GODREJ & BOYCE MANUFACTURING COMPANY LIMITED

Established 1897

(Incorporated with limited liability on 3rd March, 1932 under the Indian Companies Act, 1913)

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2018

CORPORATE INFORMATION

Board of Directors

JAMSHYD N. GODREJ, Chairman & Managing Director
ADI B. GODREJ
NADIR B. GODREJ
VIJAY M. CRISHNA, Executive Director
KAVAS N. PETIGARA
PRADIP P. SHAH
Ms. ANITA RAMACHANDRAN
ANIL G. VERMA, Executive Director & President
KEKI M. ELAVIA
Ms. NYRIKA HOLKAR, Executive Director - Corporate Affairs (from 1st April, 2017)
NAVROZE J. GODREJ (from 6th November, 2017)

Company Secretary	Chief Financial Officer
PERCY E. FOUZDAR	PURVEZ K. GANDHI

Auditors

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Bankers

CENTRAL BANK OF INDIA	ICICI BANK LTD.
UNION BANK OF INDIA	AXIS BANK LTD.
STATE BANK OF INDIA	HDFC BANK LTD.
CITIBANK N.A.	KOTAK MAHINDRA BANK LTD.

EXPORT-IMPORT BANK OF INDIA

Registered Office and Head Office

Pirojshanagar, Vikhroli, Mumbai 400 079
Telephone: (022) 6796 5656, 6796 5959; Fax: (022) 6796 1518
E-mail: info@godrej.com | Website: http://www.godrejandboyce.com

Corporate Identity Number (CIN)

U28993MH1932PLC001828

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighty-Seventh Annual General Meeting of the Members of GODREJ & BOYCE MANUFACTURING COMPANY LIMITED will be held on Friday, 28th September, 2018 at 10.00 a.m. at Pirojshanagar, Vikhroli, Mumbai, 400079 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018 together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N.B. Godrej (DIN: 00066195), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms. Nyrika Holkar (DIN: 07040425), who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. To ratify the remuneration payable to the Cost Auditors for the financial year 2018-19 and to consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force)-

   (a) Remuneration of Rs. 17,00,000 (excluding all taxes and reimbursement of out-of-pocket expenses) payable to M/s. P. D. Dani & Associates, Cost Accountants, (Firm Registration No. 000593) appointed by the Board of Directors as the Cost Auditors of the Company to conduct the audit of the cost records of the Company in respect of Appliances, Vending Machines and Electric Motors businesses, for the financial year 2018-19, as approved by the Board of Directors, be and is hereby ratified; and

   (b) Remuneration of Rs. 23,00,000 (excluding all taxes and reimbursement of out-of-pocket expenses) payable to Mr. A. N. Raman, Cost Accountant, (Membership No. 5359) appointed by the Board of Directors as the Cost Auditor of the Company to conduct the audit of the cost records of the Company in respect of Construction, Electricals & Electronics, Material Handling Equipment, Aerospace, Process Equipment, Precision Engineering, Toolings, Interio, and Security Solutions businesses, for the financial year 2018-19, as approved by the Board of Directors, be and is hereby ratified.

   FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

5. To approve the granting of an unsecured loan/corporate guarantee and to consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

   "RESOLVED THAT pursuant to Section 185, 186 and all other applicable provisions, if any, of the Companies Act, 2013, approval of the Members be and is hereby accorded to the Company for granting an unsecured loan/corporate guarantee upto Rs. 120 crore for Godrej UEP Private Limited.

   FURTHER RESOLVED THAT the said loan/corporate guarantee to the extent referred to above, together with the aggregate of loans given, investments made or guarantees provided to all bodies corporate so far, would not exceed the limits, for the time being applicable under Section 186 of the Companies Act, 2013.

   FURTHER RESOLVED THAT Mr. J. N. Godrej, Chairman & Managing Director; Ms. Nyrika Holkar, Executive Director- Corporate Affairs; Mr. A. G. Verma, Executive Director & President; Mr. P. K. Gandhi, Chief Financial Officer and Mr. P. E. Fouzdar, Executive Vice President (Corporate Affairs) & Company Secretary, be and are hereby severally authorized, on behalf of the Company, to take from time to time, all decisions and steps necessary or expedient or proper in respect of the above loan/corporate guarantee including the amount, rate of interest, tenure and other terms and conditions thereof, as they may in their absolute discretion consider necessary and proper.

   FURTHER RESOLVED THAT pursuant to the provisions of Section 117 read with Section 179 of the Companies Act, 2013, the Company do file a copy of the Resolution with the Registrar of Companies.

   FURTHER RESOLVED THAT a copy of this Resolution, certified to be true by a Director or the Secretary of the Company, be furnished to the concerned authorities and they be requested to act thereon."

NOTES:

a) The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business mentioned under Item Nos. 4 and 5 as set out in the Notice is annexed hereto.

b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING OF THE COMPANY IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. Proxies in order to be effective should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the Meeting. A Proxy Form in Form MGT-11 is annexed to this Annual Report and marked **Enclosure 5**.

Proxies submitted on behalf of the limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.

c) Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, are requested to send a certified copy of the board resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote on their behalf at the Meeting.

d) M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration no. 117366W/W-100018) were appointed as the Statutory Auditors of the Company by the Members at the 86th Annual General Meeting (AGM) held on 24th November, 2017 for a term of 5 consecutive years upto the 91st AGM to be held in 2022, subject to ratification by the Members at every AGM.

The first proviso to Section 139 of the Companies Act, 2013 which provided for the ratification of appointment of the Statutory Auditors by the Members at every AGM has been omitted by the Companies Amendment Act, 2017 w.e.f. 7 May 2018. Hence, the appointment of Statutory Auditors shall continue to be valid till the conclusion of the 5 consecutive AGMs and no ratification of appointment of Statutory Auditor is required at the ensuing AGM. Hence the Resolution to this item is not being included in the Notice to the AGM.

e) Brief Resume of Directors proposed to be re-appointed, as stipulated in Secretarial Standards as issued by the Institute of Company Secretaries of India is provided after the Explanatory Statement to this Notice.

f) Relevant documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during office hours on all days except Sundays and public holidays, upto the date of the Annual General Meeting. The aforesaid documents will also be available for inspection by Members at the Annual General Meeting.

g) Pursuant to Section 101 of the Companies Act, 2013, read with relevant rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. Members who have not registered their email addresses so far are requested to register their email address with their Depository Participant only, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company, electronically.

h) Members may please note that in terms of Section 124 of the Companies Act, 2013, any dividend which has not been paid or claimed within thirty days from the date of declaration, shall be transferred within seven days from the date of expiry of the said period of thirty days to the Unpaid Dividend Account with a scheduled bank. Any money transferred to the Unpaid Dividend Account which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) set up by the Government of India under Section 125 of the Companies Act, 2013.

For and on behalf of the Board

J. N. GODREJ
Chairman & Managing Director
DIN: 00076250

Mumbai, 4th September, 2018
Registered Office:
Pirojshanagar, Vikhroli,
Mumbai 400 079.

ANNEXURE TO NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT:

The following Explanatory Statement, as required by Section 102 of the Companies Act, 2013, sets out all material facts relating to the business mentioned under Item Nos. 4 and 5 of the accompanying Notice dated 4th September, 2018.

Item No. 4

In accordance with the provisions of Section 148 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of (i) M/s. P. D. Dani & Associates, Cost Accountants, and (ii) Mr. A.N. Raman, Cost Accountant, as the Cost Auditors of the Company for the financial year 2018-19, for conducting the audit of the cost records of certain applicable businesses of the Company (as specified in the Resolution), at a remuneration of Rs. 17,00,000 and Rs. 23,00,000, respectively, (excluding all taxes and reimbursement of out-of-pocket expenses). M/s. P.D. Dani & Associates to be the Lead Cost Auditors.

The remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, the consent of the Members is sought for passing Ordinary Resolution as set out in Item No. 4 of this Notice for ratification of remuneration payable to the Cost Auditors for the financial year 2018-19.

None of the Directors and/or, Key Managerial Personnel and their relatives are concerned with or interested, financially or otherwise, in the said Resolution.

Item No. 5

At the Board Meeting held on 29th April, 2016, the Company through its wholly owned subsidiary, Godrej (Singapore) Pte. Ltd. had invested in Godrej UEP (Singapore) Pte. Ltd (GUSPL)., a 50:50 Joint Venture between the Company and Urban Electric Power Inc. (UEP) of USA. The Joint Venture Agreement provides for UEP to be the technology provider, whereas, the Company is required to arrange/organise funding for the GUSPL/JVC and for its wholly owned subsidiaries in the Territory.

GUSPL/JVC had formed a wholly owned subsidiary in India in the name and style of Godrej UEP Private Ltd (GUPL). GUPL is ready to set up its battery manufacturing facilities and based on the projected financials, would require an outlay of approximately Rs. 120 crore. In the circumstances, GUPL has requested the Company to arrange/organise funding of upto Rs.120 crore in the form of unsecured loan and/or provide corporate guarantees for GUPL, being its financial requirements in furtherance of its principal business activity.

As per the provisions of Section 185(2) of the Companies Act, 2013, a company may advance any loan or give any guarantee to a private company in which any of its director is interested subject to the condition that a Special Resolution is passed by such a company in a general meeting and loan granted and/or guarantee given is utilized by the borrowing company for its principal business activities.

The provisions of Section 185(2) of the Companies Act, 2013, are applicable to the Company as Mr. J N Godrej, a Director of the Company is also a Director in GUPL.

Accordingly, the consent of the Members is sought for passing Special Resolution as set out in Item No. 5 of this Notice for granting an unsecured loan/corporate guarantee to Godrej UEP Private Limited upto Rs. 120 crore.

None of the Directors and/or, Key Managerial Personnel and their relatives, except Mr. J.N. Godrej, Chairman & Managing Director are concerned with or interested, financially or otherwise, in the said Resolution.

For and on behalf of the Board

J. N. GODREJ
Chairman & Managing Director
DIN: 00076250

Mumbai, 4th September, 2018
Registered Office:
Pirojshanagar, Vikhroli,
Mumbai 400 079.

Pursuant to the Secretarial Standards issued by 'The Institute of Company Secretaries of India', the following information is furnished about the Directors proposed to be appointed/re-appointed:

Brief Resume of the Directors

Name of the Director Particulars	**Mr. N.B. Godrej DIN: 00066195**	**Ms. Nyrika Holkar (DIN: 07040425)**
Age	66 years	36 years
Nationality	Indian	Indian
Date of Appointment	27th September, 1990	1st April, 2017
Shares held in the Company	21,345 Equity Shares of Rs. 100 each	10,381 Equity Shares of Rs. 100 each
Qualification	Mr. N.B. Godrej holds a Bachelor of Science degree in Chemical Engineering from the Massachusetts Institute of Technology, U.S.A., a Master of Science degree in Chemical Engineering from Stanford University, U.S.A., and a Master of Business Administration degree from the Harvard Business School, U.S.A.	Ms. Nyrika Holkar graduated with an International Baccalaureate degree from the United World College of the Adriatic, Italy, holds a Bachelor's Degree in Philosophy and Economics from Colorado College, an LL.B and an LL.M degree in law from University College London. She qualified as Solicitor from the United Kingdom and holds a Diploma from Harvard Business School in General Management Program.
Expertise in specific functional area	A leading industrialist with expertise in Engineering and Management	Business, Legal and Management expertise
Terms & Conditions of re-appointment/ variation of remuneration	Appointment as an Non-Executive Director subject to retirement by rotation	Appointment as an Executive Director subject to retirement by rotation
Remuneration last drawn	Nil	Rs. 2.51 crore
Directorships held in other companies	Godrej Consumer Products Godrej Industries Limited Godrej Properties Limited Mahindra and Mahindra Ltd. The Indian Hotels Company Ltd. Astec Lifesciences Limited Godrej Agrovet Limited Creamline Dairy Godrej Tyson Foods Ltd. Isprava Vesta Private Limited	Godrej Infotech Limited Mukteshwar Realty Private Limited. Umoja Travels Private Limited Jaldhaara Foundation (Section 8 Company) Centre for Advancement of Philanthropy (Section 8 Company)
Chairman/Membership in other committees of the Board	Nil	Nil
Inter-se relationship with other directors/ Key Managerial Personnel	Brother of Mr. A.B. Godrej, Cousin of Mr. J.N. Godrej	Daughter of Mr. V.M. Crishna, Niece of Mr. J.N. Godrej, Cousin of Mr. N.J. Godrej
No. of Board meetings attended during the year	4 (Four)	2 (Two)

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the Eighty Seventh Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2018.

1. FINANCIAL RESULTS (STANDALONE)

The Company's performance during the financial year ended 31st March, 2018 as compared to the previous financial year, is summarized below:

(Rupees in crore)

	Current Year	Previous Year Restated
Revenue from Operations	9,796.76	9,810.36
Other Income	107.40	87.96
TOTAL REVENUE	9,904.16	9,898.32
Profit before Interest, Depreciation, and Tax	774.59	660.93
Less: (i) Interest and Finance Costs	180.42	176.38
Less: (ii) Depreciation and Amortization Expense	201.43	178.65
Profit before Exceptional Items and Tax	392.74	305.90
Add: Profit on Sale of TDR	2.66	-
Less: Diminution in the Value of Investment in a Subsidiary	38.54	-
Add: Profit on Sale of Non-current Investments	-	114.73
Less: Transfer of investments in subsidiaries to group companies	-	481.25
Add: Adjustment to carrying value of investments upon receipt of shares in HCL Technologies Ltd. and 3DPLM Software Solutions Ltd., in exchange of investments in Geometric Ltd. [Refer Note 4(a)(1)(iii) and 4(a)(2)].	-	124.14
Profit before Tax	356.86	63.52
Less: Provision for Current/Deferred Taxes	124.85	84.98
Profit after Tax	232.01	(21.46)
Surplus brought forward	2,567.01	2,788.76
Adjustments pursuant to business combination	-	(123.04)
Amount available for appropriation	2,799.02	2,644.26
Which the Directors recommend should be appropriated as follows:		
(a) First Interim Equity Dividend: 1500% (Previous Year: 700%)	101.77	47.49
(b) Second Interim Equity Dividend: 750% (Previous Year: Nil)	50.88	-
(c) Dividend Distribution Tax (Net)	31.08	9.62
(d) Realised gain on sale of equity shares reclassified to retained earnings	(311.05)	-
(e) Transfer to Debenture Redemption Reserve	45.84	20.83
(f) Transfer from Investments Subsidy Reserve	-	(0.69)
(g) Surplus carried forward	2,880.50	2,567.01
TOTAL	2,799.02	2,644.26

2. DIVIDEND

During the financial year 2017-18, the Board of Directors declared and paid an Interim Dividend, at the rate of Rs. 2,250 per Equity Share of Rs. 100 each, absorbing an aggregate Rs.183.72 crore inclusive of taxes. The Directors do not recommend payment of any final dividend for the financial year 2017-18. The total dividend for the financial year 2016-17 was Rs. 700 per Equity Share.

3. STATE OF THE COMPANY'S AFFAIRS

During the year under review, the Company's Revenue from Operations (net) was down from Rs. 9,810.36 crore to Rs. 9,796.76 crore and Profit before Exceptional Items and Tax was Rs. 392.74 crore as against Rs. 305.90 crore for the previous year, registering an increase of 29%.

