) Options lapsed	Nil
f) Exercise price	₹ 10/- per Equity Share
g) Variation of terms of Options	1. Amendment in the vesting period, i.e., vesting on or before completion of 60 (sixty) months from the date of grant of Options 2. Amendment in the time period of transfer of Equity Shares
h) Money realized by exercise of Options	₹ 5,867,640/-
i) Total number of Options in force	Nil
j) Employee wise details of Options granted	-

DEPOSITS:

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, i.e., deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 during the Financial Year 2016-17.

HOLDING COMPANIES:

Your Company continues to be a subsidiary of Godrej Industries Limited (GIL) as defined under Section 2(87) of the Companies Act, 2013 as on March 31, 2017.

GIL, which was holding 60.80% Equity Shareholding in the Company as on March 31, 2016, acquired further 2.87% Equity Shareholding during the Financial Year (F.Y.) 2016-17 from Godrej & Boyce Manufacturing Company Limited (G&B), consequent to which, the shareholding of GIL in the Company had increased to 63.67% as on March 31, 2017.

Further, during the year under review, G&B sold its Equity stake in GIL to Vora Soaps Limited (VSL), as a result of which, VSL became the Holding Company of GIL w.e.f. March 30, 2017.

Consequently, VSL is the Ultimate Holding Company of your Company as on March 31, 2017.

SUBSIDIARY COMPANIES:

Your Company had the following subsidiaries [as defined under Section 2(87) of the Companies Act, 2013] during the Financial Year 2016-17:-

- Godrej Seeds & Genetics Limited (Subsidiary upto March 18, 2017):**
(A subsidiary of your Company upto March 18, 2017, in which your Company held 90% of the Equity Share Capital upto March 18, 2017)
- Godvet Agrochem Limited:**
(A wholly-owned subsidiary of your Company throughout the Financial Year 2016-17)
- Astec LifeSciences Limited:**
(A subsidiary of your Company throughout the Financial Year 2016-17, in which your Company holds 55.538% of the Equity Share Capital as on March 31, 2017)
- Behram Chemicals Private Limited:**
(A 65.63% subsidiary of Astec LifeSciences Limited)
- Comercializadora Agricola Agrostrachem Cia Ltda (Bogota Columbia):**
(A wholly-owned subsidiary of Astec LifeSciences Limited)
- Astec Europe Sprl (Belgium, Europe):**
(A 50.10% subsidiary of Astec LifeSciences Limited)
- Creamline Dairy Products Limited:**
(A subsidiary of your Company throughout the Financial Year 2016-17, in which your Company holds 51.91% of the Equity Share Capital as on March 31, 2017)
- Nagavalli Milkline Private Limited:**
(A 99.99% subsidiary of Creamline Dairy Products Limited)

ASSOCIATE COMPANIES:

Godrej Tyson Foods Limited (GTFL) is an Associate Company [within the meaning of Section 2(6) of the Companies Act, 2013] of your Company. GTFL is a Joint Venture (JV) between Godrej Agrovet Limited (which holds 49% equity) and Tyson India Holdings Limited (TIHL) (a company belonging to the Tyson Group, USA) (which holds 51% equity stake).

Your Company also holds 50% equity in ACI Godrej Agrovet Private Limited (ACI GAVPL) (a body corporate incorporated in and under the laws of Bangladesh), while the remaining 50% stake in ACI GAVPL is held by Advanced Chemical Industries (ACI) Limited, Bangladesh, pursuant to a JV arrangement.

Polchem Hygiene Laboratories Private Limited (Polchem) ceased to be an Associate Company of your Company during the Financial Year (F.Y.) 2016-17 w.e.f. December 13, 2016, consequent to sale / divestment of the entire 26% equity stake held by your Company in Polchem.

Your Company has 33.33% profit share and 24% shareholding in Al Rahba International Trading LLC, Abu Dhabi, United Arab Emirates (UAE).

DIRECTORS:

The Board of Directors of the Company presently comprises of the following Directors:

- | | |
|----------------------------|------------------------|
| 1. Mr. N. B. Godrej | (Chairman) |
| 2. Mr. A. B. Godrej | (Director) |
| 3. Mr. J. N. Godrej | (Director) |
| 4. Mr. V. M. Crishna | (Director) |
| 5. Ms. Tanya A. Dubash | (Director) |
| 6. Ms. Nisaba Godrej | (Director) |
| 7. Mr. B. S. Yadav | (Managing Director) |
| 8. Mr. K. N. Petigara | (Independent Director) |
| 9. Dr. S. L. Anaokar | (Independent Director) |
| 10. Mr. Amit B. Choudhury | (Independent Director) |
| 11. Mr. Rohit Sipahimalani | (Director) |

Mr. J. N. Godrej (Director) and Mr. V. M. Crishna (Director) retire by rotation at the ensuing Twenty-sixth Annual General Meeting (AGM) of the Company in accordance with Section 152 of Companies Act, 2013 and being eligible offer themselves for re-appointment.

PERFORMANCE EVALUATION:

Annual Performance Evaluation was carried out by the Board, of its own performance, Committees thereof and Directors individually and by the Independent Directors, of the Chairman and Non - Independent Directors. This was carried out through structured, confidential, online questionnaires on which vital feedback was received from all Directors. The Board of Directors express their satisfaction about the Performance Evaluation process.

DETAILS OF CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

There were no changes in the Directors of the Company during the Financial Year (F.Y.) 2016-17.

At the Twenty-fifth Annual General Meeting (AGM) of the Company held on August 2, 2016, Mr. A. B. Godrej (Chairman) and Ms. Nisaba Godrej (Director), who then retired by rotation, being eligible, were appointed as "Directors" of the Company.

