



# **CONSOLIDATED** FINANCIALS AND AUDITORS' REPORT



# Independent Auditors' Report

## To the Members of Godrej Agrovet Limited

### Report on the consolidated Ind AS financial statements

We have audited the accompanying consolidated Ind AS financial statements of Godrej Agrovet Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates and its joint ventures which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated 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 "consolidated Ind AS financial statements").

### Management's responsibility for the consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures 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. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures 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 Group or to cease operations, or has no realistic alternative but to do so.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub section (10) of Section 143 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 the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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, as well as evaluating the overall presentation of the consolidated 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 ability of Group and of its associates and joint ventures 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associates and joint ventures to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated 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 consolidated Ind AS financial statements is not currently ascertainable. Refer Note 56 to the consolidated 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 and based

on the consideration of reports of other auditors on separate financial statements and on other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

#### Emphasis of matters

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

- i. Note 54 to the consolidated 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 consolidated 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 52 to the consolidated 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 53 to the consolidated 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

- (a) The comparative financial information of the Group, its associates and joint ventures for the year ended 31 March 2017, prepared in accordance with Ind AS, included in these consolidated 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 modified opinion (modification as more fully explained in the Basis for qualified opinion paragraph and which continues to apply to the accompanying consolidated Ind AS financial statements for the year ended 31 March 2018).

- (b) We did not audit the financial statements of three subsidiaries included in the consolidated Ind AS financial statements, whose financial statements reflect total assets of ₹ 2,514.34 Lakh as at 31 March 2018, total revenues of ₹ 172.83 Lakh and net cash outflows amounting to ₹ 2.50 Lakh for year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 631.06 Lakh for the year ended 31 March 2018, in respect of one joint ventures and one associate whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, joint venture and associate is based solely on the reports of the other auditors.
- (c) We did not audit the financial statements/ financial information of two subsidiaries included in the Consolidated Ind AS financial statements, whose financial statements reflect total assets of ₹ 10.02 Lakh as at 31 March 2018, total revenues of ₹ Nil and net cash outflows amounting to ₹ 2.18 Lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 479.36 Lakh for the year ended 31 March 2018, in respect of one joint ventures and one associate whose financial statements have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint venture and associate is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements/ financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements/ financial information certified by the Management.

#### Report on other legal and regulatory requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and other financial information of subsidiaries, joint

ventures and associates, as noted in the 'Other matter' paragraph (b) and (c) above, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules thereunder;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associates and joint ventures incorporated in India, 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 financial statements of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report "Annexure A"; and
- (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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

- i. the consolidated Ind AS financial statements disclosed the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures – Refer Note 46 to the consolidated Ind AS financial statements;
- ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 25 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint ventures;
- iii. there are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India during the year ended 31 March 2018; and
- iv. the disclosures in the consolidated Ind AS 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 consolidated Ind AS financial statements for the year ended 31 March 2017 have been disclosed. Refer Note 61 to the consolidated 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)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to the consolidated Ind AS financial statements of Godrej Agrovet Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies incorporated in India (the Holding Company and its subsidiary companies incorporated in India together referred to as "the Group") and its associate company and jointly controlled company incorporated in India and to whom the internal financial reporting is applicable, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, the subsidiary companies, the associate company and jointly controlled company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with respect to financial statements criteria established by the respective companies 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. 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 the respective 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 Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to consolidated Ind AS financial statements 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 Institute of Chartered Accountants of India. 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 consolidated 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 the consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated Ind AS financial statements.

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

A Holding Company's internal financial control with reference to consolidated 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 Holding Company's internal financial control with reference to consolidated 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 authorizations 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 consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS 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 Holding company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India and to whom the internal financial reporting is applicable, have, in all material respects, an adequate internal financial controls system with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal controls with reference to consolidated 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.

#### Other matters

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements insofar as it relates to three subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
14 May 2018

**Koosai Leheri**  
Partner  
Membership No: 112399