The Company operates in four major clusters – consumer, institutional, industrial products and projects. While the Company has a loyal consumer franchise, GST-related disruptions impacted its performance in the first half of the year. Private investment in capex and the growth rate of office space absorption were muted, negatively impacting the revenue of the institutional and projects clusters. The banking sector continues to be plagued with structural issues affecting security products. Internationally, the oil and gas sectors are seeing a revival which will help demand for process equipment. Efforts to build capacity and capability in the strategic sectors of space and defence continues, auguring well for the rest of the industrial products group.

The Management expects supportive macroeconomic indicators to prevail. GDP growth will be healthy, GST-related disruptions will stabilize, interest rates should remain steady and there could be minor increases in inflation which will help in the growth of consumer demand. Also, given the fact that in the consumer-facing categories there is substantial headroom for growth, the Company's B2C businesses should continue to do well on the revenue front. However, commodity prices and currency rates will continue to harden impacting the Company's ability to grow profits. The muted growth of private office space absorption will be partially offset by increased governmental spending on the development and improvement of offices and infrastructure, aiding the performance of our institutional and projects businesses.

4. SHARE CAPITAL

The National Company Law Tribunal, Mumbai Bench has by its Order dated 23rd August, 2017, approved the Scheme of Amalgamation of Godrej Investments Pvt. Ltd. (GIPL) with the Company. with Accordingly, 1,77,429 Equity Shares of Rs. 100 each of the Company were issued to the shareholders of GIPL on 6th November, 2017, in lieu of 1,77,432 shares of Rs.100 held by GIPL. Consequently, the Issued, Subscribed and Paid Up Share Capital of the Company changed from 6,78,448 Equity Shares of Rs. 100 each to 6,78,445 Equity Shares of Rs. 100 each.

5. DEPOSITORY SYSTEM

The Company's Equity Shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2018, 76.56% of the Equity Shares of the Company were held in dematerialised Form.

6. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014, as amended from time to time is enclosed separately with this Report as Enclosure 2.

7. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the Articles of Association of the Company and the provisions of Section 152(6)(e) of the Companies Act, 2013, Mr. N.B. Godrej (DIN: 00066195) and Ms. Nyrika Holkar (DIN: 07040425), will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

In terms of Section 149 of Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, -Mr. K. N. Petigara (DIN: 00066162), Mr. P. P. Shah (DIN: 00066242), Ms. A. Ramachandran (DIN: 00118188) and Mr. K. M. Elavia (DIN: 00003940) have been appointed as Independent Directors of the Company, to hold office for a period of five consecutive years with effect from the 84th Annual General Meeting i.e. from 15th September, 2014, and they are not liable to retire by rotation. The Company has received declarations from all the Independent Directors confirming that they meet with the criteria of independence as prescribed by Section 149(6) of the Companies Act, 2013.

The Nomination and Remuneration Committee, in terms of the provisions of Section 178 of the Companies Act, 2013, had recommended to the Board framing of a Policy for selection and appointment of Directors & Senior Management and their remuneration, which was adopted by the Company.

The Company's Policy on Appointment of Directors, is stated below:

- The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of nationality, race, colour, religion, caste, gender, gender identity or expression, sexual orientation, disability, age or marital status.
- The Company recognizes merit and continuously seeks to enhance the effectiveness of its Board. The Company believes that for effective corporate governance, it is important that the Board has the appropriate balance of skills, experience and diversity of perspectives.

- Board appointments will be made on merit basis and candidates will be considered against objective criteria with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its stakeholders.
- The Board will review this Policy on a regular basis to ensure its effectiveness.

The Companies Act, 2013 provides for a major overhaul in the corporate governance norms for all companies in order to adopt best practices on corporate governance and to make the corporate governance framework more effective. Pursuant thereto, the Company was required to formulate Governance Guidelines on Board Effectiveness. As a part of the Board Effectiveness Review, it was the responsibility of the Board to annually evaluate the individual Directors, the Board Committees and also the entire Board as a whole. It was the responsibility of the Nomination and Remuneration Committee to organize the evaluation process and determine the evaluation criteria/ framework for the Board and individual Directors, which would include the Chairman & Managing Director, the Executive Directors, Independent Directors and Non-Independent Non-Executive Directors.

The Non-Executive Directors received Sitting Fees and Commission in accordance with the provisions of the Companies Act, 2013.

Mr. J.N. Godrej, Chairman and Managing Director, Mr. V.M. Crishna, Executive Director, Mr. A.G. Verma, Executive Director and President, Ms. Nyrika Holkar, Executive Director- Corporate Affairs, Mr. P. E. Fouzdar, Executive Vice President (Corporate Affairs) and Company Secretary and Mr. P. K. Gandhi, Chief Financial Officer, are the Key Managerial Personnel of the Company as at the date of this Report.~~.~~

8. NUMBER OF MEETINGS OF THE BOARD

The Board met four times during the financial year 2017-18, viz., 28th April, 2017, 23rd August, 2017, 6th November, 2017 and 29th January, 2018.

9. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards had been followed;

(b) the Directors had 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 as at 31st March, 2018 and of the profit of the Company for the year ended on 31st March, 2018;

(c) the Directors had 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 had prepared the annual accounts on a going concern basis;

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE AND POLICY

The Corporate Social Responsibility (CSR) Committee has been constituted in accordance with Section 135 of the Companies Act, 2013 and comprises of Mr. V. M. Crishna, Chairman, Mr. J. N. Godrej, Mr. A. G. Verma, Mr. K. M. Elavia and Mr. P. P. Shah.
The Company Secretary acts as the Secretary of the CSR Committee.
The CSR Committee met once during the year under review.
Based on the recommendation of the CSR Committee, the Board has approved the CSR Policy of the Company, including the CSR activities and the projects proposed to be undertaken by the Company, and its governance structure and the CSR Policy is placed on the website of the Company at http://www.godrejandboyce.com/godrejandboyce/pdf/CSR_policy.pdf.

The details required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in the CSR Report, which is appended as Annexure II to this Report.

11. AUDIT COMMITTEE

The Audit Committee has been constituted in accordance with the provisions of the erstwhile Companies Act, 1956, and comprises of Mr. K. M. Elavia, Chairman, Mr. K. N. Petigara and Ms. A. Ramachandran. The Chief Financial Officer, Internal Auditor and Statutory Auditors of the Company are the permanent invitees to the Meetings of the Audit Committee.

The Company Secretary acts as the Secretary of the Audit Committee.
The Audit Committee met four times during the year under review.
The Audit Committee had at its Meeting held on 3rd September, 2018 met the Company's Statutory Auditors and reviewed the Audited Standalone Financial Statements and the Audited Consolidated Financial Statements for the financial year 2017-18, for further approval of the Board of Directors and the Members of the Company.

12. VIGIL MECHANISM/ WHISTLE-BLOWER POLICY

The Company has adopted the Code of Ethics & Business Conduct, which lays down the principles and standards that should govern the actions of the Company, its employees and other stakeholders. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

As per the provisions of Section 177(9) and (10) of the Companies Act, 2013, the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Ethics & Business Conduct. The Company has a Whistle-Blower Policy in place to report concerns about unacceptable, improper and/or unethical behavior and practices, actual/suspected frauds and violation of Company's Code of Ethics and Business Conduct. For protected disclosure and protection to the Whistle-Blower, the policy provides for adequate safeguards against victimisation of persons who avail the same, and provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The Company has disclosed information about the establishment of the Whistle-Blower Policy on its website at the Weblink:
http://www.godrejandboyce.com/godrejandboyce/pdf/Whistleblower.pdf

13. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) has been constituted by the Board of Directors of the Company in accordance with the provisions Section 178 of the Companies Act, 2013 and comprises of Ms. A Ramachandran, Chairperson, Mr. K. N. Petigara and Mr. K. M. Elavia.
The Company Secretary acts as the Secretary of the NRC.
The NRC met twice during the year under review.

14. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee (SRC) has been constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013 and comprises of Mr. K. N. Petigara, Chairman, Mr. K. M. Elavia and Mr. V.M. Crishna.
The Company Secretary acts as the Secretary of the SRC.
The SRC met once during the year under review.

15. FIXED DEPOSITS FROM MEMBERS (SHREHOLDERS) AND& FROM PUBLIC:

During the current financial year, the Company accepted/ renewed Fixed Deposits from its Members and from Public, in accordance with the provisions of Sections 73 and 76, and other applicable provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
The details relating to Deposits in terms of Rule 8(5)(v) of the Companies (Accounts) Rules, 2014, are given hereinunder:

Sr. No.	Particulars	Amount in Crore (Rs.)
1	Deposits accepted during the year from Members and Public	486.50
2	Deposits from Public remaining unpaid or unclaimed at the end of the year	7.70
3	Whether there has been any default in repayment of deposits or payment of interest thereon during the year, and if so, number of such cases and the total amount involved:	
	(i) At the beginning of the year	-
	(ii) Maximum during the year	-
	(iii) At the end of the year	-
4	Details of deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013	-

16. TRANSFER OF UNCLAIMED AMOUNT TO THE INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

The Company sends letters to all deposit holders, whose deposits or interest due thereon are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made to communicate with the deposit holders in cases wherein they have relocated and failed to intimate the Company of the new address.

As provided in Section 125 of the Companies Act, 2013, during the year the Company had transferred a sum of Rs. 1,47,221 comprising of Deposits from public and interest due thereon to the IEPF, the amount which was due and payable but remained unclaimed and unpaid for a period of seven years.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has formulated a Related Party Transaction Policy for entering into transactions by the Company with related parties, pursuant to the requirements of the Companies Act, 2013.

All transactions entered into during the financial year 2017-18 with related parties as defined under the Companies Act, 2013, were in the ordinary course of business and on an arm's length basis, details of which are given in the notes to the financial statements, except transactions entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013, which have been disclosed under item 1 of Form AOC-2, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014; the said Form AOC-2 is enclosed separately with this Report as (Enclosure 3). Since there have been no material contracts or arrangements or transactions on arm's length basis, disclosure under item 2 of Form AOC-2 is not applicable.

18. PARTICULARS OF INVESTMENTS MADE, GUARANTEES PROVIDED AND LOANS GIVEN BY THE COMPANY

The details of loans, guarantees, and investments as required by the provisions of Section 186 of the Companies Act, 2013 and the Rules made thereunder are set out in the Notes to the Standalone Financial Statements of the Company.

19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between 31st March, 2018 and the date of this Report.

20. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant material orders passed by the regulators/ courts/ tribunals which would impact the going concern status of the Company and its future operations.

21. INTERNAL FINANCIAL CONTROLS

The Company has aligned its Internal Financial Control systems in line with the requirements of Companies Act, 2013.

The Internal Control Systems in the company are adequate for its current size and nature of operations. The Company maintains Internal Control Systems designed to provide reliable and timely financial and operational information, ensure compliance with applicable laws and regulations, safeguard assets from unauthorized use or disposal, execute transactions with proper authorization, and comply with corporate policies and procedures. Internal control framework ensures the integrity of financial statements and eliminates the possibility of frauds and errors.

The Internal Control Framework is developed on a strong base laid down by its code of conduct, elaborate policies and procedures, business planning and management reviews, organisational structure which clearly defines segregation of duties and responsibilities and risk management framework.

The business scenario is dynamic due to the change in strategy by the competition, Statutory Laws and regulations, micro and macro-economic scenarios. Hence the processes and systems are upgraded from time to time as the need be by implementing newer and/or improved controls wherever the identified control gaps are material in nature.

The internal and external auditors review the Internal Control framework from the time to time.

The Company has its own independent Internal Audit Department which is ISO 9001:2015 certified. The Internal Audit team prepares an annual audit plan based on the risk profile of the businesses. The Audit plan is approved by the Audit Committee, which also reviews the compliance of the plan.

The Internal Audit team carries out periodic audits at all locations and of all functions and inter alia, tests the design, adequacy and efficacy of Internal Controls Systems in the Company. It also evaluates the compliance of the accounting procedures and policies. Significant observations of the Internal Audit reports including recommendations or improvements of business processes are reviewed by the process owners who undertake corrective actions in their respective areas. The Audit Committee reviews the Internal Audit report in each of its Meetings and monitors the implementation of Audit recommendations.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s Deloitte Haskins & Sells LLP, Statutory Auditors, in their Report for the financial year 2017-18, except as provided in Annexure 'A' to the Independent Auditor's Report and the management response has been explained in Note 52 of the Notes to Financial Statements.

22. RISK MANAGEMENT

The Company has a sound, structured and disciplined Enterprise Risk Management ('ERM') framework to address and manage the VUCA (Volatility, Uncertainty, Complexity & Ambiguity) environment associated with its business by alignment of strategy, processes, people, technology and knowledge. The current ERM framework is in line with the global Risk Management standards. It is aimed at creating a culture of risk informed business decision making, and strengthening risk resiliency with the intent of preserving as well as enhancing shareholders' value. The framework for ERM and the Risk management policy has been reviewed by the Audit Committee and has been approved by the Board.

The concept of Risk Enabled Performance Management(REPM) which integrates the ERM framework with strategy and planning process is embedded in organization and the businesses use these emerging risks as input. The Risk Management concepts are also applied in "project" businesses, in contract management, cost estimation and project selection for better project execution and profitability.

The Company has created risk infrastructure by setting up an ERM Executive Committee headed by the President of the Company. The committee periodically reviews the Risk Management framework and ensures the same is working effectively. It also reviews the risks and mitigation plans drawn by various businesses and functional risk teams to avoid unforeseen aberrations. The individual Businesses/Functions are responsible for risk identification and mitigation plan, who as risk owners review and monitor the key risks to avoid undue deviations and adverse events and thus create value for the business. For each of the risk identified, corresponding controls are assessed and policies and procedures are put in place for monitoring, mitigating and reporting the risks on a periodic basis.

The entity level risks are identified using 3-way approach, i.e.

1. Bottom Up-Looking at risks of all the businesses and then sum them up to identify most critical risk.
2. Top Down-These risks are identified from the Entity Level Long-term Planning.
3. Identifying risks that cannot be taken care at the business level and which require mitigation centrally.

The ERM Executive Committee also helps to prioritize these entity-wide risks identified and steer mitigation efforts in line with the Company's risk capacity and appetite which in turn are reported to the Audit Committee and the Board. The entire process is independently reviewed by Internal Audit Department to ensure that the risk management framework is operating effectively.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is appended as **Annexure I** to this Report.

24. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

In terms of Section 129 of the Companies Act, 2013, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable accounting standards, and form part of this Report. A statement containing the salient features of the financial statements of the Company's Subsidiaries, Joint Ventures and Associates, in Form AOC-1 as required under Rule 5 of the Companies (Accounts) Rules, 2014 forms part of the Notes to the Consolidated Financial Statements, and provides details on the performance and financial position of each of the Subsidiaries, Associates and Joint Venture companies included in the Consolidated Financial Statements.

25. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the financial year under review, the following change has taken place:

The Company has made an application to the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT') dated 17th April, 2018 for the Amalgamation of India Circus Retail Private Limited ("ICRPL") with the Company. As per the directions of the NCLT, by its Order dated 8th May, 2018, the Company and ICRPL respectively convened Meetings of its respective Shareholders on 23rd June, 2018, wherein the Shareholders approved the Scheme of Amalgamation of ICRPL with the Company. Subsequently, the Company and ICRPL filed a joint Petition with the NCLT on 29th June, 2018 which was admitted on 3rd August, 2018. At the final hearing held on 30th August, 2018, NCLT approved the Scheme of Amalgamation of ICRPL with the Company.
The Appointed Date for the Amalgamation is 1st April, 2017.

26. AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration no. 117366W/W-100018) were appointed as the Statutory Auditors of the Company by the Members at the 86th Annual General Meeting (AGM) held on 24th November, 2017 for a term of 5 consecutive years upto the 91st AGM to be held in 2022, subject to ratification by the Members at every AGM.

The first proviso to Section 139 of the Companies Act, 2013 which provided for the ratification of appointment of the Statutory Auditors by the Members at every AGM has been omitted by the Companies Amendment Act, 2017 w.e.f. 7th May 2018. Hence, the appointment of Statutory Auditors shall continue to be valid till the conclusion of the 5 consecutive AGMs and no ratification of appointment of Statutory Auditor is required at the ensuing AGM. Hence the Resolution to this item is not being included in the Notice to the AGM.

27. COST AUDITORS

Pursuant to Section 148(1) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has maintained cost records as specified by the Central Government.

Pursuant to Section 148 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors, on the recommendation of the Audit Committee, had appointed M/s. P. D. Dani & Associates, Cost Accountants (Firm Registration No. 000593) and Mr. A.N. Raman, Cost Accountant, (Membership No. 5359) as the Cost Auditors of the Company for the financial year ended 31st March 2018, for conducting the audit of the cost records maintained as per the provisions of Section 148 (1) of the Companies Act, 2013, for the applicable products and services of the Company. The Cost Audit Reports will be filed with the Central Government within the stipulated time period of 180 days from the close of the financial year.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors, on the recommendation of the Audit Committee, approved the appointments of:

a. M/s. P. D. Dani & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending 31st March 2019, to conduct the audit of the cost records of the Company in respect of Appliances, -Vending Machines and Electric Motors businesses, at a remuneration of Rs. 17,00,000 (Rupees Seventeen Lakhs) (excluding all taxes and reimbursement of out-of-pocket expenses). They are appointed as the Lead Cost Auditors and;

b. Mr. A.N. Raman, Cost Accountant, as the Cost Auditors of the Company for the financial year ending 31st March 2019, to conduct the audit of the cost records of the Company in respect of Construction, Electricals & Electronics, Material Handling Equipment, Aerospace, Process Equipment, Precision Engineering, Toolings, Interio, and Security Solutions businesses, at a remuneration of Rs. 23,00,000 (Rupees Twenty-Three Lakhs) (excluding all taxes and reimbursement of out-of-pocket expenses).

The remuneration of the Cost Auditors is required to be ratified by the Members of the Company at the ensuing Annual General Meeting.

28. SECRETARIAL AUDITORS

During the year under review, the Board appointed M/s. A.N. Ramani & Co., Practising Company Secretaries, to conduct Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report in terms of Section 204 of the Companies Act, 2013, issued by them is annexed and marked as **Annexure III** to this Report. There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. A.N. Ramani & Co., Practising Company Secretaries, in their Secretarial Audit Report.

29. SECRETARIAL STANDARDS

The Board of Directors confirm that the Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, issued by the Institute of Company Secretaries of India.

30. FRAUD REPORTING

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013 and Rules framed thereunder either to the Company or to the Central Government.

31. PARTICULARS OF EMPLOYEES

Disclosures of details with respect to the remuneration of employees as required under Section 197 of the Companies Act, 2013 and Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are separately enclosed with and form part of this Report as **Enclosure 4**.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is available for inspection by the Members at the Registered Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary, whereupon a copy would be sent.

32. POLICY TO PREVENT SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company is deeply committed to the creation and maintenance of an atmosphere where every employee is treated with dignity and respect and afforded equitable treatment. It strives to create conditions in which employees can work together without fear of sexual harassment, exploitation or intimidation. As per the requirements of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act, 2013"), the Company has instituted a Policy on Prevention of Sexual Harassment at the Workplace (Policy) and under the purview of the same a Complaints Committee ("the Committee") has also been formed. Pursuant to the relevant provisions of the SHWW Act, 2013 and the Rules made thereunder, as amended from time to time, since there were no complaints during the year, the Committee filed a 'NIL Report' with the 'Office of the Deputy Collector, Mumbai Suburban District'.

33. PREVIOUS YEAR'S RESTATEMENT

During the year, the Company has restated the financial results for the year ended 31st March, 2017, in accordance with the requirements of the Ind AS 8- 'Accounting Policies, Changes in Accounting Estimates and Errors', more specifically mentioned in Note 51 to the Standalone Financial Statements.

34. ACKNOWLEDGEMENT

Your Directors wish to place on record sincere appreciation for the support and co-operation received from various Central and State Government Departments, organizations and agencies.

The Directors also gratefully acknowledge all stakeholders of your Company, viz., Shareholders, customers, dealers, vendors, banks and other business partners for excellent support received from them during the Financial Year under review. Your Directors also express their warm appreciation to all the employees of the Company for their unstinted commitment and continued contribution to the growth of the Company.

For and on behalf of the Board

J. N. GODREJ
Chairman & Managing Director
DIN: 00076250

Mumbai, 4th September, 2018
Registered Office:
Pirojshanagar, Vikhroli,
Mumbai 400 079.

ANNEXURE I TO THE BOARD'S REPORT

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy

1. Installation of screw compressor chillers for energy efficient HVAC (Heating Ventilation and Air-Conditioning) with associated controls like VFD (Variable Frequency Drive) and modulating valves controlled by BMS (Building Management Systems)
2. Energy consumption analysis (location & plant specific) across the Company including electricity, thermal, renewable energy for future 30 % renewable energy sourcing (Rooftop, PPA, Bio gas) to meet Greener India 2020 Goal.
3. Installation of IE-3 & IE-4 Energy Efficient Motor
4. Compressed air SEC monitoring with rigor resulting in improvement of SEC. Air comp intake air duct modification for better energy efficiency
5. Compressed Air flow metering and pipe modification to minimize distribution and unmetered loss.
6. New energy efficient air compressor installation, Asset optimization and effective capacity utilization of air compressor. Installation of IFC at various plants.
7. Waste heat recovery from air compressor.
8. Installation of turbo ventilators at rooftop and translucent sheets for natural day lighting.
9. Installation of LED tube lights, high bay light, down lights, 2X2 LED fixtures, LED street light and light pipe units.
10. Energy efficient fan performance study & sharing the benefits to all plants
11. Installation of hydraulic power pack with servo motor.
12. Conducted energy audit at various location and participation of businesses in Green Co Certification.
13. Facilitated energy audits and helped in Implementation of energy conservation projects to the divisions/plants
14. Use of low temperature chemical to eliminate heating requirement at PT (Phosphating) line and refurbishment of powder coating oven.
15. Waste heat recovery from flue gas
16. IOT: integration of online PNG gas meter
17. Distribution of LED lamp, energy efficient fan under UJALA scheme during world environment day through EESL (Energy Efficiency Services Limited).
18. Celebration of energy conservation week, earth hour, posting green tips/facts on Godrej intranet to spread the energy conservation awareness.

(ii) The steps taken for utilising alternate sources of energy

1. Installation of solar water heating system for colony premises.
2. Installation of rooftop solar PV (Photovoltaic) at plants.
3. Purchase of solar power for offsite locations.
4. Electric Bus Feasibility Study at Vikhroli Campus and Cost Benefit Analysis

(iii) The capital investment on energy conservation equipment

1. Installation of real time energy monitoring system.
2. Installation of energy efficient air compressor.
3. Installation of energy efficient Chillers.
4. Installation of VFD (Variable Frequency Drive) on machines, pumps, blowers and AHU (Air Handling Unit).
5. Installation of hydraulic power pack with servo motor.
6. Installation of Green supply chain for vendors and suppliers.

B. TECHNOLOGY ABSORPTION

(i) The efforts made and the benefits derived from technology absorption

1. Development of new products like Fresh Brew Tea Vending machine, Espresso machine and Oats machine.
2. Development of all-weather Electrical Forklifts on Neo platform for outdoor use.
3. Development of Chassis, Mast, Drivers Module for Forklifts using Wind-chill platform for standardization and modularization.

4. Development of vacuum pump motor for Submarine application.
5. Development of high efficiency range of motors for target customers.
6. Development of pneumatic mechanism for Storage and Racking systems for retrieving boxes from deep shelving units.
7. Development of Cloud based Video conferencing, Interactive Display and Laser Projectors for Digital Signal Transmission, Sound Masking, Interactive Tablets, Server based multi conferencing systems, Wireless Presentation Systems in Audio Visual Solution product category.
8. Development of thermal regulated units with touch control, cool airflow using thermos electric device, active sink with water level and temperature sensor for NEO-Kitchen product category.
9. Development of inverter compressor technology in Direct Cool & Frost-Free Refrigerator, to provide higher energy efficiency products.
10. Development of new Medical Refrigerator which can store vaccines and freeze water packs at subzero temperature.

(ii) The details of technology imports and absorption

1. Development of telemetry solutions, Internet of Things (IoT) enabled vending machines and Fresh Milk dispensing systems.
2. Development of Tunnel flap mechanism for Submarine Missile Launcher.
3. Development of Bravo 2 ton 3-wheeler Electric forklift for use in warehouses.
4. Development of new transmission and axle for Light Diesel Forklift trucks.
5. Development of Multi-door large refrigerators models to target Premium segment.
6. Development of vaccine storage chest freezers.
7. Development of Digitally operated safe with real time tracking facility with Bluetooth.
8. Development of Digital Mortise lock with fingerprint, Capsense technologies and Bluetooth/WIFI .
9. Development of IoT based smart technology for Refrigerators and Air Conditioners to enable consumers to control appliances through mobile applications.
10. Development of Brushless Direct Current Motor Technology (BLDC) solutions to include custom controlled operations for communication or control of related functions for optimum performance.

(iii) During the year under review, the Company spent Rs. 53.72 crore on Research & Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's foreign exchange earnings and outgo for the year amounted to Rs. 672.52 crore and Rs. 1388.21 crore respectively.

ANNEXURE II TO THE BOARD'S REPORT

Annual Report On Corporate Social Responsibility Activities

[(as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. CSR Reporting Framework

We, Godrej & Boyce Mfg Co. Ltd (G&B), are happy to present to you our fourth CSR compliance report. We have continued to work with integrity, have trust, service to mankind, respect for each other and conserving environment to pursue our vision of Godrej being in every home and workplace. We strive for enriching the quality of life, every day and everywhere. We grow with our values system, inculcating it in our CSR and Sustainability initiatives. The CSR projects undertaken are in line with Godrej Group's Good & Green goals and the areas of intervention specified in the Schedule VII of the Companies Act, 2013.

This annual report presents our approach towards new initiatives which is gaining momentum like community development and work done in employability by following our CSR philosophy, highlighting our commitment to our stakeholders. This report mentions about CSR committee, its role and responsibilities, taskforces and monitoring and review by them, project details including budgets and total spends.

2. Outline of CSR Policy

2.1. Objective of CSR Reporting

At G&B, our CSR policy applies to all activities that are undertaken as part of our Good & Green goals. In Godrej Good & Green, the focus is on increasing the employability of underprivileged youth through vocational training thus improving their socio-economic condition, go green by creating a greener India to encourage a sustainable approach towards business, and innovating environment-friendly and /or solutions benefiting bottom of the pyramid. In the year 2014-15 we have started community development initiatives around the area of operations in Maharashtra, Uttarakhand, Goa, Gujarat, Tamil Nadu and Punjab as it is critical to build sustainable communities by addressing their needs in the area of livelihood, environment, health & sanitation and education that is aligned to schedule VII of the Companies Act, 2013.

While this CSR policy is drafted as per the Godrej Groups' Good and Green policy, it includes the CSR programs that meets the requirement of the CSR Rules as per the Section 135 of the Companies Act, 2013.

The G&B CSR Policy is available in the Company's website:
http://www.godrejandboyce.com/godrejandboyce/corpPolicies.aspx?id=16&menuid=929

2.2 CSR Committee

This committee comprises of the following members:

1. Mr. Jamshyd N. Godrej, Chairman and Managing Director, Godrej & Boyce Mfg. Co. Ltd
2. Mr. V. M. Crishna, Executive Director, Godrej & Boyce Mfg. Co. Ltd, (Chairman of CSR Committee)
3. Mr. Anil G. Verma, Executive Director,Godrej & Boyce Mfg. Co. Ltd
4. Mr. Pradip Shah, Independent Director, Godrej & Boyce Mfg. Co. Ltd
5. Mr. Keki Elavia, Independent Director,Godrej & Boyce Mfg. Co. Ltd

The Company Secretary serves as the Secretary of the CSR Committee.

2.3 Responsibilities

1. Formulate and update G&B CSR Policy, and have it approved by the Board of G&B.
2. Suggest areas of intervention to the Board of G&B.
3. Approve projects that are in line with the CSR Policy.
4. Put monitoring mechanism in place to track the progress of each project.
5. Recommend the CSR budget and expenditures to the Board of G&B, for approval.
6. Meet twice a year to review the progress made.

2.4 Task Forces

Project specific task forces are constituted for implementation and monitoring of the CSR projects. The task forces would be responsible for carrying out day-to-day operations of CSR and will submit reports to the CSR Committee for the bi-annual review meetings.