The following are the Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203 of the Companies Act, 2013, throughout the Financial Year 2016-17:-

- Mr. B. S. Yadav, Managing Director
- Mr. S. Varadaraj, Head- Finance, Systems & Legal (Chief Financial Officer)
- Mr. Vivek P Raizada, Associate Vice President – Legal & Company Secretary

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS:

Pursuant to the provisions of Section 134(3)(d) of the Companies Act, 2013, disclosure is hereby given that the Company has received declaration / confirmation of independence pursuant to Section 149(6) of the said Act from all the following 3 (three) Independent Directors of the Company, viz.:

- Mr. K. N. Petigara
- Dr. S. L. Anaokar
- Mr. Amit B. Choudhury

MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board of Directors are pre-scheduled and intimated to all the Directors in advance to order to facilitate them to plan their schedule. However, in case of special and urgent business needs, approval is taken either by convening meetings at a shorter notice with consent of all the Directors or by passing resolutions through circulation.

There were 6 (six) Meetings of the Board of Directors held during the Financial Year (F.Y.) 2016-17 (i.e., May 17, 2016, June 14, 2016, August 2, 2016, September 28, 2016, November 3, 2016 and February 7, 2017). The maximum gap between two Board Meetings did not exceed 120 days.

AUDIT COMMITTEE:

Pursuant to the provisions of Section 177(8) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board & its Powers) Rules, 2014, your Company has an Audit Committee of the Board of Directors comprising of the following Members:-

- | | |
|---------------------------|--|
| 1. Mr. K. N. Petigara | Chairman – Independent Director |
| 2. Dr. S. L. Anaokar | Member – Independent Director |
| 3. Mr. Amit B. Choudhury | Member – Independent Director |
| 4. Mr. B. S. Yadav | Member – Executive, Non- Independent Director |
| 5. Mr. Rohit Sipahimalani | Member – Non-Executive, Non-Independent Director |

The Audit Committee, pursuant to the terms of reference specified by the Board from time to time and as prescribed under Section 177(4) of the said Act, has made observations and recommendations to the Board of Directors, which have been noted and accepted by the Board.

There were 6 (six) Meetings of the Audit Committee held during the Financial Year (F.Y.) 2016-17 (i.e., May 17, 2016, June 14, 2016, August 2, 2016, September 28, 2016, November 3, 2016 and February 7, 2017).

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Audit Committee has also formulated 'Whistle Blower Policy' for the purpose of establishment of Vigil Mechanism as required under sub-sections (9) and (10) of Section 177 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board & its Powers) Rules, 2014.

The objective of the Whistle Blower Policy is to allow employees to raise concerns about unacceptable improper practices and/or any unethical practices prevailing in the Company without necessarily informing their superiors and to ensure that when such concern is raised by any employee, proper action is taken and the reporting employee is protected against any adverse action and/or any discrimination for such reporting.

NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board & its Powers) Rules, 2014, your Company has a Nomination and Remuneration Committee of the Board of Directors comprising of the following Members:-

- | | |
|--------------------------|---------------------------------|
| 1. Mr. K. N. Petigara | Chairman – Independent Director |
| 2. Dr. S. L. Anaokar | Member – Independent Director |
| 3. Mr. Amit B. Choudhury | Member – Independent Director |

There were two Meetings of the Nomination and Remuneration Committee during the Financial Year 2016-17 (i.e., on February 7, 2017 and March 15, 2017).

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising of the following Members:-

- | | |
|----------------------|---|
| 1. Mr. N. B. Godrej | Chairman– Non-Executive, Non-Independent Director |
| 2. Mr. B. S. Yadav | Member– Executive, Non-Independent Director |
| 3. Dr. S. L. Anaokar | Member – Independent Director |

There were two Meetings of the CSR Committee during the Financial Year 2016-17 (i.e., on May 17, 2016 and February 7, 2017).

MANAGING COMMITTEE:

Your Company has constituted the Managing Committee of the Board of Directors consisting of the following Directors, pursuant to Article 144 of the Articles of Association of the Company:-

- | | |
|----------------------|---|
| 1. Mr. N. B. Godrej | Chairman- Non-Executive, Non-Independent Director |
| 2. Mr. A. B. Godrej | Member - Non-Executive, Non-Independent Director |
| 3. Mr. B. S. Yadav | Member– Executive, Non-Independent Director |
| 4. Dr. S. L. Anaokar | Member- Independent Director |
| 5. Ms. Nisaba Godrej | Member - Non-Executive, Non-Independent Director |

INTERNAL COMPLAINTS COMMITTEE:

The Board of Directors of your Company has re-constituted the Internal Complaints Committee (ICC) pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 and the Rules framed thereunder, consisting of the following Members:

1. Ms. Tanya A. Dubash (Chairperson)
2. Ms. Nisaba Godrej (Member)
3. Mr. Sumit Mitra (Member)
4. Mr. S. Varadaraj (Member)
5. Ms. Sanjivani Sadani (Member)
6. Ms. Sushma Sonty (Member)
7. Ms. Neera Nundy (External Member)

The Company has formulated and circulated to all the employees, a policy on prevention of sexual harassment at workplace, which provides for a proper mechanism for redressal of complaints of sexual harassment.

There were no complaints of sexual harassment received by the ICC during the Financial Year 2016-17.

EXTRACT OF ANNUAL RETURN:

The Extract of Annual Return in Form MGT-9 pursuant to Section 134(3)(a) of the Companies Act, 2013 and Rule 12 of the Companies (Management & Administration) Rules, 2014 and forming part of the Directors' Report is annexed hereto as "ANNEXURE 'A'".

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions contained in sub-sections (3)(c) and (5) of Section 134 of the Companies Act, 2013, the Directors of your Company confirm that:-

- a) in the preparation of the annual accounts for the Financial Year (F.Y.) 2016-17, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year (i.e., March 31, 2017) and of the profit and loss of the Company for that period (i.e., the Financial Year 2016-17);
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis; and
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL AUDIT REPORT:

The Board of Directors of your Company has appointed Mr. Prakash K. Pandya of M/s. P. K. Pandya & Co. as the Secretarial Auditor of the Company for the conduct of Secretarial Audit for the Financial Year 2016-17, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

The Report submitted by the Secretarial Auditor is annexed as "ANNEXURE 'B'" to this Directors' Report.

RESPONSES TO QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS & DISCLAIMERS MADE BY THE STATUTORY AUDITORS AND THE SECRETARIAL AUDITOR:

There are no qualifications, reservations, adverse remarks and disclaimers of the Statutory Auditors in their report on Financial Statements for the Financial Year (F.Y.) 2016-17.

