

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF GODREJ AGROVET LIMITED.****Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS Financial Statements of **GODREJ AGROVET LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Basis for Qualified Opinion

The Holding Company has paid remuneration to its Managing Director during the year, which is in excess of limit given under section 197 read with Schedule V of the Companies Act, 2013 by ₹ 8,661.12 Lakh.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of matters described in Basis for Qualified Opinion paragraph*, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone financial statements:

- a) Note 58 to the Standalone Financial Statements where in Honorable High Court of Judicature at Bombay has approved a Scheme of Arrangement whereby the assets and liabilities of Seeds business of the transferor company (Godrej Seeds & Genetics Limited) have been taken over and record at their book values as on April 01, 2015.
 - i. In accordance with the Scheme of Arrangement an amount of ₹ 1,694.46 lakh on account of Goodwill on Merger has been charged to the Surplus in Statement of Profit & Loss of the Holding Company in the previous year. Had the scheme not

prescribed this treatment, the Surplus in the Statement of Profit & Loss would have been higher by ₹ 1,694.46 lakh.

- b) Note 59 to the Standalone Financial Statements wherein the Honorable High Court of Judicature at Bombay had approved a Scheme of Arrangement whereby the assets and liabilities of the transferor company (Goldmuhor Agrochem & Feeds Limited) have been taken over and recorded at their book values as on October 01, 2013.
 - i. In accordance with the Scheme of Arrangement an amount of ₹ 71.11 lakhs on account of Goodwill on Merger has been charged to the General Reserve Account.
 - ii. The cost and expenses arising out of or incurred in carrying out and implementing the scheme amounting to ₹ 40.73 lakhs have been directly charged against the balance in the General Reserve Account of the Company.
 - iii. An amount of ₹ 2,000 lac has been transferred from the General Reserve Account and used to increase the Reserve for Employee Compensation Expenses.

Had the scheme not prescribed this treatment the balance in the General Reserve Account would have been higher by ₹ 2,111.84 lac.

- c) Note 60 to the standalone financial statements wherein the Honorable High Court of Judicature at Bombay had approved as Scheme of Arrangement whereby the assets and liabilities of the transferor company (Golden Feed Products Limited) have been taken over and recorded at their book values as on March 31, 2014.

In accordance with the Scheme of Arrangement an amount of ₹ 97.06 lakhs on account of Goodwill on Merger has been charged against the balance in the Surplus in Statement of Profit and Loss. Had the scheme not prescribed this treatment, the balance in the Surplus in Statement of Profit and Loss would have been higher by 97.06 lakhs.

- d) Note 61 to the standalone financial statements wherein the Honorable High Court of the Judicature at Bombay had approved a Scheme of Arrangement whereby the assets and liabilities of the transferor companies (Godrej Oil Palm Limited, Godrej Gokarna Oil Palm Limited and Cauvery Palm Oil Limited) have been taken over and recorded at their book values as on April 1, 2011.
 - i. Amortisation amounting to ₹ 425.12 lakh on Intangible Assets taken over as per the Scheme is charged against the balance in the General Reserve Account of the Company in the current year and ₹ 425.12 lakh in the previous years. Had this amount been charged to the Statement of Profit and Loss, the profit for the year would have been lower by ₹ 425.12 lakh, the Surplus in statement of Profit and Loss would have been lower by ₹ 425.12 lakh and the balance in the general reserve would have been higher by ₹ 850.24 lakh.
 - ii. In accordance with the Scheme of Arrangement, an amount of ₹ 6,055.32 lakh on account of Goodwill on merger has been charged to Securities Premium Account. Had the scheme not prescribed this treatment, the opening balance in the Surplus in statement of Profit and Loss would have been lower by ₹ 6,055.32 lakh and the Securities Premium Account would have been higher by ₹ 6,055.32 lakh.

- e) Note 62 to the Consolidated Financial Statements wherein the Honorable High Court of the Judicature at Bombay had approved a Scheme of Arrangement whereby the assets and liabilities of the transferor company (Godrej Gold Coin Aquafeed Limited) have been taken over and recorded at their book values as on April 1, 2010. In accordance with the Scheme of Arrangement, an amount of ₹ 1,669.14 lakhs on account of book values of Intangible Assets and an amount of ₹ 2,505.71 lakhs on account of Goodwill on merger, aggregating to ₹ 4,174.85 lakh has been charged to Securities Premium Account instead of amortising the same in the Statement of Profit & Loss, in case of Intangibles over a period of balance useful life of seven years. Had the scheme not prescribed these treatment the balance in securities premium account would have been higher by ₹ 4,174.85 lakh, the Surplus in Statement of Profit and Loss would have been lower by ₹ 4,174.85 lakh.