2.5 CSR Budget & Expenditures

1. Average net profit of last 3 years: Rs. 220 crore
2. Calculated 2% spend for the current financial year: Rs. 4.40 crore
3. Amount spent during the current financial year: Rs. 4.62 crore
4. Amount overspent of the recommended 2% budget, if any: Rs. 0.22 crore

Details of the expenditures incurred by G&B during the current financial year 2017-18

(Amount in Rs. Lakhs)

CSR Project Activity	Sub activity for CSR	Sector in which the project is covered	1) Local area 2) State /district 3) project or programme	Institute/ organization / person involved	Amount outlay (Budget) Project or Programme wise	Amount spent on projects, 1) Direct expenditure 2)Overheads,	Total expenditure in the corresponding area	Cumulative expenditure up to the reporting period	Amt spent direct or through the implementing agency	Audit proof available
A. Livelihood										
i. Disha	Vocational Skill training for Rural & Urban youth in trades like –Fitter, Welder, Machinist, RAC, Flt Driver, FST, Lock ST Stipend cost of government apprentices	Employment enhancing vocational skills development	79 cities, 20 states, across india (Schedule A: List of States & Cities)	30 Pvt VTC & 51 Govt partners (Schedule B & D)	156	151	151	151	102 L implementng Agency 49 L Direct expense	Invoices & Bills
ii.Rural develop-ment	Women Empowerment, SHG Formation, Eco - Tourismdevelopment, Agriculture scheme awaremess, Surveys,	Livelihood enhancement projects	Shirwal (Satara), Khalapur (Raigad), Kudal (Sindhudurg) Bhiwandi (Thane) Maharashtra, Bhagwanpur (Haridwar), Uttarakhand, Madkai(Goa), Dahej, Vadodara (Gujrat)	Partners, Villagers, CSR team members (Schedule C)	149	135	135	135	135 L through implementing agency	Invoices & Bills
B. Support education	Uplifting education, Sanitation & cleanliness in rural schools, career guidance, E-learning, Science lab, Activity based learning, Model school	Promoting Education	Shirwal (Satara),Khalapur (Raigad), Kudal (Sindhudurg) Bhiwandi (Thane) Maharashtra, Bhagwanpur (Haridwar), Uttarakhand, Madkai(Goa)	Govt Schools, villagers, partners (Schedule C)	61	60	60	60	11.20 L through implementing agency 48.7 L direct expense	Invoices & Bills
C. Promoting Health Care	Preventive health checkups, safe drinking water, awareness, Waste water management, renovation of washrooms, road pathway for safety	Promoting preventive health care	Shirwal(Satara), Khalapur (Raigad), Bhiwandi(Thane), Kudal (Sindhudurg), Maharashtra, Bhagwanpur (Haridwar), Uttarakhand, Madkai, Goa, Chennai (Tamil Nadu)	Hospitals Villagers, partners (Schedule C&D)	50	51.1	51.1	51.1	32.2 L Through implementng Agency 19.1 L direct expense	Invoices & Bills

CSR Project Activity	Sub activity for CSR	Sector in which the project is covered	1) Local area 2) State /district 3) project or programme	Institute/ organization / person involved	Amount outlay (Budget) Project or Programme wise	Amount spent on projects, 1) Direct expenditure 2)Overheads,	Total expenditure in the corresponding area	Cumulative expenditure up to the reporting period	Amt spent direct or through the implementing agency	Audit proof available
D. Environ-ment	Tree plantation, rain water harvesting, environment awareness	ensuring environmental sustainability, ecological balance	Shirwal (Satara), Khalapur (Raigad), Maharashtra	Water Organization Trust Resources (WOTR) Partners, villagers, (Schedule C&D)	43	41	41	41	40 L Through implementng Agency 1L direct expense	Invoice / receipts
E. CSR Overhead	Salary, Travel	CSR management	Mumbai,	Dedicated CSR Resource, Project Mgmt	24	24	24	24	24	Invoices /Salary slips

Other details of coverage and partners are given in Schedules A,B,C and D attached to this report.

3. Responsibility Statement

Through this report, G&B seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The Board of the Company and the CSR Committee are responsible for the integrity and the objectivity of all the information provided in this report. In alignment with our Good & Green goals provided in our CSR Policy, all projects reported have been selected based on careful consideration of the extent to which they create sustainable outcomes in the communities around the area of operations. We have understaken measures to ensure these projects are implemented in an effective and efficient manner so that they are able to deliver maximum impact. In line with the Companies Act, 2013, we have also instituted monitoring mechanisms to track the progress of projects and ensure their smooth implementation.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For Godrej & Boyce Mfg Co. Ltd

J. N. Godrej	**V.M. Crishna**
Chairman & Managing Director	**Chairman of the CSR Committee**

ANNEXURE II TO THE BOARD'S REPORT
DETAILS OF CSR EXPENDITURE INCURRED DURING THE YEAR
Schedule A: List of States and Cities

State presence	**19**
City presence	**79**

Sr. No.	State	No of training centres	Cities/town/district
1	Andhra Pradesh	2	Hyderabad, Vishakhapattanam
2	Assam	3	Guwahati (2), Palakkad
3	Bihar	1	Joypur
4	Chattisgarh	1	Ambikapur
5	Dadra and Nagar Haveli	1	Silvasa
6	Delhi	2	Delhi
7	Goa	1	Corlim (North Goa)
8	Gujarat	4	Vaghaldhara, Narukot, Valsad, Gandhinagar
9	Jammu & Kashmir	1	Jammu
10	Jharkhand	1	Jamshedpur
11	Karnataka	22	Chamarajnagar, Chitradurga, Gulbarga, Kankapura, Bangalore, Kote, Bellary, Hubli, Vitalpura,
12	Madhya Pradesh	1	Bhopal
13	Maharashtra	20	Bandra, Kurla, Borivali, Mumbra, Ambernath, Wadavali, Vavoshi, Utroli, Chinchwad, Karjat, Walwanda, Sakwar, Nagpur, Thane, Dahanu, Malegaon, Pune
14	Odisha	5	Bhubaneshwar (Jatani), Cuttack, Paralakhemundi, Balangir, Raygada
15	Punjab	3	Ludhian, Lalru, Mohali
16	Tamil Nadu	2	Egmore, Padappai
17	Tripura	1	Agartala
18	Uttar Pradesh	1	Najafgarh, Lucknow
19	West Bengal	7	Farakka, Liluah, Krishna nagar, Seldah, Barasat, Bherampore, Siliguri
	Total	**79**	

ANNEXURE II TO THE BOARD'S REPORT
DETAILS OF CSR EXPENDITURE INCURRED DURING THE YEAR
Schedule B: List of Disha Partners

Sr. No.	Name of the Disha Partner	Address HO	Trades	No of locations
1	Ambuja Cement	Ambuja Cement Foundation, S-17 Near 8 Rasta Chauk, Laxmi Nagar, Nagpur-440 022 (0712) 2250173	Refrigeration & Air Conditioning (RAC)	2
2	Don Bosco Yuva Kendra - Central Province	Najafgarh, New Delh	Welding, Fitting, Refrigeration& Air Conditioning (RAC)	5
3	Don Bosco Tech -Western Province	Don Bosco Centre for Learning (DBCL), Premier Automobiles, Kurla, Mumbai - 70	Welding, Fitting, Electrical	6
4	Fr. Agnel	Agnel Technical Education Complex, Fr. Agnel Ashram, Band Stand, Bandra, Mumbai -50	Welding, Fitting, Electrical, RAC	6
5	Gram Tarang Employability Training Services Pvt. Ltd./ Centurion University	HIG-5, Phase-I, BDA Duplex, Pokhariput, Bhubaneshwar- 751020	Fitting, Welding, Refrigeration& Air Conditioning (RAC), CNC Operator, Diesel forklift, Furniture service, VMT,	7
6	George Telegraph Training Institute	31A, S.P. Mukherjee Road, Kolkata- 700 025	Refrigeration & Air Conditioning (RAC)	**6**
7	Laurus Edutech	Laurus Edutech Life skills Pvt Ltd, DP 110, 2nd phase ,F19, Ambattur Industrial Estate, Chennai -600058	RAC,	1
8	RK Mission	Sakwar, Dahanu,	Electrical	1
9	Art of Living SSRDP (Sri Sri Rural Development Program)	Art of Living Foundation, 21st km, Kanakpura Road, Udaipalia, Bangalore, Karanataka	Refrigeration & Air Conditioning (RAC)	2
10	VVTC	Vaghaldhara Vibhag Kelavni Mandal, Vocational Training Centre, Vaghaldhara 396375, Taluka & District Valsad, Gujarat	Welding, Advance welding, CNC operator, Fitting, Plumbing, (RAC)	1
11	Montfort	Brother of St. Gabriel Educational Society, Montfort Bhavan, Provincial House, 116-862, Red Hills, Hyderabad, AP -500004	Refrigeration& Air Conditioning (RAC), Electrical	3
12	Myrada	No.2, Service Road, Domlur layout, Bangalore- 560071	Welding, Basic woodworking, Masonry & plastering, Plumbing,	19
13	Atul IVE	C.K.Park, Prasar Row House, Par River, N.H.No 8, Atul-396020, Valsad, Gujrat,	Electrical	1
14	Rustomjee	Rustomjee Academy for Global Careers Pvt. Ltd, Near ESIC Hospital, Ambika Nagar, Wagle Estate, Thane (W) 400 602	Electrical	2

Sr. No.	Name of the Disha Partner	Address HO	Trades	No of locations
15	LokBharati	LokBharati Skilling Solutions Pvt Ltd, 46, Janpath, New Delhi -110001	Masonry & plastering, Plumbing, shuttering carpentry	2
16	Uttan Krishi Sanshodhan Santha	Keshav Shrushti, Uttan Road, Bhayandar (W)	Horticulture	1
17	Indo German Institute	Vishakhapattnam	Refrigeration & Air Conditioning (RAC)	1
18	Sure tech Education	Jamal Manzal, Opp. Cooperative Arts College, Main Road, Olavakode, Palakkad	Refrigeration & Air Conditioning (RAC)	1
19	Aditya Birla Skills Foundation	Delhi	Refrigeration & Air Conditioning (RAC)	1
20	SSRDP	Sri Sri Rural Development Program (SSRDP) -Jammu	Refrigeration & Air Conditioning (RAC)	1
21	Bangalore Electronic Services	309, 1st floor, 10th Cross, Wilson Garden, Bangalore 560027 Karnataka	Refrigeration & Air Conditioning (RAC)	1
22	MS Ramaiah Polytechnic	MSRP -MSR Nagar, MSRIT Post, Bangalore- 560054	Refrigeration & Air Conditioning (RAC)	1
23	Morning Star	Bhopal (New)	Refrigeration & Air Conditioning (RAC)	1
24	Future Sharp	Future retail home office,tower C,247 park, L.B.S Marg, Vikroli west, Mumbai 400083	Refrigeration & Air Conditioning (RAC)	1
25	Pratham	Pratham, Mumbai	Refrigeration & Air Conditioning (RAC)	1
26	Fun first	Fun first –Mumbai	Refrigeration & Air Conditioning (RAC)	1
27	National Institute of technology	Mohali	Refrigeration & Air Conditioning (RAC)	1
28	Universal Institute of Engg & technology	Lalru	Refrigeration & Air Conditioning (RAC)	1
29	Dhaanish Ahmed College of Engg	Vanchuvancherry, Padappai,	Refrigeration & Air Conditioning (RAC)	1
30	Ascent Educational welfare society	127 / 3A Choulakhi Baradari, B.N. Road; Near Old Nishat Cinema; Kaiserbagh, Lucknow	Refrigeration & Air Conditioning (RAC)	1
			TOTAL TRAINING LOCATIONS	**79**

ANNEXURE II TO THE BOARD'S REPORT
DETAILS OF CSR EXPENDITURE INCURRED DURING THE YEAR
Schedule C: DISHA ITI List

S.No	ITI	Trade	City/District	State	Division
1	ITI Kalyan	Fitter	Thane	Maharashtra	Corporate training center
		Welding	Thane	Maharashtra	Corporate training center
		Sheet Metal	Thane	Maharashtra	SSD
2	ITI Borivali	Welding	Mumbai	Maharashtra	Corporate training center
3	ITI Mandvi	Fitter	Mumbai	Maharashtra	Corporate training center
		Welding	Mumbai	Maharashtra	Corporate training center
4	ITI Ulhasnagar	Fitter	Thane	Maharashtra	Corporate training center
		Welding	Thane	MH	Corporate training center
5	ITI Nehru Nagar	Welding	Mumbai	Maharashtra	Corporate training center
6	ITI, Thane	Welding	Thane	Maharashtra	Corporate training center
		Fitter	Thane	Maharashtra	Corporate training center
		Machinist	Thane	Maharashtra	Tooling
		Turner	Thane	Maharashtra	Tooling
7	ITI Kannur	RAC	Kannur	Kerela	Godrej Appliances -RAC
8	ITI Govt.	RAC	Chandigarh	Punjab	Godrej Appliances -RAC
9	ITI Lalru	RAC	Lalru	Punjab	Godrej Appliances -RAC
10	ITI Merut	RAC	Meerut	Uttar Pradesh	Godrej Appliances -RAC
11	ITI Boys town	RAC	Hyderabad	Telengana	Godrej Appliances -RAC
12	Shrimati Techno	RAC	Kolkata	West Bengal	Godrej Appliances -RAC
13	ITI Govt. Hubli	RAC	Bangalore	Karnataka	Godrej Appliances -RAC
14	ITI RVVS, Davangeri	RAC	Davangere	Karnataka	Godrej Appliances -RAC
15	ITI Ajmera	RAC	Jaipur	Rajasthan	Godrej Appliances -RAC
16	ITI Karad	RAC	Pune	Maharashtra	Godrej Appliances -RAC
17	Govt. ITI	RAC	Jaipur	Rajasthan	Godrej Appliances -RAC
18	ITI Charbagh	RAC	Lucknow	Uttar Pradesh	Godrej Appliances -RAC
19	ITI Rajguru	RAC	Khed	Maharashtra	Godrej Appliances -RAC
20	Satara ITI	Fitter	Satara	Maharashtra	Lawkim
		Tool &Die Maker	Satara	Maharashtra	Lawkim
21	ITI Lonand	Fitter	Satara	Maharashtra	Lawkim
		Electrical	Satara	Maharashtra	Lawkim
22	ITI Wai	Electronics	Satara	Maharashtra	Lawkim
23	ITI Sangli	Diesel Mechanic	Sangli	Maharashtra	Material Handling

S.No	ITI	Trade	City/District	State	Division
24	ITI Dharavi	Diesel Mechanic	Mumbai	Maharashtra	Material Handling
25	ITI Byculla	Diesel Mechanic	Mumbai	Maharashtra	Material Handling
		Turner	Mumbai	Maharashtra	Godrej Aerospace
		Machinist	Mumbai	Maharashtra	
		Electro plater	Mumbai	Maharashtra	
		Sheet Metal	Mumbai	Maharashtra	SSD
26	ITI Ambernath	Diesel Mechanic	Thane	Maharashtra	Material Handling
		Turner	Thane	Maharashtra	Godrej Aerospace
		Machinist	Thane	Maharashtra	
		Fitter	Thane	Maharashtra	
		Machinist	Thane	Maharashtra	Tooling
		Tool & Die Maker	Thane	Maharashtra	
		Welding	Thane	Maharashtra	Corporate training center
		Fitter	Thane	Maharashtra	
		Sheet Metal	Thane	Maharashtra	SSD
27	ITI Vidyavihar	Welding	Mumbai	Maharashtra	Process Equipment
28	ITI Mulund	Welding	Mumbai	Maharashtra	Corporate training center
		Machinist	Mumbai	Maharashtra	Precision Engineering
29	ITI Chinchwad	Fitter	Pune	Maharashtra	Godrej PRIMA
30	ITI Ambattur	Fitter	Chennai	Tamil Nadu	Storage Solutions
31	ITI Panvel	Machinist	Raigad	Maharashtra	Tooling
32	ITI Kurla	Fitter	Mumbai	Maharashtra	Corporate training center
33	ITI Govandi	Welding	Mumbai	Maharashtra	Corporate training center
34	ITI Jawhar	Welding	Thane	Maharashtra	Corporate training center
35	ITI Jawhar	Welding	Thane	Maharashtra	Corporate training center
36	Govt Polytechnic	RAC	Mumbai	Maharashtra	GVTS
37	ITI Govt. Panipat	RAC	Panipat	Hariyana	GVTS
38	Govt. ITI, Narender Nagar	RAC	Dist -Sonipat	Hariyana	GVTS
39	khichiripur ITI	RAC	Delhi	Delhi	GVTS
40	Kakatiya ITI	RAC	Hyderabad	Andhra	GVTS
41	UNITY ITI Lucknow	RAC	Lucknow	Uttar Pradesh	GVTS
42	ITI-Rewari (women)	RAC	Rewari -Patudi Rd	Hariyana	GVTS
43	Mangalore ITI	RAC	Mangalore	karnataka	GVTS
44	Udipi ITI	RAC	Udipi	Karnataka	GVTS
45	Aloysius ITI	RAC	Mangalore	karnataka	GVTS
46	Trinity ITI	RAC	Karnataka	karnataka	GVTS
47	Kubernagar ITI	RAC	Ahmedabad	Gujrat	GVTS
48	Maninagar ITI	RAC	Ahmedabad	Gujrat	GVTS
49	BHUSHAN ITI	RAC	Jaipur	Rajsthan	GVTS
50	Kalka ITI	RAC	Chandigarh	Punjab	GVTS
51	ITI Kharkhoda - Matindu Road	RAC	Dist -Sonipat	Hariyana	GVTS