There are no qualifications, reservations, adverse remarks and disclaimers in the Secretarial Audit Report for the Financial Year (F.Y.) 2016-17 except that the remuneration paid to the Managing Director is in excess of the limits specified in Schedule V and Section 197 of the Companies Act, 2013 due to exercise of ESOP by him and the Company is in the process of making an application with the Central Government for approval of such resultant excess remuneration.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

As required to be reported pursuant to the provisions of Section 186 and Section 134(3)(g) of the Companies Act, 2013, the particulars of loans, guarantees or investments by the Company under the aforesaid provisions during the Financial Year (F.Y.) 2016-17 are contained in "ANNEXURE 'C'" to this Directors' Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:

The disclosure of particulars of contracts or arrangements with Related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 ('the Act') including certain arm's

length transactions under the third proviso thereto and forming part of the Directors' Report in the prescribed Form No. AOC-2 pursuant to Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is given in "ANNEXURE 'D'" to this Directors' Report.

All the Related Party transactions which were entered into during the Financial Year (F.Y.) 2016-17 were on arm's length basis and in the ordinary course of business.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information in respect of these matters, as required under Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report is given in the "ANNEXURE 'E'" to this Directors' Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY:

The Corporate Social Responsibility (CSR) Committee has formulated the CSR Policy of the Company and the Board of Directors has approved the same, pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The contents / details of the CSR Policy and the CSR initiatives taken by the Company during the Financial Year 2016-17 forming part of the Directors' Report are given in the 'Annual Report on CSR Activities' which is annexed as "ANNEXURE 'F'" to this Directors' Report.

Your Company has been at the forefront of undertaking efforts related to Corporate Social Responsibility that are aligned to the "Good and Green Vision" followed by Godrej Group.

During the Financial Year 2016-17, the Company has spent ₹ 405.12 Lakh (1.99%) of the required expenditure for CSR. During this year, the Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects. These projects and programmes are ongoing and have a qualitative longer term impact on the beneficiaries. The company could not meet the required expenditure due to unforeseen circumstances and delays thereof. GAVL stays committed to its corporate social responsibility and intends to continually increase the impact of its CSR initiatives. The Company will make concerted efforts to spend the prescribed CSR amount in the subsequent years.

RISK MANAGEMENT POLICY:

The Company has developed and implemented a risk management policy and in the opinion of the Board of Directors, no risks have been identified which may threaten the existence of the Company.

Your Company endeavours to become aware of different kinds of business risks and bring together elements of best practices for risk management in relation to existing and emerging risks. Rather than eliminating these risks, the decision making process at your Company considers it appropriate to take fair and reasonable risk which also enables the Company to effectively leverage market opportunities.

The Board determines the fair and reasonable extent of principal risks that your Company is willing to take to achieve its strategic objectives. With the support of the Audit Committee, it carries out a review of the effectiveness of your Company's risk management process covering all material risks.

Your Company has substantial operations spread all over the country and its competitive position is influenced by the economic, regulatory and political situations and actions of the competitors.

POLICY ON REMUNERATION:

Your Company's framework of total rewards aims at a holistic utilization of elements such as fixed and variable compensation, long-term incentives, benefits and perquisites and non-compensation elements (career development, work life balance and recognition).

The rewards framework offers the flexibility to employees to customise different elements on the basis of need. It is also integrated with your Company's performance and talent management processes and designed to ensure sharply differentiated rewards for the best performers.

The total compensation for a given position is influenced by three factors: position, performance and potential.

The policy relating to the remuneration for Directors, Key Managerial Personnel (KMP) and other employees has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors, which is disclosed as "ANNEXURE 'G'" to this Directors' Report.

The criteria for determining qualification, positive attributes and independence of Directors is given in "ANNEXURE 'H'" to this Directors' Report.

SIGNIFICANT REGULATORY OR COURT ORDERS:

During the Financial Year 2016-17, there are no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of the Company and its operations in future.

INTERNAL FINANCIAL CONTROLS WITH RESPECT TO FINANCIAL STATEMENTS:

Your Company remains committed to improve the effectiveness of internal financial controls and processes which would help in efficient conduct of its business operations, ensure security to its assets and timely preparation of reliable financial information.

The internal financial controls with reference to the Financial Statements are adequate in the opinion of the Board of Directors and were operating effectively.

The Company has a proper system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

The Company's Corporate Audit & Assurance Department which is ISO 9001: 2008 certified, issues well documented operating procedures and authorities, with adequate built-in controls at the beginning of any activity and during the continuation of the process, if there is a major change.

The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the Management. This system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

The Audit Committee of the Board of Directors met 6 (six) times during the Financial Year (F.Y.) 2016-17 (i.e., May 17, 2016, June 14, 2016, August 2, 2016, September 28, 2016, November 3, 2016 and February 7, 2017). The Statutory Auditors and the Internal Auditors were, *inter alia*, invited to attend the Audit Committee Meetings and present their observations on adequacy of internal financial controls and the steps required to bridge gaps, if any. The Board of Directors has noted the observations and accepted the recommendations of the Audit Committee.

STATUTORY AUDITORS:

The Statutory Auditors of the Company have been M/s. Kalyaniwalla & Mistry (Firm Registration No.: 104607W) since incorporation till the conclusion of the 26th Annual General Meeting of the Company.

The provisions of Section 139(2) of the Companies Act, 2013 pertaining to mandatory rotation of Statutory Auditors are applicable to the Company and the Company is required to appoint new Statutory Auditors in place of M/s. Kalyaniwalla & Mistry (the existing Statutory Auditors), at the ensuing 26th Annual General Meeting ("AGM") of the Company. The new Statutory Auditors are required to be appointed for a term of 5 (five) years, to hold office from the conclusion of the 26th AGM, till the conclusion of the 31st AGM, subject to ratification at each AGM.

The Board of Directors proposes to appoint M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration Number: 101248W/W-100022) as the new Statutory Auditors, pursuant to Sections 139 to 144 & 179 of the Companies Act, 2013 and Rules 3 to 6 of the Companies (Audit And Auditors) Rules, 2014.

