



STANDALONE FINANCIALS AND AUDITORS' REPORT



Independent Auditors' 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 comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

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, profit/ loss and other comprehensive income, changes in equity and cash flows 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, read with the relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, 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 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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Basis for qualified opinion

During the year ended 31 March 2017, the Company had paid remuneration to its Managing Director which is in excess of the limits given under section 197 read with Schedule V of the Companies Act, 2013 by ₹ 8,661.10 Lakh. Pending approval from the Central Government, impact thereof on the standalone Ind AS financial statements is not currently ascertainable. Refer Note 57 to the standalone Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Emphasis of matters

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

- i. Note 54 to the standalone Ind AS 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 1 April 2011. Amortisation amounting to ₹ 425.12 Lakh for the years ended 31 March 2018 and 31 March 2017, on Intangible Assets taken over as per the Scheme is charged against the balance in the General Reserve Account of the Company. Had this amount been charged to the standalone Ind AS statement of profit and loss, the profit for the year ended 31 March 2018 and 31 March 2017 would have been lower by ₹ 276.77 Lakh and ₹ 277.99 Lakh respectively.

- ii. Note 53 to the standalone Ind AS 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 01 October 2013. An amount of ₹ 2,000 Lakh has been transferred from the General Reserve Account and used to increase the Reserve for Employee Compensation Expenses, of which ₹ 1,986 Lakh has been utilised in the year ended 31 March 2017. Had the Scheme not prescribed this treatment, the profit for the year ended 31 March 2017 would have been lower by ₹ 1,986 Lakh.
- iii. Note 55 to the standalone Ind AS financial statements wherein the Honorable High Court of the Judicature at Bombay had approved a Scheme for the Reduction of Capital (Securities Premium Account). As per the Scheme an amount of ₹ 11,004 Lakh has been transferred from the Securities Premium account and used to create the reserve for Employee Compensation expenses, of which ₹ 389.81 Lakh has been utilised in the year ended 31 March 2017. Had the Scheme not prescribed this treatment, the profit for the year ended 31 March 2017 would have been lower by ₹ 389.81 Lakh.

Our opinion is not qualified in respect of the above matters.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017, prepared in accordance with Ind AS, included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 12 May 2017, had expressed a qualified opinion (qualification as more fully explained in the Basis for qualified opinion paragraph and which continues to apply to the accompanying standalone Ind AS financial statements for the year ended 31 March 2018).

Our opinion is not qualified in respect of this matter.

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 of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules thereunder;
- (e) on the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018, 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 with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditors' 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 47 to the standalone Ind AS financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 26 to the standalone Ind AS financial statements;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed. Refer note 62 to the standalone Ind AS financial statements.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Koosai Lehey

Partner

Membership No: 112399

Mumbai
14 May 2018

Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the above programme, the Company has verified certain fixed assets during the year and no material discrepancies were noticed in respect of assets verified during the year.
- (c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except as mentioned in the table below. Further in respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement, except as mentioned in the table below:

Sr. No	Total No. of cases	Type of Assets	Gross block as at March 31, 2018	Net block as at March 31, 2018	Remarks
1	5	Free Hold Land	23.96	23.96	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 Soap Business. Company is in the process of transferring the title deeds.
3	2	Lease Hold Land	812.62	797.40	Company has received the allotment letter from GIDC. Company is in process of registration

Sr. No	Total No. of cases	Type of Assets	Gross block as at March 31, 2018	Net block as at March 31, 2018	Remarks
4	1	Factory Building	124.20	114.67	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
5	1	Factory Building	21.87	15.34	Received on demerger of Godrej Soap Business. Company is in the process of transferring the title deeds.
6	1	Office Building	53.58	51.61	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
7	1	Office Building	32.77	30.83	Received on demerger of Godrej Soap Business. Company is in the process of transferring the title deeds.
8	1	Office Building	232.82	225.72	Company is in the process of transferring the title deeds

- (ii) The inventory, except for goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) (a) The Company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not

granted any loans, secured or unsecured, to other body corporate, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. In our opinion, the rate of interest and other terms and conditions on which the unsecured loans has been granted to companies listed in the register maintained under Section 189 of the Act is not, prima facie, prejudicial to the interest of the Company.

- (b) The unsecured loans granted to the companies covered in the register maintained under Section 189 of the Act is repayable on demand. The borrower has been regular in the payment of interest.
- (c) The unsecured loans granted to the companies covered in the register maintained under Section 189 of the Act is repayable on demand and there is no amount overdue for more than ninety days in respect of such loans.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of grant of loans, making investments, providing guarantees and securities, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Service tax, Sales tax, Value added tax, Goods and service tax, Professional tax, Duty of customs, Duty of excise, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Sales tax, Value added tax and Goods

and service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income-tax, Service tax, Duty of excise and Duty of customs have not been deposited as on 31 March 2018 by the Company on account of disputes:

Name of the statute	Nature of the Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty (including interest)	1,070.48	April 2008 – March 2011	CESTAT/ Assessing officer
Central Excise Act, 1944	Excise duty (including interest)	529.34	April 2011- December 2015	CESTAT
Central Excise Act, 1944	Excise duty (including interest)	50.08	January 2014 – December 2015	CESTAT
Central Excise Act, 1944	Excise duty (including interest)	761.10	November 2006 – October 2014	CESTAT
Central Excise Act, 1944	Excise duty (including interest)	208.94	May 2009 – June 2017	CESTAT
Central Excise Act, 1944	Excise duty (including interest)	208.81	March 2003 – May 2006	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Excise duty (including interest)	73.15	March 2003 – May 2006	Bombay High Court
Customs Act, 1962	Custom duty (including interest)	42.36	April 2011 – March 2012	Joint Commissioner of Customs Group -I, Chennai
Customs Act, 1962	Custom duty (including interest)	47.75	April 2012 – March 2013	CESTAT
Income tax Act, 1961	Income tax (including interest)	606.89	AY 2013-14 AY 2014-15 AY 2015-16	Commissioner of Income tax (Appeals)

- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank, government, financial institutions or debenture holders.

- (ix) In our opinion and according to the information and explanations given to us, the Company has raised moneys by way of initial

public offer and has utilised the proceeds arising out of the same during the year for the purposes for which they were raised. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of further public offer (including debt instruments) or term loans.

- (x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company had paid remuneration to its Managing Director during the year ended 31 March 2017 which is in excess of the limits given under section 197 read with Schedule V of the Companies Act, 2013 by ₹ 8,661 Lakh. Company has applied to the Central Government for approval of this excess payment which is currently pending.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 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 explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of fully paid equity shares during the year and has complied with the requirements of Section 42 of the Act. According to the information and explanation given to us, the amounts raised through preferential allotment of fully paid equity shares have been used for the purpose for which funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Koosai Leheri

Partner

Membership No: 112399

Mumbai
14 May 2018

Annexure B to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

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 with reference to standalone Ind AS financial statements of Godrej Agrovet Limited ("the Company") as at 31 March 2018 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 financial controls with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 with reference to standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 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 with reference to standalone Ind AS financial statements 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 with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included

obtaining an understanding of internal financial controls with reference to standalone Ind AS financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls with reference to standalone Ind AS financial statements

A company's internal financial control with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone Ind AS financial statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, 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 with reference to standalone Ind AS financial statements

to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal financial controls with reference to standalone Ind AS financial statements 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 B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Koosai Leheri

Partner

Membership No: 112399

Mumbai

14 May 2018