ANNEXURE II TO THE BOARD'S REPORT
DETAILS OF CSR EXPENDITURE INCURRED DURING THE YEAR
Schedule D: List of partners for Community Development

Sr. No.	Partners	Address of Head office	Partnership	Pillars	Area of intervention
1	WOTR	"Paryavaran" Behind Market Yard, Sarasnagar Rd, Ahmednagar, MH 414001	Knowledge & project Implementation	Health & Sanitation	Waste water Management
2	Greenway Grameen Pvt. Ltd.	805, 2, LodhaSupremus, SenapatiBapat Marg, Railway Colony, Lower Parel, Mumbai,	Project Implementation	Health & Sanitation	Smokeless Chulha
3	Bharti Vidyapeeth University	LBS Road, 13 Sadashiv Peth, Next to Alka Talkies, Pune, Maharashtra 411030	Knowledge partner	Environment	Environment Awareness
4	Agnel Institute of technical training &	Agnel Technical Education Complex, Fr. Agnel Ashram, Band Stand, Bandra West,	Project Implementation	Livelihood	Welding, Fitting, Electrical
5	Urmee (Urban Rural Management	15-A, Bhale Estate, Behind Pratham Motors, Mumbai-Pune Road, Wakde wadi, Pune-411003	Project Implementation	Education	Promoting Education
6	Idea Foundation	IDEA, Flat No 10, Fountain Head Apartment, Opp. Karishma Society, Kothrud, Pune 411038, Ph. No. 09890119732	Project Implementation	Education	Promoting Education
7	Idobro	121, East West Industrial Estate, Andheri-Kurla Road, Safed Pool, Mumbai – 72	Project Implementation	Surveys	Surveys
8	Karve Institute of Social Studies	No 18, Hill Side, Karve Nagar, Behind Vana Devi Temple, Pune, Maharashtra 411052	Knowledge & project Implementation	Surveys	Surveys
9	Navneet	Navneet Education Limited Navneet Bhavan, Bhavani Shankar Road, Dadar (W). Mumbai -28. India.	Project Implementation	Education	e-learning
10	NABARD	No. 54, Wellesly Road, Shivaji Nagar, Pune, Maharashtra 411005	Financial Support partner	Consultant	Watershed
11	Sevamob	B-5, TEZ KUMAR PLAZA, Trilok Nath Road, HAZRATGANJ, Lucknow PIN -226001	Project Implementation	Health & Sanitation	Preventive health
12	Ethica Strategy	Ethica Strategy India Private Limited, D-626, 3rd Floor, Chittaranjan Park, New Delhi, 110019 India	Project Implementation	Surveys	Surveys, Communication, Strategy
13	Fuel	Office No 62, Amrut Ganga Complex, Sinhgad Road, Pune 411051 with Reg. No: E4913	Project Implementation	Education	Career counselling and scholarship
14	Award	Sanket Complex, 1st Floor, Near Gite Building, Pantacha Got, Satara –415001, (Maharashtra) Contact Ph. No. 02162 -233526	Project Implementation	Livelihood	Agricultural schemes awareness, organic farming

Sr. No.	Partners	Address of Head office	Partnership	Pillars	Area of intervention
15	UNDP	UNDP India, Office in Mantralaya Mumbai	Financial Support partner	Livelihood	Skill development, Tourism Development, women empowerment, agriculture projects
16	Vasundhara	Vasundhara Science Center, At Post –Nerurpar, Tal -Kudal, Dist. Sindhudurg, Maharashtra.	Knowledge partner	Education	Science education
17	Ankidyne	#46, 1st Main Road, New Colony, Chromepet, Chennai- 600 044.	Project Implementation	Education	Science education
18	ICRISAT	International Crops Research Institute for the Semi-Arid Tropics, Address: Patancheru, Hyderabad, Telangana - 502324, India	Knowledge partner	Livelihood	Integrated Agricultural management
19	Stem learning	C/ Gandharv Dharshan,, 103, Shankar Rao Naram Path, Mumbai, Maharashtra 400013	Project Implementation	Education	Science education
20	TARA	B-32, TARA Crescent Qutub Institutional Area New Delhi 110016.	Project Implementation	Skills Development & Entrepreneurship	Livelihood
21	Deepak Foundation	Nr. Laxmi Studio, Adjoining L&T Knowledge City, On NH-8, Ta. & Dist. Vadodara-390 019	Project Implementation	Health Sanitation & Livelihood	Health Sanitation & Livelihood
22	ALEAP	Door No.8-3-677/6, Sri Krishna devaraya nagar, Near Ganapathi Complex,Yellareddyguda,Srinagar colony post, Hyderabad - 500073.	Project Implementation	Livelihood	Livelihood
23	SBMA	Plan India & Shri Bhuvneshwari Mahila Ashram, Uttarkashi Opp - LIC Building, Joshiyara Uttarkashi, Uttrakhand Phone # 01374223208,	Project Implementation	Health Sanitation & Livelihood	Health Sanitation & Livelihood
24	CEE	Pinewood Apartments S. No.233/1/2, Vidhate Colony Behind Medipoint Hospital Baner, Pune - 411045	Project Implementation	Education	Education
25	Grassroutes Journey pvt ltd	Purushwadi, Maharashtra 422604 Phone: 088794 77437	Project Implementation	Livelihood	Livelihood

ANNEXURE III TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT (Form No MR – 3)
For The Financial Year Ended On 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Godrej and Boyce Manufacturing Company Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Godrej & Boyce Manufacturing Company Limited (hereinafter called the Company). 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 covering the financial year ended on 31st March, 2018 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 financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Depositories Act, 1996 and the Rules and Regulations framed there under;

(iii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - the Company is an unlisted Public Company and hence compliance is limited to the extent applicable in respect of the Company's holdings in listed public companies;

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
d. The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Listing Agreements entered into by the Company with BSE Limited & The National Stock Exchange of India Limited: - NOT APPLICABLE.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

(v) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on their sector/industry are:

1. Arms Act, 1959 and Indian Arms Rules 1962.
2. Atomic Energy Act, 1962 and Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987.
3. Atomic Energy Act, 1962 and Atomic Energy (Radiation Protection) Rules, 2004.
4. Energy Conservation Act, 2001 and Bureau of Energy Efficiency (Manner and Intervals of Time for Conduct of Energy Audit) Regulations, 2010.
5. Energy Conservation Act, 2001 read with Energy Consumption Standard for star labelled room A/Cs of the vapour compression type which are of window A/C and 1:1 high wall split A/C.

6. Energy Conservation Act, 2001 read with Bureau of Energy Efficiency (Particulars and Manner of their Display on Labels of Household Frost Free Refrigerators) Regulations, 2009.
7. Energy Conservation Act, 2001 read with Bureau of Energy Efficiency (Particulars and Manner of their Display on Labels of Room Air Conditioners) Regulations, 2009.
8. Energy Conservation Act, 2001 read with Energy Consumption Standard for star labelled household frost free refrigerator and Notification issued by BEE dated 16 December 2015.
9. Explosives Act, 1884 and Gas Cylinder Rules, 2004.
10. Explosives Act, 1884 and Static and Mobile Pressure Vessels (Unfired) Rules, 1981.
11. Forest (Conservation) Act 1980 and Forest (Conservation) Rule 2003.
12. Jammu and Kashmir Industrial Establishments (National and Festival) Holidays Act, 1974 and Jammu and Kashmir Industrial Establishments (National and Festival) Holidays Rules.
13. Petroleum Act, 1934 read with Petroleum Rules 2002.
14. Environment (Protection) Act, 1986 and Bio-Medical Waste (Management and Handling) Rules, 1998.
15. Maharashtra Acquisition of Private Forests Act, 1975.
16. Maharashtra Felling of Trees (Regulation) Act, 1984.
17. Building & Other Construction Workers' Welfare Cess Act, 1996 Child Labour (Prohibition & Regulation) Act,1986
18. Building & Other Construction Workers' (Regulation of Employment & Conditions of Service) Act, 1996.
19. Industrial Employment (Standing Orders) Act, 1946
20. Inter-State Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979.
21. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989.
22. Bio-Medical Waste (Management and Handling) Rules, 1998 / 2003.
23. The Gujarat SEZ Act, 2004 – Dahej.
24. The Special Economic Zones Act, 2005 (Act No. 28 of 2005).
25. The Special Economic Zones Rules, 2006.

We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the above laws applicable specifically to the Company.

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. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notices were given to all Directors to schedule the Board Meetings. The Agenda and Detailed Notes on Agenda were sent as per the provisions of the Secretarial Standard on Meetings of the Board of Directors (SS-1) 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.

All the decisions were passed unanimously in the Meetings of the Board.

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:

1. Issued Advertisement for acceptance of Deposits from Public.
2. Purchased 1,85,000 Equity Shares of Rs. 10 each of India Circus Retail Private Limited ('ICRPL') in addition to the 2,00,000 Equity Shares of Rs. 10 each already held by the Company, thus making ICRPL a Wholly-Owned Subsidiary of the Company.
3. Subscribed to 20,00,000 6% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 10 each of ICRPL.
4. Allotted 1,77,429 Equity Shares to shareholders of Godrej Investments Private Limited upon its Amalgamation with the Company.
5. Approved:
   i. the Scheme of Amalgamation of ICRPL with the Company
   ii. closure of Representative Office in Nepal, Bangladesh and Saudi Arabia.

iii. issuance of corporate guarantee of USD 4 million in favour of Citibank, in respect of extension of loan facilities to Urban Electric Power, Inc, USA

iv. renewal of corporate guarantee of USD 1.8 million in favour of Citibank, in respect of extension of loan facilities to Sheetak Inc, USA

v. issuance of corporate guarantee of USD 3 million in favour of Citibank, in respect of extension of loan facilities to Sheetak Inc, USA

vi. renewal of corporate guarantee of EURO 4.40 million in favour of Citibank in respect of extension of loan facilities to Veromatic International B.V.

For A. N. Ramani & Co.,
Company Secretaries
Unique code - P2003MH000900

Place:- Thane
Date:- 4th September, 2018

Bhavana Shewakramani
Partner
FCS – 8636, COP –9577

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 Members
Godrej and Boyce Manufacturing Company Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Statutory and other secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes & practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, adequacy and appropriateness of financial records and books of Accounts of the Company. We have relied on the report of the Statutory Auditors in respect of the same and the other matters dealt with in their report as per the guidance of the Institute of Company Secretaries of India.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The Company was following system of obtaining reports from various departments to ensure compliance with applicable laws and now is in the process of implementing electronic system for compliance management to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
7. 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 A. N. Ramani & Co.,
Company Secretaries
Unique Identification code - **P2003MH000900**

Place:- Thane
Date:- 4th September, 2018

Bhavana Shewakramani
Partner
FCS – 8636, COP - 9577

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GODREJ & BOYCE MANUFACTURING COMPANY LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Godrej & Boyce Manufacturing Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant 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 of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

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, as amended, 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.

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.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. 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 B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
September 4, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 & Boyce Manufacturing Company Limited ("the Company") as of March 31, 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 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". 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.

Auditor's 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 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 qualified 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 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 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 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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, during the year, the Company had progressively commenced a comprehensive migration of their record keeping and accounting system by implementing a new information technology system. The Management recognising that that there is long period of time required for stabilisation of the information technology system, put in place, for the year ended March 31, 2018, additional manual controls including those as part of its financial reporting and close process. The Management have identified that they did not have adequate manual monitoring controls over the overhead absorption on inventory (not fully stabilised in the Information Technology environment as at the year-end) leading to a material weakness in the Company's internal financial controls over financial reporting as at March 31, 2018 which could potentially result in the Company mis-stating its inventory balances with a corresponding effect on changes in inventories of Finished Goods, Work-in-process and Stock-in-trade in its standalone Ind AS financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in 'Basis for Qualified Opinion' paragraph above on the achievements of the objectives of the control criteria, the Company has maintained, 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 of March 31, 2018, based on the criteria for internal financial control over financial reporting 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2018, and this material weakness does not affect our opinion on the said standalone Ind AS financial statements of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
September 4, 2018

Annexure "B" to Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of the Company's property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment and investment property were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all property, plant and equipment at regular intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed, court orders approving schemes of arrangements/ amalgamations and other documents provided to us, 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 for the following:

Particulars	Gross Block (I	Net block (Rs. In crore)	Remarks
Freehold Land	0.14	0.14	One of the land parcels pertaining to a recent amalgamation is in the process of being registered.

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 the lessee in the agreement.

ii. As explained to us, the inventories other than goods-in-transit, stocks lying with third parties and Construction work-in-progress (which have substantially been confirmed by third parties/ certified by Management) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the Balance Sheet date.

iv. In our opinion and according to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Entry Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	**Nature of Dues**	**Forum where Dispute is Pending**	**Period to which the Amount Relates**	**Amount (Rs. in crore)**
Central Excise Act, 1944	Excise Duty	Appellate Authority – Commissioner / Tribunal/ High Court	Various years from 1987 to 2018	36.57
Finance Act, 1994	Service Tax	Appellate Authority – Commissioner / Tribunal	Various years from 2003 to 2018	9.98
Central Sales Tax Act, 1956, and State Sales Tax / VAT Acts	Sales Tax / VAT	Appellate / Revisional Authority – upto Commissioner/ Tribunal/ High Court	Various years from 1981 to 2018	24.73
The West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry tax	High Court	Upto 31st March, 2018	24.28

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its financial institutions, banks, government and dues to debenture holders.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

x. To the best of our knowledge and 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 year, except in respect of certain contracts where a fraud had taken place in earlier years and duly reported in the current year which had been perpetrated by certain employees of the Company alongwith collusion with third parties in a line of business pertaining to Systems Integration & Turnkey Automation Projects, resulting in losses to the Company amounting to Rs. 32 crores, for which Management had materially accounted for its impact and disclosed in the financial statements of the previous year. The Management are in the process of taking appropriate remedial measures.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Act are not applicable.

xvi. According to 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
September 4, 2018

GODREJ & BOYCE MANUFACTURING COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH, 2018

(Rupees in crore)