M/s. B S R & Co. LLP have conveyed / confirmed their independence and eligibility of appointment as the Statutory Auditors of the Company.

In the opinion of the Board of Directors, the qualifications and experience of M/s. B S R & Co. LLP are commensurate with the size and requirements of the Company;

The Members are requested to accord their approval for appointment of M/s. B S R & Co. LLP as Statutory Auditors at the forthcoming 26th AGM, for a term of 5 (five) years, to hold office from the conclusion of the 26th AGM, till the conclusion of the 31st AGM.

COST AUDITORS:

M/s. P. M. Nanabhoy & Co., Cost Accountants, Mumbai (Firm Registration No.: 00012) have been appointed by the Board of Directors as the Cost Auditors of the Company for all the applicable products pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, for the Financial Year (F.Y.) 2017-18. The Shareholders are requested to ratify the remuneration payable to the Cost Auditors in terms of Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

ADDITIONAL INFORMATION:

The additional information required to be given under the Companies Act, 2013 and the Rules made thereunder, has been laid out in the Notes attached to and forming part of the Accounts. The Notes to the Accounts referred to the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

HUMAN RESOURCES:

Your Company continues to have amicable employee relations at all locations. This enabled the Management to sign 4 (four) long term settlements of 4 (four) years each and one for 3½ years Pan India with the unionised employees across businesses in a very cordial atmosphere without losing a single man hour. This positive environment encouraged the unionised employees to come forward and share different ideas which can contribute to better efficiency. Your Company continues to drive a strong performance based culture through a well-defined and executed performance management system.

Employee development programs in conjunction with well-known Institutions like IIM Ahmedabad and IIM Indore helped to improve workforce competencies and develop future leaders. To build up on this, your Company covered all Managers in 'Leadership For Peak Performance', an in-house developed program.

Your Company also launched a mobile app for its Godrejite intranet portal for the employees, which will facilitate them to complete various tasks like applying for leave, booking conference rooms, air tickets, etc. on the go. Your Company also launched "Workplace", an application which allows employees to communicate online freely.

The Board of Directors would like to place on record its sincere appreciation for the unstinted support it continues to receive from all its employees.

PARTICULARS OF EMPLOYEES:

The details of the employees covered under the provisions of Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report are contained in "ANNEXURE -I" to this Directors' Report.

For and on behalf of the Board of Directors of Godrej Agrovet Limited
Sd/-
N. B. Godrej
Chairman
(DIN: 00066195)

Mumbai, May 12, 2017

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Godrej Agrovet Limited
Godrej One, 3rd Floor,
Pirojshanagar Eastern Express Highway,
Vikhroli (East)
Mumbai 400079

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Godrej Agrovet Limited (hereinafter called the 'Company') for the audit period from 01st April, 2016 to 31st March, 2017 ("the Audit Period"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and Authorized Representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the Rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of equity shares of the Company kept in demat/fungible form;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- v. Other laws as specifically applicable to the Company:
 - a) The Insecticides Act, 1968; and Rules made thereunder;
 - b) The Andhra Pradesh Oil Palm (Regulation of Production and Processing) Act, 1993.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute Company Secretaries of India.

During the period under review the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above *except that the remuneration of Managing Director of the Company exceeded the limits as specified in Schedule V and section 197 of the Act due to exercise of ESOP by him and the Company is in the process of making an application with the Central Government for its approval for such resultant excess remuneration.*

During the period under review, provisions of the following Act/ Regulations were not applicable to the Company:-

- a) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- b) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowing ('ECB') and Overseas Direct Investment ('ODI');

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

- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- vi. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- vii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

d) The Listing Agreements as none of the securities of the Company are listed on any recognised stock exchange(s) in India.

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least 7 (seven) days in advance, and where the same were given at shorter notice than 7 (Seven) days, proper consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there was no instance of any of the Directors expressing dissent on any of the items placed before it.

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

We further report that during the audit period the Company has following specific events:

- a) The Company has allotted 92,565,438 (Nine Crore Twenty-Five Lakh Sixty-Five Thousand Four Hundred Thirty-Eight) Equity shares of Face value of ₹10 each as Bonus shares on 10th March, 2017.
- b) The Company has allotted 750 (Seven Hundred Fifty) Unsecured Redeemable, Non-Convertible Debentures of ₹ 1,000,000/- (Rupees Ten Lakh Only) aggregating to ₹ 750,000,000 on 04th May, 2016 and subsequently, on 24th November, 2016, the Company has redeemed the aforesaid Unsecured Debentures.

For P. K. Pandya & Co.

Practising Company Secretary

Sd/-

Prakash K. Pandya

Date: May 12, 2017

FCS No.: 3901

Place: Mumbai

CP No.: 2311

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

Annexure A to the Secretarial Audit Report

To,
The Members,
Godrej Agrovet Limited
Godrej One, 3rd Floor,
Pirojshanagar Eastern Express Highway,
Vikhroli (East)
Mumbai 400079

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

- The compliance of provisions of all laws, rules, regulations, standards applicable to Godrej Agrovet Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
- Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other

legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
- The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For P. K. Pandya & Co.
Practising Company Secretary

Sd/
Prakash K. Pandya

Place: Mumbai
Date: May 12, 2017

FCS No.: 3901
C P No.: 2311

ANNEXURE 'C' TO THE DIRECTORS' REPORT OF GODREJ AGROVET LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

[Pursuant to Section 186 and Section 134(3)(g) of the Companies Act, 2013]

A. Loans Given:

(₹ in Lac)

Name of the Entity	Opening balance	Loan / ICD Given	Adjustment	Loan Repaid	Other transactions	Closing balance	Interest rate	Purposes
Loans:								
TOTAL								
Inter-Corporate Deposits (ICDs):								
ANAMUDI REAL ESTATES LLP	132,500,000	0	0	132,500,000	0	0	10%	For Business requirement of recipient company
NATURES BASKET LIMITED	52,000,000	0	0	52,000,000	0	0	10%	For Business requirement of recipient company
ASTEC LIFESCIENCESLIMITED	0	500,000,000	0	500,000,000	0	0	10%	For Business requirement of recipient company
GODVET AGROCHEM LIMITED	532,325,000	113,082,773	0	546,557,773	0	98,850,000	Apr-16 to Sep-16 10% & Oct-16 to Mar-17 9.5%	For Business requirement of recipient company
TOTAL	716,825,000	613,082,773	0	1,231,057,773	0	98,850,000		