Our report is not qualified in respect of these matters.

Our report is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements– Refer Note 50 to the Standalone Ind AS Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company had provided requisite disclosures in its Standalone Ind AS Financials Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with book of account maintained by the Company and as produced to us by the Management – Refer Note 68.

**For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Reg.No. 104607W / W100166**

**Ermin K. Irani
Partner
Membership No.: 35646**

Place: Mumbai
Dated: May 12, 2017

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended March 31, 2017.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and nature of its assets. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the Company except:

₹ In Lakhs

Sr. No.	Total No. of Cases	Type of Assets	Gross Block as at March 31, 2017	Net Block as at March 31, 2017	Remarks
1	5	Free Hold Land	1,365.30	1,365.30	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
2	1	Free Hold Land	45.89	45.89	Received on demerger of Godrej Soaps Business. Company is in the process of transferring the title deeds.
3	2	Lease Hold Land	820.12	804.32	Company has received the allotment letter from GIDC. Company is in the process of registration.
4	1	Factory Building	123.10	119.04	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
5	1	Factory Building	25.43	18.31	Received on demerger of Godrej Soaps Business. Company is in the process of transferring the title deeds.
6	1	Factory Building	33.29	30.61	Building is constructed on processor's premises.
7	1	Office Building	54.64	52.51	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
8	1	Office Building	33.83	31.71	Received on demerger of Godrej Soaps Business. Company is in the process of transferring the title deeds.
9	1	Office Building	236.70	228.95	Company is in the process of transferring the title deeds.

- ii. In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on physical verification and the same have been properly dealt with in the books of account.
- iii. The Company has granted unsecured loan to companies and Firm covered in the register maintained under section 189 of the Act. There are no fixed terms of repayment of principle and interest hence the question of regular receipt of principle and interest or any overdue amount does not arise.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans or made any investments or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has given loan and made investments in the securities of other body corporate within the limit specified by section 186 of the Act and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India, for maintenance of cost records under sub section (1) of section 148 of the Act, and are of the opinion that, prima facie the prescribed accounts and records have generally been made and maintained. We have not, however, made a detailed examination of the records with a view to examine whether they are accurate and complete.
- vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues in respect of above as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty

of Customs, Duty of Excise and Value added tax outstanding on account of any dispute except:

₹ In Lakhs

Sr. No.	Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
1	Central Excise Duty Act	Tax	450.91	November 2006 to December 2013	Central Excise and Service Tax Appellate Tribunal - Mumbai
2	Central Excise Duty Act	Interest	380.01	November 2006 to December 2013	Central Excise and Service Tax Appellate Tribunal - Mumbai
3	Central Excise Duty Act	Tax	939.94	June 2006 to March 2008	Central Excise and Service Tax Appellate Tribunal - New Delhi
4	Central Excise Duty Act	Interest	1,438.71	June 2006 to March 2008	Central Excise and Service Tax Appellate Tribunal - New Delhi
5	Central Excise Duty Act	Refund of Duty	748.00	April 2008 to March 2014	Central Excise and Service Tax Appellate Tribunal - New Delhi
6	Central Excise Duty Act	Interest on Refund of Duty	784.39	April 2008 to March 2014	Central Excise and Service Tax Appellate Tribunal - New Delhi
7	Central Excise Duty Act	Tax	200.86	December 2003 to September 2005	The Supreme Court of India, Civil Appellate Jurisdiction.
8	Central Excise Duty Act	Tax	73.15	March to November 2003	The Supreme Court of India, Civil Appellate Jurisdiction.
9	Income Tax Act	Tax & Interest	143.05	A.Y. 2013-14	Commissioner of Income Tax (Appeal)
10	Customs Act	Custom Duty & Interest	85.35	December 2014 to April 2015	Joint Commissioner of Customs Group I - Chennai II
11	Finance Act, 1994	Service Tax and Interest	2.04	April 2014 to March 2014	Central Excise and Service Tax Appellate Tribunal - New Delhi

- viii. According to information and explanation given to us and based on examination of the records, the Company has not defaulted in repayment of loans or borrowings to financial institution, bank, government or debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were applied for the purpose for which the loans were obtained.
- x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.
- xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in excess of limit given in section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanation given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the directors or persons connected with him. Hence the provisions of Section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

**For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Reg.No. 104607W / W100166**

**Ermin K. Irani
Partner
Membership No.: 35646**

Place: Mumbai
Dated: May 12, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended March 31, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **GODREJ AGROVET LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

**For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Reg.No. 104607W / W100166**

**Ermin K. Irani
Partner
Membership No.: 35646**

Place: Mumbai
Dated: May 12, 2017

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