	Note		As at 31/03/2018	As at 31/03/2017
ASSETS				
(1) NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	2 A	1,892.89		1,739.90
(b) Capital Work-in-progress	2 A	533.53		411.31
(c) Investment Property	2 B	371.24		380.57
(d) Intangible Assets	2 A	19.56		2.43
(e) Intangible Assets under development	2 A	3.04		14.45
		2,820.26		2,548.66
(f) Financial Assets				
(i) Investments in Subsidiaries, Associates and Joint Venture	3	95.04		129.97
(ii) Other Non-Current Investments	4	6,475.51		5,239.87
(iii) Loans	5	75.74		34.66
		6,646.29		5,404.50
(g) Deferred Tax Assets (Net)	18B	37.44		15.32
(h) Other Non-Current Assets	6	51.17		19.70
			9,555.16	7,988.18
(2) CURRENT ASSETS				
(a) Inventories	7	2,334.42		2,127.23
(b) Financial Assets				
(i) Investments	8	-		6.64
(ii) Trade Receivables	9	2,352.95		2,024.17
(iii) Cash and Cash Equivalents	10(A)	52.01		27.02
(iv) Bank Balances other than (iii) above	10(B)	122.79		80.91
(v) Other Financial Assets	11	382.05		746.38
		2,909.80		2,885.12
(c) Current Tax Assets (net)		-		69.02
(d) Other Current Assets	12	514.14		327.74
			5,758.36	5,409.11
Total Assets			15,313.52	13,397.29
EQUITY AND LIABILITIES				
(1) EQUITY				
(a) Equity Share Capital	13	6.78		6.78
(b) Other Equity	14	9,385.51		7,693.07
			9,392.29	7,699.85
LIABILITIES				
(2) NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	15	794.19		1,128.30
(ii) Other Financial Liabilities	16	173.73		228.07
		967.92		1,356.37
(b) Provisions	17	86.58		64.34
(c) Other Non-Current Liabilities	19	15.84		66.79
			1,070.34	1,487.50
(3) CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	20	1,193.30		1,182.84
(ii) Trade Payables	21	1,536.89		1,112.14
(iii) Other Financial Liabilities	22	1,161.97		747.82
		3,892.16		3,042.80
(b) Current Tax Liabilities (net)		12.52		-
(c) Other Current Liabilities	23	914.63		1,135.72
(d) Provisions	24	31.58		31.42
			4,850.89	4,209.94
Total Equity and Liabilities			15,313.52	13,397.29
Statement of Significant Accounting Policies and Notes forming part of the Financial Statements	1-52			

As per our Report of even date
For **DELOITTE HASKINS & SELLS LLP**
CHARTERED ACCOUNTANTS
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

SHYAMAK R TATA
PARTNER
Membership No.: 038320
Mumbai, 4th September, 2018

J. N. GODREJ	A. G. VERMA	P. K. GANDHI	P. E. FOUZDAR
Chairman & Managing Director	Executive Director & President	Chief Financial Officer	Executive Vice President (Corporate Affairs) & Company Secretary
DIN: 00076250	DIN: 02366334		

GODREJ & BOYCE MANUFACTURING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

(Rupees in crore)

		Note		Current Year	Previous Year Restated
I.	**REVENUE FROM OPERATIONS**	26	9,796.76		9,810.36
II.	**OTHER INCOME**	27	107.40		87.96
	TOTAL INCOME			9,904.16	9,898.32
III.	**EXPENSES**				
	(1) Cost of Materials consumed	28	2,650.06		3,016.52
	(2) Excise duty		161.35		674.59
	(3) Purchases of Stock-in-Trade	29	2,585.87		2,184.25
	(4) Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	30	(63.77)		(131.84)
	(5) Property Development and Construction Expenses	31	854.07		507.35
	(6) Employee Benefits Expense	32	1,097.17		1,116.04
	(7) Finance Costs	33	180.42		176.38
	(8) Depreciation and Amortization Expense	2	201.43		178.65
	(9) Other Expenses	34	1,866.50		1,925.64
	(10) Less: Expenditure transferred to Capital Accounts		(21.68)		(55.16)
	TOTAL EXPENSES			9,511.42	9,592.42
IV.	PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX			392.74	305.90
V.	EXCEPTIONAL ITEMS	35		(35.88)	(242.38)
VI.	**PROFIT BEFORE TAX**			356.86	63.52
VII.	TAX EXPENSES				
	(1) Current tax	18	149.53		6.00
	(2) Prior years' tax adjustments	18	(4.62)		(4.43)
	(3) Deferred tax (credit) / charge	18	(20.06)		83.41
				124.85	84.98
VIII.	**PROFIT / (LOSS) AFTER TAX FOR THE YEAR**			232.01	(21.46)
IX.	**OTHER COMPREHENSIVE INCOME (OCI)**				
	Items that will not be reclassified to Statement of Profit and Loss				
	(i) Remeasurement of defined employee benefit plans			(5.97)	(6.51)
	(ii) Change in Fair Value of Equity Instruments through OCI			1,650.12	4,232.80
	(iii) Deferred tax charge/(credit) on above			2.07	2.00
				1,646.22	4,228.29
	Items that will be reclassified to Statement of Profit and Loss				
	(i) Change in Fair Value of Other Instruments through OCI			(1.87)	-
	TOTAL OTHER COMPREHENSIVE INCOME			1,644.35	4,228.29
X.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			1,876.36	4,206.83
XI.	EARNINGS PER EQUITY SHARE				
	Basic and Diluted Earnings per Equity Share of Rs. 100 each	41		Rs. 3,420	(Rs. 316)
XII.	Statement of Significant Accounting Policies and Notes forming part of the Financial Statements	1-52			

As per our Report of even date
For **DELOITTE HASKINS & SELLS LLP**
CHARTERED ACCOUNTANTS
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

SHYAMAK R TATA
PARTNER
Membership No.: 038320
Mumbai, 4th September, 2018

J. N. GODREJ
Chairman & Managing Director
DIN: 00076250

A. G. VERMA
Executive Director & President
DIN: 02366334

P. K. GANDHI
Chief Financial Officer

P. E. FOUZDAR
Executive Vice President (Corporate Affairs) & Company Secretary

GODREJ & BOYCE MANUFACTURING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2018

(Rupees in crore)

(A) Equity Share Capital

	Note	For the year ended 31/03/2018	For the year ended 31/03/2017
Balance at the beginning of the year		6.78	6.78
Changes in equity share capital during the year		-	-
Balance at the end of the year	13	6.78	6.78

(B) Other Equity

Particulars	Note	Reserves & Surplus						Items of Other Comprehensive Income (OCI)		
		Capital Reserve	Securities Premium Reserve	Capital Reserve on Business Combinations	General Reserve	Debenture Redemption Reserve	Retained Earnings	Not Reclassified to Profit or Loss	Reclassified to Profit or Loss	Total Other Equity
Balance as at 01/04/2016		**68.03**	**20.08**	**(23.36)**	**636.43**	**-**	**2,788.76**	**(6.09)**	**-**	**3,483.85**
Adjustment pursuant to business combination		-	-	-	-	-	(21.98)	-	-	(21.98)
Profit / (Loss) for the year		-	-	-	-	-	25.17	-	-	25.17
Remeasurement of defined employee benefit plans		-	-	-	-	-	-	(6.51)	-	(6.51)
Fair valuation of investments in equity instruments		-	-	-	-	-	-	4,232.80	-	4,232.80
Deferred tax credit on items of OCI		-	-	-	-	-	-	2.00	-	2.00
Total comprehensive income for the year 2016-17		**-**	**-**	**-**	**-**	**-**	**3.19**	**4,228.29**	**-**	**4,231.48**
Adjustment pursuant to business combination		4.67	-	3.60	9.42	-	(107.38)	164.16	-	74.47
Transfer to Debenture Redemption Reserve		-	-	-	-	20.83	(20.83)	-	-	-
Transfer from Investment Subsidy Reserve		-	-	-	-	-	0.69	-	-	0.69
Interim Equity Dividend declared and paid during the year		-	-	-	-	-	(47.49)	-	-	(47.49)
Dividend Distribution Tax (DDT) on Interim Dividend		-	-	-	-	-	(9.62)	-	-	(9.62)
Balance as at 31/03/2017 - Earlier Reported as adjusted for Business Combination		**72.70**	**20.08**	**(19.76)**	**645.85**	**20.83**	**2,607.32**	**4,386.36**	**-**	**7,733.38**
Effect of restatement (Refer Note 51)		-	-	-	-	-	(40.31)	-	-	(40.31)
Balance as at 31/03/2017 - Restated		**72.70**	**20.08**	**(19.76)**	**645.85**	**20.83**	**2,567.01**	**4,386.36**	**-**	**7,693.07**
Adjustment pursuant to business combination		-	-	(0.19)	-	-	-	-	-	(0.19)
Profit / (Loss) after tax for the year		-	-	-	-	-	232.01	-	-	232.01
Remeasurement of defined employee benefit plans		-	-	-	-	-	-	(5.97)	-	(5.97)
Fair valuation of investments in equity instruments		-	-	-	-	-	-	1,650.12	(1.87)	1,648.25
Deferred tax credit on items of OCI		-	-	-	-	-	-	2.07	-	2.07
Total comprehensive income for the year 2017-18		72.70	20.08	(19.95)	645.85	20.83	2,799.02	6,032.58	(1.87)	9,569.24
First Interim Equity Dividend declared and paid during the year		-	-	-	-	-	(101.77)	-	-	(101.77)
Second Interim Equity Dividend declared and paid during the year		-	-	-	-	-	(50.88)	-	-	(50.88)
Dividend Distribution Tax (DDT) on Interim Dividend		-	-	-	-	-	(31.08)	-	-	(31.08)
Transfer to Debenture Redemption Reserve		-	-	-	-	45.84	(45.84)	-	-	-
Realised gain on sale of equity shares reclassified to retained earnings		-	-	-	-	-	311.05	(311.05)	-	-
Balance as at 31/03/2018	14	**72.70**	**20.08**	**(19.95)**	**645.85**	**66.67**	**2,880.50**	**5,721.53**	**(1.87)**	**9,385.51**

Notes forming part of the financial statements 1 - 52

As per our Report of even date
For **DELOITTE HASKINS & SELLS LLP**
CHARTERED ACCOUNTANTS
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

SHYAMAK R TATA	J. N. GODREJ	A. G. VERMA	P. K. GANDHI	P. E. FOUZDAR
PARTNER	Chairman &	Executive Director	Chief Financial	Executive Vice President
Membership No.: 038320	Managing Director	& President	Officer	(Corporate Affairs)
Mumbai, 4th September, 2018	DIN: 00076250	DIN: 02366334		& Company Secretary

GODREJ & BOYCE MANUFACTURING COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2018

(Rupees in crore)

		Current Year	Previous Year Restated
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAX	356.86	63.52
	ADJUSTMENTS TO RECONCILE PROFIT BEFORE TAX TO NET CASH USED IN:		
	Depreciation and Amortisation Expense	201.43	178.65
	Provisions for Doubtful Debts/Advances/Deposits	26.37	21.09
	Bad Debts written off (net)	61.95	20.97
	Diminution in the Value of Investment in a Subsidiary	38.54	-
	Profit on Sale of Investments (Net): Current	(10.84)	(3.06)
	Profit on Sale of Investments (Net): Non-current	-	(114.73)
	(Profit)/Loss on Sale of Property, Plant and Equipment (Net): Immovable Property	(9.19)	1.39
	Unrealised Foreign Currency Loss / (Gain)	1.06	(21.37)
	Interest Income	(16.79)	(9.13)
	Dividend Income	(56.60)	(68.49)
	Finance Costs	180.42	176.38
	Fair Valuation of Investments	-	154.76
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	773.21	399.98
	MOVEMENT IN CURRENT ASSETS AND LIABILITIES:		
	Inventories	(207.19)	(299.79)
	Trade and other Receivables	(309.59)	(187.07)
	Trade and other Payables and Provisions	249.02	520.81
	CASH GENERATED FROM/(USED IN) OPERATIONS	505.45	433.93
	Direct Taxes paid	(63.37)	(44.42)
	NET CASH FROM/(USED IN) OPERATING ACTIVITIES	442.08	389.51
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Property, Plant and Equipment acquired	(445.75)	(638.05)
	Sale of Property, Plant and Equipment	15.04	-
	(Purchase)/Sale of Investment in Subsidiaries and Associates	(5.44)	590.29
	(Purchase) / Sale of Other Investments and Current Investments (net)	430.08	-
	Net decrease /(increase) in bank deposits (having original maturities of more than 3 months)	(41.88)	(18.10)
	Proceeds (residual bank balance) received from a wholly-owned subsidiary on its liquidation	-	0.82
	Interest received	16.79	9.13
	Dividend received	56.60	68.49
	NET CASH FROM/(USED IN) INVESTING ACTIVITIES	25.44	12.58
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Net increase/(decrease) in short-term Bank Borrowings	(11.67)	58.28
	Other Borrowings: Loans and Deposits taken	2,885.37	2,044.92
	Loans and Deposits repaid	(2,932.54)	(2,273.42)
	Finance Cost	(199.96)	(178.31)
	Dividend paid, including Dividend Distribution Tax	(183.73)	(47.49)
	NET CASH FROM/(USED) IN FINANCING ACTIVITIES	(442.53)	(396.02)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	24.99	6.07
	Cash and Cash Equivalents at the beginning of the year	27.02	20.95
	Cash and Cash Equivalents at the end of the year	52.01	27.02
	Add: Other Bank Balances (not considered as cash and cash equivalents):		
	Fixed Deposits with Banks	98.50	57.00
	Other Earmarked Accounts	24.29	23.91
	CLOSING CASH AND BANK BALANCES (NOTE 10)	174.80	107.93
D.	**COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**		
	Cash in hand	1.40	1.40
	Balances with Banks in Current Accounts	50.61	25.62

Notes forming part of the financial statements 1 - 52

NOTES:

1. The Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) on "Statement of Cash Flows," and presents cash flows by operating, investing and financing activities.
2. Figures in brackets are outflows/deductions.
3. Cash and cash equivalents for the purposes of this Statement comprise of cash in hand, cash at bank and fixed deposits with maturity of three months or less.

As per our Report of even date
For **DELOITTE HASKINS & SELLS LLP**
CHARTERED ACCOUNTANTS
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

SHYAMAK R TATA
PARTNER
Membership No.: 038320
Mumbai, 4th September, 2018

J. N. GODREJ	A. G. VERMA	P. K. GANDHI	P. E. FOUZDAR
Chairman &	Executive Director	Chief Financial	Executive Vice President
Managing Director	& President	Officer	(Corporate Affairs)
DIN: 00076250	DIN: 02366334		& Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. General Information

Godrej & Boyce Manufacturing Company Limited ('the Company') incorporated on 3rd March, 1932 is a major company of the Godrej Group. The Company has diverse business divisions offering a wide range of consumer, office, and industrial products and related services of the highest quality to customers in India and abroad. The Company is domiciled in India and its registered office is at, Pirojshanagar, Vikhroli, Mumbai 400 079.

B. Basis of preparation of financial statements

These financial statements as at, and for the year ended, 31st March, 2018 have been prepared in accordance with Indian Accounting standards (“Ind AS”) prescribed under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The financial statements have been prepared and presented under the historical cost convention, on accrual and going concern basis except for certain financial assets and financial liablities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The financial statements of the Company for the year ended 31st March, 2018 were approved for issue in accordance with the Resolution passed by the Board of Directors at their meeting held on 4th September, 2018.

The amounts as at and for the year ended 31st March, 2017 were audited by the predecessor auditor.

C. Functional and presentation currency

These financial statements are presented in Indian rupees, which is the Company’s functional currency. All amounts have been rounded to the nearest crore, unless otherwise indicated; a crore is equal to ten million. Where changes in presentation are made, comparitive figures for the previous year are restated/regrouped accordingly.

D. Uses of Estimates and Judgements

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates.

Estimates and assumptions are required in particular for:

(i) Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from those prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers’ warranties and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

(ii) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, vested future benefits and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. The same is disclosed in Note 42.

(iii) Income Taxes

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

A deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

(iv) Recognition and measurement of provisions

The recognition and measurement of provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the Balance Sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions.