B. Guarantees Issued:

(₹ in Lac)

Name of the Entity	Opening balance	Guaran-tee Given	(Adjustment)	Guarantee cancelled	Other transact-ions	Closing balance	Comm-ssion	Purposes
Surety Bond issued for Godrej Consumer Products Limited	120.67	-	-		-	120.67	1.21	For Business requirement of recipient company
TOTAL								

C. Investments made:

(₹ in Lac)

Name of the Entity	Value of Investment made	Purpose of Investment
Astec Life Sciences Limited	2,339.93	To increase the share of percentage of holding in subsidiary
Omnivore India Capital Trust	250.00	For Business requirement

**For and on behalf of the Board of Directors of
Godrej Agrovet Limited**

N. B. Godrej
Chairman

Mumbai, May 12, 2017

(DIN: 00066195)

ANNEXURE 'D' TO THE DIRECTORS' REPORT

FORM NO. AOC-2

FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS / ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARMS LENGTH TRANSACTIONS UNDER THIRD PROVISIO THERETO OF GODREJ AGROVET LIMITED

As at the Financial Year ended on March 31, 2017

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

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

Not Applicable

- Name(s) of the Related Party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or arrangements or transactions
- Date(s) of approval by the Board
- Amount paid as advances, if any
- Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188

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

Sr. No.	Name of the Company	Nature of contracts/ arrangements/transaction, including Duration, Salient Terms and Justification thereof	Amount (₹ in Lac)
1.	Godrej & Boyce Mfg. Co. Limited	Purchase of Fixed Assets	76.71
2.	Godrej Industries Limited	Sundry Deposits placed	6.60
3.	Godrej One Premises Management Pvt. Ltd.	Sundry Deposits placed	9.00
4.	Godvet Agrochem Limited	Intercompany Deposits placed during the year	1,119.08
5.	Astec LifeSciences Limited	Intercompany Deposits placed during the year	5,000.00
6.	Godvet Agrochem Limited	Intercompany Deposits Returned	5,453.83
7.	Astec LifeSciences Limited	Intercompany Deposits Returned	5,000.00
8.	ACI Godrej Agrovat Private Limited	Sale of materials / finished goods	916.40
9.	Godrej Seeds & Genetics Limited	Sale of materials / finished goods	0.38
10.	Godrej Tyson Foods Limited	Sale of materials / finished goods	23,182.20
11.	Creamline Dairy Products Limited	Sale of materials / finished goods	361.17
12.	Godrej Industries Limited	Purchase of Materials / Finished Goods	163.73
13.	Godrej Consumer Products Limited	Purchase of Materials / Finished Goods	30.18
14.	Godrej Tyson Foods Limited	Purchase of Materials / Finished Goods	292.64
15.	Godrej Seeds & Genetics Limited	Purchase of Materials / Finished Goods	414.81
16.	Astec LifeSciences Limited	Purchase of Materials / Finished Goods	891.76
17.	Polchem Hygiene Laboratories Private Limited	Purchase of Materials / Finished Goods	574.69
18.	Godrej Industries Limited	Expenses Charged to / Reimbursement made from other companies	11.81
19.	Godrej Seeds & Genetics Limited	Expenses Charged to / Reimbursement made from other companies	53.59

Sr. No.	Name of the Company	Nature of contracts/ arrangements/transaction, including Duration, Salient Terms and Justification thereof	Amount (₹ in Lac)
20.	Godrej Tyson Foods Limited	Expenses Charged to / Reimbursement made from other companies	288.16
21.	Godvet Agrochem Limited	Expenses Charged to / Reimbursement made from other companies	79.91
22.	Creamline Dairy Products Limited	Expenses Charged to / Reimbursement made from other companies	16.47
23.	Astec LifeSciences Limited	Expenses Charged to / Reimbursement made from other companies	64.16
24.	Natures Basket Limited	Expenses Charged to / Reimbursement made from other companies	21.39
25.	Godrej Infotech Limited	Expenses Charged by / Reimbursement made to other companies	3.62
26.	Godrej & Boyce Mfg. Co. Limited	Expenses Charged by / Reimbursement made to other companies	13.18
27.	Godrej Consumer Products Limited	Expenses Charged by / Reimbursement made to other companies	13.71
28.	Godrej Industries Limited	Expenses Charged by / Reimbursement made to other companies	743.25
29.	Godrej Tyson Foods Limited	Expenses Charged by / Reimbursement made to other companies	1.48
30.	Godvet Agrochem Limited	Expenses Charged by / Reimbursement made to other companies	282.09
31.	Creamline Dairy Products Limited	Expenses Charged by / Reimbursement made to other companies	1.08
32.	Natures Basket Limited	Expenses Charged by / Reimbursement made to other companies	0.27
33.	Godrej One Premises Management Private Limited	Expenses Charged by / Reimbursement made to other companies	294.63
34.	Astec LifeSciences Ltd.	Expenses Charged by / Reimbursement made to other companies	0.03
35.	Godrej Properties Limited	Expenses Charged by / Reimbursement made to other companies	5,175.00
36.	Godvet Agrochem Limited	Interest income on intercompany deposits placed	93.86
37.	Natures Basket Limited	Interest income on intercompany deposits placed	6.98
38.	Anamudi Real Estates LLP	Interest income on intercompany deposits placed	21.78
39.	Astec LifeSciences Limited	Interest income on intercompany deposits placed	57.45
40.	Godrej Seeds & Genetics Limited	Interest income on Loans Given	56.91
41.	ACI Godrej Agrovat Private Limited	Sundry Income	247.50
42.	Godrej Consumer Products Limited	Sundry Income	1.39
43.	Godvet Agrochem Limited	Outstanding Intercompany Deposit Receivable	988.50
44.	Godrej Vikhroli Properties LLP	Capital Advance Given	364.78
45.	Godrej Industries Limited	Outstanding Receivables (Net of Payables)	69.16
46.	Godvet Agrochem Limited	Outstanding Receivables (Net of Payables)	0.03