(v) Determining whether an arrangement contains a lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company 's incremental borrowing rate and in case of operating lease, all payments under the arrangement are treated as lease payments.

(vi) Rebates and sales incentives

Rebates are generally provided to distributors or customers as an incentive to sell the Company's products. Rebates are based on purchases made during the period by distributor / customer. The Company determines the estimates of rebate accruals primarily based on the contracts entered into with their distributors / customers and the information received for sales made by them.

(vii) Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts are determined using the fair value reports provided by the respective merchant bankers. Fair value of Interest Rate Swaps are determined with respect to current market rate of interest.

(viii) Impairment of Financial Assets

The Company reviews its carrying value of investments in subsidiaries and associates on an annual basis or more frequently when there is an indication of other than temporary impairment in the carrying value of its investments. The recoverable amount is measured using future cash flows projections provided by the management. A significant degree of judgment is required in establishing these recoverable values. Judgments include considerations such as change in business strategy, liquidity risk, credit risk and volatility which provide objective evidence of an impairment which is other than temporary in the long term inherent value of the investment.

(ix) Product Warranty Obligations

The estimates for product warranty obligations are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences.

E. Standards issued but not effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, 'Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign Currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective date.

a) Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

The Company is in the process of making an assessment of the impact of Ind AS 115 upon initial application.

b) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the Appendix on the financial statements, as assessed by the Company, is expected to be not material.

F. Measurement of fair values

The Company 's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair values are determined in whole or part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

G. Significant accounting policies

i. Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment is recognised when it is probable that future economic benefit associated with the asset will flow to the Company, and the cost of the asset can be measured reliably.

Items of property, plant and equipment are measured at original cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the Statement of Profit and Loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment, and depreciated over their respective useful lives.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

All property, plant and equipment received in exchange for non-monetary assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. Measurement of an exchange at fair value will result in the recognition of a gain or loss based on the carrying amount of the asset surrendered. If a fair value can be determined reliably for either the asset received or the asset given up, then the fair value of the asset given up should be used unless the fair value of the asset received is more clearly evident. Accordingly, Transferable Development Rights (TDR's) obtained by the Company in respect of its freehold lands situated at Mumbai, are carried at fair value of land given up unless the fair value of TDR received is more clearly evident, and are shown under Freehold Land. Any gain or loss arising from such exchange is immediately recognised in profit or loss.

Any transfer of such TDR's / land from fixed asset to inventory is done at cost.

b. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

c. Depreciation / Amortisation

The Company has followed the Straight Line method for charging depreciation on all items of property, plant and equipment, at the rates specified in Schedule II to the Act; these rates are considered as the minimum rates. If management's estimate of the useful life of the property, plant and equipment is shorter than that envisaged in Schedule II, depreciation is provided at a higher rate based on management's estimate of the useful life. Accordingly, in respect of the commercial construction projects, on some items of equipment at the project sites, depreciation is provided at a higher rate based on useful life of the assets estimated at 5 years, compared to 15 years specified in Schedule II. Moreover, in respect of special-purpose machinery used in the contract-manufacturing of precision components and systems, depreciation is charged over the period of such manufacturing contracts. In respect of additions to/deductions from the assets, the depreciation on such assets is calculated on a pro rata basis from/upto the month of such addition/deduction. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase/acquisition. Leasehold Land and Buildings are amortised over the period of the lease. The cost of property, plant and equipment not ready for their intended use at the balance sheet date is disclosed under capital work-in-progress.

Intangible assets comprising of Technical Know-how and Trade Marks are amortised on straight-line basis at the rate of 16.67%; capitalised Computer Software costs relating to the ERP system, are amortised on straight line basis at the rate of 20%.

ii. Investment properties

a. Properties held to earn rentals and / or capital appreciation (including property under construction for such purposes) are classified as investment properties.

b. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

c. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

d. The Company follows the straight line method for charging depreciation on investment property over estimated useful lives prescribed in Schedule II to the Companies Act, 2013.

e. Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

f. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

iii. Intangible assets

a. Recognition and measurement

Intangible assets, including patents and trademarks, which are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

b. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c. Amortisation

Intangible assets are amortised over their estimated useful life on straight line method.

iv. Investment in Subsidiaries, Joint Ventures and Associates

Non-current investments in subsidiaries, associates and joint ventures are stated at cost (unless otherwise stated); however, for any diminution other than temporary in the value of investments, the book value is reduced to recognise the decline. In cases where these investments are carried at their book values, which are higher than their fair values, the diminution in the value of such investments is considered to be of a temporary nature, in view of the Company's long-term financial involvement in such investee companies.

v. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial Assets

(a) Initial recognition and measurements:

The Company recognises a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of the financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

(b) Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria;

(i) The Company's business model for managing the financial asset and

(ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

(i) Financial assets measured at amortised cost

(ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

(i) Financial assets measured at amortised cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer Note 43 for further details). Such financial assets are subsequently measured at amortised cost using the effective interest method.

Under the effective interest rate method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal/repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortised cost of financial asset is also adjusted for loss of allowance, if any.

(ii) Financial asset measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial asset, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer Note 3 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the other Comprehensive Income (OCI). However, the Company recognises interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 43 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognised under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognised in OCI. However, the Company recognises dividend income from such instruments in the Statement of Profit and Loss.

On derecognition of such financial assets, cumulative gain or loss previously recognised in OCI is not reclassified from the equity to the Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

(iii) Financial asset measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortised cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies (Refer Note 43 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Statement of Profit and Loss.

(c) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company's balance sheet) when any of the following occurs:
(i) The contractual rights to cash flows from the financial asset expires;
(ii) The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset.
(iii) The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
(iv) The Company neither transfers nor retains substantially all risk and rewards of ownerships and does not retain control over the financial assets.
In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

(d) Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables.
ii. Financial assets measured at amortised cost (other than trade receivables and lease receivables)
iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as (ii) and (iii) above), the Company determines if there has been a significant increase in credit risk of the financial assets since initial recognition, if the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured as recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset, 12month ECL, are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcome, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the Statement of Profit and Loss under the head 'Other expenses'.

B. Financial Liabilities

(a) Initial recognition and measurement:

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

(b) Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method (Refer Note 43 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortised cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognised as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

(c) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When the existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

C. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks . Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

vi. Inventories

Trade Inventories:

Raw Materials, Loose Tools, Stores, Spares, etc. are valued at lower of weighted average cost and estimated net realisable value. Estimated Net realisable value of raw materials is determined on the basis of the price of the finished products in which they will be used are expected to be sold.

Work-in-Process (other than Construction Projects) is valued at lower of estimated cost (consisting of direct material and direct labour costs plus appropriate factory overheads) and estimated net realisable value.

Finished Goods, goods in transit and goods with third parties are valued at lower of weighted average cost and estimated net realisable value; cost includes purchase, conversion, appropriate factory overheads, any taxes or duties and other costs incurred for bringing the inventories to their present location and condition. Spares and Components for after-sales service are valued at lower of average cost and estimated net realisable value on an item-by-item basis.

Obsolete and damaged inventories, and other anticipated losses are adequately provided for, wherever considered necessary.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Construction Projects:

In respect of the commercial construction projects promoted / developed on the company's land, construction work-in-progress is valued at estimated cost consisting of the cost of land (forming part of the project), development, construction and other related costs.

Work in process is valued at lower of specifically identified costs or net realisable value.

vii. Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash as cash and cash equivalents. Cash and cash equivalents in the Balance Sheet comprises of cash on hand, bank balances which are unrestricted for withdrawal and usage and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

viii. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

ix. Provisions and Contingent Liabilities and Contingent Assets

A provision is recognised only when there is a present legal / constructive obligation as a result of a past event that probably requires an outflow of resources to settle the obligation and in respect of which a reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions and Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets and related income are recognised when there is virtual certainty that inflow of economic benefit will arise.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

x. Revenue Recognition

(a) Sale of goods

The Company recognises revenues on the sale of products, net of discounts, sales incentives and rebates granted. Sales are recognised when significant risks and rewards of ownership in the goods are transferred to the buyer. Revenues are recognised when collectability of the resulting receivable is reasonably assured.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(b) Lease Rentals

The Company has determined that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Accordingly rental income arising from operating leases on investment properties is accounted for on an accrual basis as per the terms of the lease contract and is included in Revenue from Operations in the Statement of Profit and Loss due to its operating nature.

(c) Revenue from construction contracts for industrial products / equipment

Industrial products/equipment are constructed based on specifically negotiated contracts with customers. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is based on percentage of actual cost incurred up to the reporting date to the total estimated cost of the contract. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

In the case of certain industrial products, the stage of completion is based on either survey of the work performed or completion of a physical proportion of the contract work.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in the Statement of Profit and Loss.

(d) Revenue from rendering of services

Revenue from service transactions is recognised as per agreements/arrangements with the customer when the related services are rendered/provided. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a time proportion basis. Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determined, services have been rendered and collectability of the resulting receivables is reasonably assured.

(e) Revenue from Real Estate Transaction

Construction revenue on real estate projects have been recognised on percentage of completion method provided the following thresholds have been met: (a) All critical approvals necessary for the commencement have been obtained; (b) The expenditure incurred on construction and development costs is not less than 25 percent of the total estimated construction and development costs; (c) At least 25 percent of the saleable project area is secured by contracts or agreements with buyers; and (d) At least 10 percent of the agreement value is realized at the reporting date in respect of such contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

Expenditure incurred on construction and development costs excludes land development rights and borrowing costs.

Income from operation of commercial complexes is recognised over the tenure of the lease / service agreement.

xi. Employee benefits

a. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The Company's contributions paid/payable to Managerial Superannuation Fund, Employees' State Insurance Scheme, Employees' Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and/or statutes, and are recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the approved trusts/appropriate authorities.

b. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Short-term employee benefits (payable within twelve months of rendering the service)

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for an amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Re-measurement of net defined benefit liability

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Further, the Rules of the Company's Provident Fund (PF) administered by an approved Trust, require that if the Board of Trustees is unable to pay interest at the rate declared for the Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952, for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement are recognised in profit or loss in the period in which they arise. Other employee benefits include leave encashment/long-term compensated absences schemes.

xii. Other Operating Revenue

Other Operating Revenue represents income earned from the activities incidental to business and is recognised when the right to receive is established as per the terms of the contract.

xiii. Finance costs

Finance costs are recorded using the effective interest rate method.

xiv. Other Income

The Company's other income includes interest and dividend income.

Interest income is recognised using the effective interest rate method. Dividend income is recognised in the Statement of Profit and Loss on the date on which the Company's right to receive is established.

xv. Foreign currency transactions

Income and expenses in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

xvi. Income Taxes

Income tax expense comprises current tax expense and the net change in deferred taxes recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

(i) has a legally enforceable right to set off the recognised amounts; and

(ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

(i) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

(ii) temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax asset / liabilities in respect of temporary differences which originate and reverse during the tax holiday period are not recognised. Deferred tax assets / liabilities in respect of temporary differences that originate during the tax holiday period but reverse after the tax holiday period are recognised. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

Minimum Alternate Tax (MAT) Credit Entitlement is recognised as a Deferred Tax Asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period in which such credit can be carried forward for set-off within the time frame prescribed by the Income Tax Act, 1961. The carrying amount of MAT Credit Entitlement is reviewed at each Balance Sheet date.

xvii. Leases (where the Company is the lessor)

The Company's assets subject to operating leases in its Estate Leasing Operations are included in Investment Property. Lease income is recognised and included in Revenue from Operations in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

xviii. Leases (where the Company is the lessee)

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. In respect of assets taken on operating lease, lease rentals are recognised as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless;

(a) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

(b) the payments to the lessor are structured to increase in the line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

xix. Product warranty expense under service warranty obligation

In respect of products sold by the Company, which carry a specified warranty, future costs that will be incurred by the Company in carrying out its contractual warranty obligations are estimated and accounted for on accrual basis.

xx. Research And Development Expenses

Research and product development costs incurred are recognised as intangible assets when feasibility has been established and it is probable that the asset will generate probable future economic benefits. Other research costs are charged to the Statement of Profit and Loss under the respective natural head of expense.

xxi. Earnings per share

Basic and diluted earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

xxii. Segment Reporting

Operating Segments are defined as components of the Company for which discrete financial information is available and are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company's CODM is the Managing Director and President.

xxiii. Business Combinations of entities under common control

Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital or the transferor entity or business is recognised as capital reserve under equity.

The financial information in the financial statements in respect of prior periods shall be restated as if the business combination had occurred from the beginning of the preceding period.

xxiv. Impairment

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in the arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses, on assets other than goodwill are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

xxv. Events after reporting date

Where events occurring after the balance sheet date till the date when the financial statements are approved by the Board of Directors of the Company, provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the reporting balance sheet date of material size or nature are only disclosed.

H. Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realised/settled in the Company's normal operating cycle;
ii. the asset is intended for sale or consumption;
iii. the asset/liability is held primarily for the purpose of trading;
iv. the asset/liability is expected to be realised/settled within twelve months after the reporting period;
v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting date;
vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for atleast twelve months after the reporting date.

All other assets and liabilites are classified as non-current.