Sr. No.	Name of the Company	Nature of contracts/ arrangements/transaction, including Duration, Salient Terms and Justification thereof	Amount (₹ in Lac)
47.	Godrej Properties Limited	Outstanding Receivables (Net of Payables)	13.95
48.	Godrej Consumer Products Limited	Outstanding Receivables (Net of Payables)	(2.48)
49.	Gobrej Infotech Limited	Outstanding Receivables (Net of Payables)	(0.43)
50.	Godrej Tyson Foods Limited	Outstanding Receivables (Net of Payables)	72.05
51.	ACI Godrej Agrovet Private Limited	Outstanding Receivables (Net of Payables)	933.29
52.	Creamline Dairy Products Limited	Outstanding Receivables (Net of Payables)	26.80
53.	Astec LifeSciences Limited	Outstanding Receivables (Net of Payables)	56.21
54.	Godrej Consumer Products Limited	Guarantees outstanding	120.67

Sr. No.	Name of the Company	Nature of contracts/ arrangements/transaction, including Duration, Salient Terms and Justification thereof	Amount (₹ in Lac)
55.	Short Term Employee Benefit	Remuneration to Key Management Personnel	405.40
56.	Post Employee Gratuity & Medical Benefits	Remuneration to Key Management Personnel	7.89
57.	Shared Based Payment	Remuneration to Key Management Personnel	9,952.12
58.	Mr. A. B. Godrej	Director's Sitting Fees	6.00

The above transactions have been considered / approved by the Board of Directors at their Meetings held during the year, (i.e. May 17, 2016, August 2, 2016, November 3, 2016 and February 7, 2017).

For and on behalf of the Board of Directors of
Godrej Agrovet Limited

Sd/
N. B. Godrej
Chairman
(DIN: 00066195)

Mumbai, May 12, 2017

ANNEXURE 'E' TO THE DIRECTORS' REPORT

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO OF GODREJ AGROVET LIMITED

As at the Financial Year ended on March 31, 2017

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy:

Your Company continues its various endeavors to promote conservation of energy successfully.

Some of the measures adopted by your Company for conservation of energy are as follows:

- Motor optimization program and Variable Frequency Drive (VFD) across different manufacturing locations.
- Usage of Rice Husk as Boiler Fuel in certain locations.
- Diesel Consumption reduced across India (Diesel Generator Usage used to minimum).
- Timers and control wiring installed in Programmable Logic Controller (PLC) & RLC (Electrical Circuit) to avoid unnecessary usage of motors.
- Purchase of Imported Spares (Hammers, Sieves) for Aqua resulted in reduction in Energy consumption.
- Installation of high temperature, high pressure condensate recovery system.
- Comprehensive Energy Audit at certain locations.
- Fuel gas and water recovery at certain plants.
- Power, Purchase Exchange (PPA) – Aqua Hanuman Junction.
- Reduction in Broiler fuel consumption resulted in reduction in GHC emission.

The adoption of above energy conservation measures has resulted in the following benefits to the Company:-

- Direct reduction in the levels of energy consumption
- Decrease in water consumption level
- Decrease in process losses and storage losses
- Decrease in idle time running of machines
- Enhancement in the useful life of plant and machinery and increase in spares life.

The capital investment on energy conservation equipments is approximately ₹40 Lakh.

B. Technology Absorption, Adaptation and Innovation:

Your Company continues with its endeavours for technological upgradation in order to obtain improved quality at a low cost.

Your Company's In-house Research & Development (R&D) Centre at Vikhroli, Mumbai (Maharashtra) conducts research related to agriculture and development of environmentally benign agrochemical products and technologies that increase agricultural productivity and farm efficiency in a sustainable manner, thereby enhancing the quality of lives of Indian farmers. Godrej Agrovet Limited continues to remain dedicated to the well-being of Indian farmers with "Right and Innovative Farm Solutions". It has developed several innovative solutions during the year under review.

Your Company also has a R&D Centre for Animal Feed at Nashik (Maharashtra).

The benefits derived out of R&D activities include product improvement and cost reduction.

The Company's expenditure on R&D is given below:-

		Current Year (2016-17) ₹ In Lac	Previous Year (2015-16) ₹ In Lac
(a)	Capital	227.28	119.40
(b)	Recurring	938.61	672.95
(c)	Total	1,165.89	792.35
(d)	Total R&D expenditure as a percentage of total turnover	0.3%	0.2%

C. Foreign Exchange Earnings and Outgo:

The details of Foreign Exchange earnings and outgo of the Company during the Year under review are as follows:-

		Current Year (2016-17) ₹ In Lac	Previous Year (2015-16) ₹ In Lac
(a)	Foreign Exchange Earned	1,564.63	1,363.54
(b)	Foreign Exchange Used	6,765.46	7,576.07

For and on behalf of the Board of Directors of
Godrej Agrovet Limited

Sd/
N. B. Godrej
Chairman
(DIN: 00066195)

Mumbai, May 12, 2017

ANNEXURE 'F' TO THE DIRECTORS' REPORT**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

As at the Financial Year ended on March 31, 2017

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the company's CSR policy, including overview of projects or programs to be undertaken and a reference to the web-link to the CSR Policy and projects or programs

The Corporate Social Responsibility (CSR) Policy of Godrej Agrovet Limited (GAVL) aligns itself with the Godrej Group's (Group) 'Good & Green' vision of creating a more inclusive and greener India. Each of GAVL's CSR projects are aligned with the Good & Green goals of the Group and correspond to different items listed in Schedule VII of Companies Act 2013.

GAVL aspires to become a sustainable company through leadership commitment, multiple stakeholder engagement and disciplined value chain mechanisms. GAVL's holistic approach towards sustainability not only manages its externalities but also integrates the prevalent social and environmental issues into business strategies to provide tangible solutions which benefit the underserved communities and deliver competitive advantage to the business.

For instance, GAVL's employability projects are committed to the Good & Green goal that aims to "Train 1 million rural and urban youth in skills that enhance their earning potential" These projects can be mapped to the second item listed in Schedule VII "Promoting employment and enhancing vocational skill..." Similarly, Greener India projects contributes to goal that aims to "Achieve zero waste to landfill, carbon neutrality, a positive water balance, 30% reduction in specific energy consumption and increase utilization of renewable energy sources". Activities under these projects can be tagged as those contributing to "Ensuring Environmental Sustainability, Ecological Balance, Protection of Flora and Fauna"

The web-link to the CSR Policy and projects or programs is www.godrejagrovet.com

2. The composition of the CSR Committee

The company has constituted a CSR Committee of the Board. The members of the CSR committee are:

Name	Designation
Mr. N. B. Godrej	Chairman
Mr. B.S. Yadav	Member
Dr. S.L. Anaokar	Member – Independent Director

3. Average net profit of the company for last three financial years

Financial Year (as per Section 198)	2015-16	2014-15	2013-14
Net profit for the year (INR) L	₹ 18583	₹ 22872	₹ 19383

Average Net Profit of the Company for last three financials years: ₹ 20297 L

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above)

- The prescribed CSR expenditure: ₹ 405.6 Lacs (2 % of average net profit for last three preceding financial years)

5. Details of CSR Spend during the financial year

- Total amount to be spent during the financial year : ₹ 405.6 Lacs
- Amount unspent, if any: ₹ 0.48
- Manner in which the amount spent during the financial year is detailed below (all numbers are in ₹):

1	2	3	4	5	6	7	8
S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Project/ Programme: 1.Local area or other 2.Specify the State and district where the projects or programs were undertaken	Amount outlay (budget) project or programs wise (in INR)	Amount spent on projects 1. Direct expenditure 2. Overheads (in INR)	Cumulative expenditure up to the reporting period (in INR)	Amount spent direct or through the implementing agency (Implementing agency name; Legal structure of the agency; Year of establishment of implementing agency) (in INR)
1.	A 3 fold intervention to enhance farmer's productivity and income by making them collaborate as farmer producer institutions	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement (iv) Agriculture & animal husbandry	1. Other 2. Reheti (Madhya Pradesh), Chickballapur (Karnataka)	1. 60L – Sehere/Reheti 2. 7L - Chickballapur	1. Direct expenditure – 67 L 2. Overheads - NIL	67 L	Implementing Agency: Vrutti Livelihoods Resource Center, Bangalore; Registered Society, 1960
2.	Animal Husbandry training for landless, small & marginal farmers	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement (iv) Agriculture & animal husbandry	1. Other 2.Chickballapur (Karnataka), Aruppakkottai, Vellore & Pudukkottai (Tamil Nadu)	34.3L	1. Direct expenditure – 35.65 L 2. Overheads - NIL	35.65 L	Implementing Agency: Vrutti Livelihoods Resource Center, Bangalore, Registered Society, 1960
3.	Sustainable and Resilient farming system intensification (SRFSI)	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Coochbehar (West Bengal)	22L	1. Direct expenditure – 22 L 2. Overheads – NIL	22 L	Implementing Agency: Sarmile Satish Club; Registered Society; 2001
4.	Solar electrification in MP	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement (iv) Environmental Sustainability	1. Other 2. Khargone & Khandwa (Madhya Pradesh)	32.6L	1. Direct expenditure – 32.6 L 2. Overheads - NIL	32.6 L	Implementing Agency: Aga Khan Rural Support Programme India, Registered Section 25 Company, 1983
5.	Addressing malnourishment levels for families through awareness & capacity building through women SHGs	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Nimar region, Khargone & Khandwa (Madhya Pradesh)	13.7L	1. Direct expenditure – 13.7 L 2. Overheads - NIL	13.7 L	Implementing Agency: Aga Khan Rural Support Programme India, Registered Section 25 Company, 1983
6.	Training on goat rearing for men and women.	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Sitapur (Uttar Pradesh)	6L	1. Direct expenditure – 16 L 2. Overheads - NIL	16 L	Implementing Agency: Goat Trust, Lucknow; Registered Trust, 2008
7.	Animal Husbandry training for landless, small & marginal farmers	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Chandauli (Uttar Pradesh), Betul (Madhya Pradesh)	15L	1. Direct expenditure – 15 L 2. Overheads - NIL	15 L	Implementing Agency: Dristee Foundation; Registered Society, 1860
8.	Animal Husbandry training for landless, small & marginal farmers	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Betul (Madhya Pradesh)	15L	1. Direct expenditure – 6.36 L 2. Overheads - NIL	6.36 L	Direct
9.	Animal Husbandry training for landless, small & marginal farmers for establishing forward & backward linkages & enable micro enterprise building	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Almora (Uttarakhand)	8L	1. Direct expenditure – 8 L 2. Overheads - NIL	8 L	Implementing Agency: Udyogini, Delhi; Registered Society; 1860

10.	Animal Husbandry training for landless, small & marginal farmers for micro enterprise building	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Ahmednagar (Maharashtra)	22.5L	1. Direct expenditure – 22.5 L 2. Overheads - NIL	22.5 L	Implementing Agency: Sampada Trust, Ahmednagar, Maharashtra; Registered Trust; 2002
11.	Agriculture & animal husbandry training for school students from std. 8 -10 th	Schedule (VII) (x) Rural development (ii) Promoting Education, Livelihoods enhancement	1. Other 2. Satara (Maharashtra)	12.3L	1. Direct expenditure – 12.3 L 2. Overheads - NIL	12.3 L	Implementing Agency: Lend a Hand India; Registered Society; 2003
12.	Integrated watershed management	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement (iv) Water Conservation	1. Other 2. Magadi (Karnataka)	13.8L	1. Direct expenditure – 13.8 L 2. Overheads - NIL	13.8 L	Implementing Agency: IRIDS (Indian Rural Integrated Development Society); Registered Society; Karnataka; 1960
13.	Animal Husbandry training for integrated watershed management project	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement (iv) Water Conservation	1. Other 2. Beed (Maharashtra)	0.84L	1. Direct expenditure – 0.84 L 2. Overheads - NIL	0.84 L	Implementing Agency: Nisarg Vikas Ambajogai; Registered Trust; 2004
14.	Community development initiatives across GAVL sites	Schedule (VII) (ii) Promoting Education (i) Sanitation, health and hygiene (vii) Promotion of sports and games	1. Local Area 2. 15 Factory locations	30L	1. Direct expenditure – 32.41 L 2. Overheads - NIL	33.71 L	Direct
15.	Animal Husbandry curriculum digitization and training	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Keshavaram (Telangana)	20.58L	1. Direct expenditure – 20.58 L 2. Overheads - NIL	20.58 L	Direct
16.	Future Agricultural Leaders of India	Schedule (VII) (x) Rural development (ii) Livelihoods enhancement	1. Other 2. Coochbehar (West Bengal)	25 L	1. Direct expenditure – 25 L 2. Overheads - NIL	25 L	Implementing Agency: Gandhi Research Foundation; Section 25 Company; 2006
17.	My Village – Model Village	Schedule (VII) (x) Rural development	1. Other 2. Telangana	5 L	1. Direct expenditure – 5 L 2. Overheads - NIL	5 L	Implementing Agency Vande Mataram, Registered Trust, 2005
18.	High Quality Breeding	Schedule (VII) (x) Rural development (iv) Animal Welfare	1. Other 2. Indore (Madhya Pradesh)	29 L	1. Direct expenditure – 29 L 2. Overheads - NIL	29 L	Implementing Agency JK Trust; Registered Trust; 1955;
19.	UDAAN Project	Schedule (VII) (ii) Promoting Education	1. Other 2. Mewat (Haryana)	2 L	1. Direct expenditure – 2 L 2. Overheads - NIL	2 L	Implementing Agency CARE; Section 25 Company; 1946
20.	Study on best practices adopted by farmers growing oil palm	Schedule (VII) (ii) Promoting Education	1. Other 2. Krishna (Andhra Pradesh)	6 L	1. Direct expenditure – 6 L 2. Overheads - NIL	6 L	Direct
21.	Administrative Costs					18.08 L	Direct
22.	TOTAL					405.12 L	

6. *In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report*

During the financial year 2016-17, the company has spent ₹ 405.12 L (1.99%) of the required expenditure for CSR. During this year, the Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects. These projects and programmes are ongoing and have a qualitative longer term impact on the beneficiaries. The company could not meet the required expenditure due to unforeseen circumstances and delays thereof. GAVL stays committed to its corporate social responsibility and intends to continually increase the impact of its CSR initiatives. The Company will make concerted efforts to spend the prescribed CSR amount in the subsequent years.

7. *Responsibility statement of the CSR committee*

Through this report, the company seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the company and the CSR Committee is responsible for the integrity and

the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure the projects go on smoothly as planned.

**For and on behalf of the Board of Directors of
Godrej Agrovet Limited**

B. S. Yadav
Managing Director &
Member of CSR Committee
(DIN: 00294803)

N. B. Godrej
Chairman of the Company &
Chairman of CSR Committee
(DIN: 00066195)

Mumbai, May 12, 2017

ANNEXURE 'G' TO THE DIRECTORS' REPORT

POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND OTHER EMPLOYEES of GODREJ AGROVET LIMITED

As at the Financial Year ended on March 31, 2017

The Total Rewards Framework of Godrej Agrovet Limited ("the Company") aims at holistically utilizing elements such as fixed and variable compensation, long-term incentives, benefits and perquisites and non-compensation elements (career development, work life balance and recognition).

Highlights

The rewards' framework offers the employees, the flexibility to customize different elements, basis need. It is also integrated with the Company's performance and talent management processes and designed to ensure sharply differentiated rewards for best performers.

The total compensation for a given position is influenced by three factors: position, performance and potential. As a broad principle, for high performers and potential employees, the Company strives to deliver total compensation at the 90th percentile of the market.

Total Cash Compensation

The total cash compensation has three components:

1. 'Fixed Compensation' comprises basic salary and retirement benefits, like provident fund and gratuity.
2. 'Flexible Compensation' is a fixed pre-determined component of compensation, which can be allocated to different components, as per the grade eligibility defined at the start of each financial year.

3. 'Variable Compensation (Performance Linked Variable Remuneration)' rewards an employee for delivering superior business results and individual performance. It is designed to provide a significant upside earning potential without cap for over achieving business results. It has a 'Collective' component, which is linked to the achievement of specified business results, measured by Economic Value Added or other related metrics, relative to the target set for a given financial year and an 'Individual' component, based on the employee's performance, as measured by the performance management process.

Long Term Incentives (Employee Stock Grant Scheme)

This scheme aims at driving a culture of ownership and focus on long-term results. It is applicable to senior managers. Under this scheme of the Godrej Group, performance based stock grants are awarded on the basis of performance.

For and on behalf of the Board of Directors of

Godrej Agrovet Limited

**Sd/-
N. B. Godrej
Chairman
(DIN: 00066195)**

Mumbai, May 12, 2017

ANNEXURE 'H' TO THE DIRECTORS' REPORT

CRITERIA FOR DETERMINING QUALIFICATION, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS of GODREJ AGROVET LIMITED

As at the Financial Year ended on March 31, 2017

1. Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

2. Positive Attributes of Independent Directors:

An Independent Director shall be a person who shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his duties;
- iii. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- v. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board of Directors in its decision making;

- vi. not abuse his position to the detriment of the Company or its Shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- vii. refrain from any action that would lead to loss of his independence;
- viii. where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- ix. assist the Company in implementing the best corporate governance practices.

3. Independence of Independent Directors:

An Independent Director should meet the criteria for independence prescribed under Section 149(6) of the Companies Act, 2013 (as may be amended from time to time).

**For and on behalf of the Board of Directors of
Godrej Agrovet Limited**

**N. B. Godrej
Chairman
(DIN: 00066195)**

Mumbai, May 12, 2017