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.A. PROPERTY, PLANT AND EQUIPMENT

(Rupees in crore)

Particulars	Freehold Land	Leasehold Land	Freehold Buildings	Leasehold Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles/ Vessels	Office Equipment	Total
	Tangible Assets								
COST OF ASSETS									
Gross Block as at 1/4/2017	300.70	89.49	581.08	17.88	930.36	56.31	14.01	58.62	2,048.45
Capital Work-in-Progress as at 1/4/2017	-	-	329.82	-	72.39	2.17	0.02	6.91	411.31
Capital Expenditure during the year	31.00	-	252.58	7.66	165.91	4.12	0.37	5.52	467.16
Capital Work-in-Progress as at 31/3/2018	-	-	(451.60)	-	(74.66)	(1.50)	-	(5.77)	(533.53)
Additions	31.00	-	130.80	7.66	163.64	4.79	0.39	6.66	344.94
Deductions	(0.38)	-	(0.28)	-	(4.33)	(0.20)	(0.21)	(0.62)	(6.02)
Gross Block as at 31/3/2018	331.32	89.49	711.60	25.54	1,089.67	60.90	14.19	64.66	2,387.37
DEPRECIATION									
Total Depreciation as at 1/4/2017	-	1.48	27.23	4.11	233.80	17.40	1.93	22.60	308.55
Depreciation for the year	-	2.35	26.65	2.89	134.38	7.89	0.97	11.68	186.81
Depreciation on Deductions / Adjustments	-	-	0.69	-	(1.07)	(0.04)	-	(0.46)	(0.88)
Total Depreciation as at 31/3/2018	-	3.83	54.57	7.00	367.11	25.25	2.90	33.82	494.48
NET BOOK VALUE									
Net Block as at 31/3/2018	331.32	85.66	657.03	18.54	722.56	35.65	11.29	30.84	1,892.89
Capital Work-in-progress	-	-	451.60	-	74.66	1.50	-	5.77	533.53
Total as at 31/3/2018	331.32	85.66	1,108.63	18.54	797.22	37.15	11.29	36.61	2,426.42

Intangible Assets (other than internally generated)

Particulars	Computer Software	Technical Know-how	Trademarks	Total
COST OF ASSETS				
Gross Block as at 1/4/2017	6.85	0.96	0.13	7.94
Additions	22.52	-	-	22.52
Deductions	-	-	-	-
Gross Block as at 31/3/2018	29.37	0.96	0.13	30.46
AMORTIZATION				
Total Amortisation as at 1/4/2017	4.57	0.86	0.08	5.51
Charge for the year	5.29	0.10	0.04	5.43
Deductions	(0.04)	-	-	(0.04)
Total Amortization as at 31/3/2018	9.82	0.96	0.12	10.90
NET BOOK VALUE				
As at 31/3/2018	19.55	-	0.01	19.56
Capital Work-in-progress	3.04	-	-	3.04

2.A. PROPERTY, PLANT AND EQUIPMENT

(Rupees in crore)

Particulars	Tangible Assets								
	Freehold Land	Leasehold Land	Freehold Buildings	Leasehold Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles/ Vessels	Office Equipment	Total
COST OF ASSETS									
Gross Block as at 1/4/2016	285.95	46.46	321.99	15.48	721.50	47.94	13.99	48.38	1,501.69
Adjustment pursuant to the Scheme of Amalgamation of Cartini India Limited and India Circus Retail Private Limited with the Company	-	1.18	32.65	-	39.14	1.07	-	0.76	74.80
Capital Work-in-Progress as at 1/4/2016	-	-	241.49	-	79.28	2.40	-	3.08	326.25
Adjustment pursuant to the Scheme of Amalgamation of Cartini India Limited and India Circus Retail Private Limited with the Company	-	-	3.88	-	0.66	-	-	-	4.54
Capital Expenditure during the year	14.75	41.85	315.43	2.40	166.61	7.33	0.12	14.08	562.57
Capital Work-in-Progress as at 31/3/2017	-	-	(329.82)	-	(72.39)	(2.17)	(0.02)	(6.91)	(411.31)
Additions	14.75	41.85	230.98	2.40	174.16	7.56	0.10	10.25	482.05
Deductions	-	-	(4.54)	-	(4.44)	(0.26)	(0.08)	(0.77)	(10.09)
Gross Block as at 31/3/2017	300.70	89.49	581.08	17.88	930.36	56.31	14.01	58.62	2,048.45
DEPRECIATION									
Total Depreciation upto 1/4/2016	-	0.58	10.66	1.86	110.69	8.50	1.00	10.80	144.09
Adjustment pursuant to the Scheme of Amalgamation of Cartini India Limited and India Circus Retail Private Limited with the Company	-	-	-	-	0.02	-	-	0.21	0.23
Depreciation for the year	-	0.90	16.38	2.25	125.16	9.00	1.00	11.95	166.64
Depreciation on Deductions / Adjustments	-	-	0.19	-	(2.07)	(0.10)	(0.07)	(0.36)	(2.41)
Total Depreciation upto 31/3/2017	-	1.48	27.23	4.11	233.80	17.40	1.93	22.60	308.55
NET BOOK VALUE									
Net Block as at 31/3/2017	300.70	88.01	553.85	13.77	696.56	38.91	12.08	36.02	1,739.90
Capital Work-in-progress	-	-	329.82	-	72.39	2.17	0.02	6.91	411.31
Total as at 31/3/2017	300.70	88.01	883.67	13.77	768.95	41.08	12.10	42.93	2,151.21

Particulars	Intangible Assets (other than internally generated)			
	Computer Software	Technical Know-how	Trademarks	Total
COST OF ASSETS				
Gross Block as at 1/4/2016	6.60	0.96	0.13	7.69
Adjustment pursuant to the Scheme of Amalgamation India Circus Retail Private Limited with the Company	0.19			0.19
Additions	0.08	-	-	0.08
Deductions	(0.02)	-	-	(0.02)
Gross Block as at 31/3/2017	6.85	0.96	0.13	7.94
AMORTIZATION				
Total upto 31/3/2016	2.12	0.43	0.04	2.59
Adjustment pursuant to the Scheme of Amalgamation India Circus Retail Private Limited with the Company	0.12			0.12
Charge for the year	2.34	0.43	0.04	2.81
Deductions	(0.01)	-	-	(0.01)
Total Amortization upto 31/3/2017	4.57	0.86	0.08	5.51
NET BOOK VALUE				
As at 31/3/2017	2.28	0.10	0.05	2.43
Capital Work-in-progress	14.45	-	-	14.45

2.B. INVESTMENT PROPERTY

	(Rupees in crore)
COST OF ASSETS	
Gross Block as at 1/4/2016	401.19
Additions	-
Deductions / Reclassification	(1.51)
Gross Block as at 1/4/2017	399.68
Additions	-
Deductions / Reclassification	(0.86)
Gross Block as at 31/3/2018	398.82
ACCUMULATED DEPRECIATION	
Total Depreciation upto 1/4/2016	10.49
Depreciation for the year	9.20
Depreciation on Deductions	(0.58)
Total Depreciation upto 1/4/2017	19.11
Depreciation for the year	9.19
Depreciation on Deductions	(0.72)
Total Depreciation upto 31/3/2018	27.58
NET BOOK VALUE	
Net Block as at 31/3/2017	380.57
Net Block as at 31/3/2018	371.24

(Rupees in crore)

	2017-18	2016-17
Rental Income derived from investment properties	249.37	225.67
Direct operating expenses (including repairs and maintenance) generating rental income	61.63	47.41
Profit arising from investment properties	187.74	178.26

As at 31st March 2018 and 31st March 2017, the fair values of the properties are Rs. 2,361 crore and Rs. 2,261 crore respectively. These valuations are based on discounted cash flow method

Reconciliation of fair value:	(Rupees in crore)
Opening balance as at 1/4/2017	2,261.00
Fair value differences	100.00
Purchases	-
Closing balance as at 31/03/2018	2,361.00

The Company has applied the method of Discounted Cash Flow projections based on reliable estimates of future cash flows.

Description of valuation technique and key inputs to valuation on investment properties:

Valuation technique: Discounted Cash Flow

Significant unobservable inputs	Range (weighted average)
Rent growth p.a.	5%
Long term vacancy rate	0%
Discount rate	15%

Notes:

(a) In respect of the Company's freehold land situated at Thane (transferred on Amalgamation of the erstwhile Lawkim Limited with the Company):

(i) Land admeasuring approximately one acre was the subject matter of dispute. The Company has filed an appeal in the Hon'ble High Court of Judicature at Bombay, against the Order dated 23rd December, 2004 passed by the Third Additional District Judge, Thane. The Company has also registered notice of lis pendens dated 17th May, 2005 with the Registrar of Sub-Assurance.

(ii) A part of the land was acquired by the Thane Municipal Corporation and the Company has an option for the Transferable Development Rights (TDR) as compensation for the said acquisition. Pending the receipt of such compensation by the Company in the form of TDR, no adjustment has been made in the books in this regard.

(b) Freehold Land includes (i) leasehold rights in perpetuity and (ii) transferable development rights (TDRs). Freehold Buildings include investments representing shares in ownership of flats.

(Rupees in crore)

		As at 31/03/2018	As at 31/03/2017
3. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES			
(at cost unless otherwise specified)			
GRAND SUMMARY			
TRADE INVESTMENTS			
(a) Subsidiary companies			
Equity Shares	31.83		70.37
Preference Shares/Preferred Stock	22.59		22.59
		54.42	92.96
(b) Associate companies			
Equity Shares			
Common Stock	36.84		33.59
Contribution towards Capital of an LLP	3.03		2.67
		39.87	36.26
(c) Joint Venture company			
Equity Shares		0.75	0.75
		95.04	129.97
OTHER INVESTMENTS		6,475.51	5239.87
UNQUOTED INVESTMENTS AT COST			
(1) Investments in Equity Shares in direct Subsidiary Companies			
(i) 5,050 Equity Shares of Rs.100 each in Godrej Infotech Limited		1.05	1.05
(ii) 48,723 Equity Shares of S$ 10 each in Godrej (Singapore) Pte. Limited		24.83	24.83
(iii) 98,170 Equity Shares of € 46 each in Veromatic International BV.		42.63	42.63
Less: Impairment Loss		(38.54)	-
		4.09	42.63

The break-up value of shares in Veromatic International BV ('Veromatic') as per the Balance Sheet as at 31st December, 2017 is much lower than their book value (cost), signifying a substantial decline in the value of this investment, which has been determined by the management as one that is other than temporary. The Company has accordingly, accounted for the reduction in the value of this investment amounting to Rs. 38.54 crore to recognise this decline, as required by Ind AS-109, Financial Instruments. Veromatic is currently evaluating a transition of manufacturing in India.

	As at 31/03/2018	(Rupees in crore) As at 31/03/2017
(iv) 3,00,000 Shares ("common stock with no par value") of Godrej Americas Inc. USA.	1.86	1.86
	31.83	70.37
(2) Investments in Preference Shares of Subsidiary Companies		
(i) 6,70,121 Series A Preferred Stock shares of par value $0.001 each in Sheetak Inc., USA	6.71	6.71
(ii) 9,42,506 Series B Preferred Stock shares of par value $0.001 each in Sheetak Inc., USA	15.88	15.88
	22.59	22.59
(3) Investments in Equity Shares of Joint Ventures		
(i) 7,50,000 Equity Shares of Rs. 10 each in Godrej Consoveyo Logistics Automation Limited (formerly, Godrej Efacec Automation & Robotics Limited)	0.75	0.75
(4) Investments in Equity Shares of Associates		
(i) Contribution towards 23.91% (as at 31-03-2017: 19.66%) of an Associate, Urban Electric Power Inc,USA [17,75,385 (as at 31-03-2017: 16,21,539) common units @ USD 3.25 per unit]	36.84	33.59
(5) Investments in Limited Liability Partnership Firms		
(i) Contribution towards 50% of the Fixed Capital of Godrej & Boyce Enterprises LLP*	-	-
(ii) 68% profit sharing in Godrej Property Developers LLP.	-	-
(iii) Contribution towards 20% of the Capital of Future Factory LLP (including share of profit of Rs. 0.36 crore booked during the year; previous year: Rs.0.55 crore)	3.03	2.67
(a) Total capital of the Firm: Rs. 10.31 crore		
(b) Names of other Partners and % share in Capital:		
Mr. Jashish Navin Kambli - 56%		
Mrs. Geetika Kambli - 24%		
**(Amount less than Rs.50,000)*	3.03	2.67
Total Unquoted Non-current Trade Investments	95.04	129.97
C. DISCLOSURE		
(a) Aggregate amount of Unquoted Investments	95.04	129.97
(b) Aggregate amount of Impairment in the value of Investments	81.56	43.02

Notes:

Non-current investments in Subsidiaries, Associates and Joint Ventures are stated at cost (unless otherwise stated) as per Ind AS 27; however, for any diminution, other than temporary in the value of investments, the book value is reduced to recognise the decline. In cases where these investments are carried at their book values, which are higher than their fair values, the diminution in the value of such investments is considered to be of a temporary nature, in view of the Company's long-term financial involvement in such investee companies.

	As at 31/03/2018	(Rupees in crore) As at 31/03/2017
4. OTHER INVESTMENTS		
(a) QUOTED		
(1) Investments in Equity Shares (Fully Paid up unless stated otherwise) (At Fair Value Through Other Comprehensive Income):		
(i) 5,00,07,630 (as at 31-03-2017: 2,50,03,815) Equity Shares of Re. 1 each in Godrej Consumer Products Limited (2,50,03,815 Bonus shares issued during the year)	5,469.08	4,179.14
(ii) 1,06,50,688 Equity Shares of Rs. 5 each in Godrej Properties Limited	773.13	410.64
(iii) Nil (as at 31-03-2017: 46,86,976) Equity Shares of Rs. 2 each in HCL Technologies Limited (28,31,393 shares received on demerger of Business Undertaking of erstwhile Geometric Limited with HCL Technologies Limited, in exchange of 1,21,75,000 shares held in erstwhile Geometric Limited by the Company. Moreover, 18,55,583 shares received in exchange of 79,79,008 shares held by Godrej Investments Private Limited, which merged with the Company from the appointed date of 29th March, 2017.)	-	409.99
(iv) 12,000 Equity Shares of Rs. 10 each in Central Bank of India	0.09	0.13
(v) 52,590 Equity Shares of Rs. 2 each in Housing Development Finance Corporation Limited	9.60	7.90
(vi) 68,65,666 Common Shares of par value USD 0.001 in Verseon Corporation USA (purchased during the year 2015-16 at a total cost of Rs.100.57 crores)	83.59	85.88
(2) Investments in Preference Shares		
(i) 2,01,54,008 7% Redeemable Preference Shares of Rs. 68 each in 3DPLM Software Solutions Limited (1,21,75,000 shares received on amalgamation of Remaining Undertaking of erstwhile Geometric Limited with 3DPLM Software Solutions Limited, in exchange of 1,21,75,000 shares held in erstwhile Geometric Limited by the Company. Moreover, 79,79,008 shares received in exchange of 79,79,008 shares held by Godrej Investments Private Limited, which merged with the Company from the appointed date of 29th March, 2017.) [Refer item (a) (iii) above]	135.18	137.05
(3) Investments in Tax-Free Bonds		
(i) 1,236 National Highway Authority of India Bonds of Rs.1,000 each	0.14	0.12
Total Quoted Non-current Non-Trade Other Investments	6,470.81	5,230.85
(b) UNQUOTED		
(1) Investments in Equity Shares (At Fair Value Through Other Comprehensive Income):		
(i) 50 Equity Shares of Rs. 50 each in Godrej & Boyce Employees' Co-operative Consumer Society Limited*	-	-
(ii) 1,000 Equity Shares of Rs. 10 each in Super Bazar Cooperative Stores Limited*	-	-
(iii) 1,000 Equity Shares of Rs. 10 each in Saraswat Co-operative Bank Limited	0.02	0.02
(iv) 4,000 Equity Shares of Rs. 25 each in The Zoroastrian Co-operative Bank Limited	0.10	0.10
(v) 2 Equity Shares of Rs. 10 each in Brihat Trading Private Limited*	-	-

(Rupees in crore)

	As at 31/03/2018	As at 31/03/2017
(vi) 100 Equity Shares of Rs. 100 each in Gharda Chemicals Limited (Shares have not been registered in the Company's name)	0.10	0.10
(vii) 1,823 Equity Shares of Rs.10 each in Edayar Zinc Limited (erstwhile Binani Zinc Ltd)- At Book Value*	-	-
(viii) 15,000 Equity Shares of Rs. 1,000 each in Global Innovation and Technology Alliance (a limited company under the purview of Section 8 of the Companies Act, 2013)	3.41	1.50
(ix) 84,375 Equity Shares of Rs.10 each in Nimbua Greenfield (Punjab) Limited	1.07	1.07
(x) Contribution towards 19.61% of the Capital of Proboscis Inc., USA (25,000 shares of par value USD 0.01)	-	6.23
(xi) 1,400 Shares of Rs. 10 each in Godrej One Premises Management Private Limited*	-	-
Total Unquoted Non-current Non-Trade Other Investments	4.70	9.02
Grand Total	6,475.51	5,239.87
**(Amount less than Rs.50,000)*		
C. DISCLOSURE		
(a) Aggregate amount of Quoted Investments and market value thereof	6,470.81	5,230.85
(b) Aggregate amount of Unquoted Investments	4.70	9.02
	6,475.51	5,239.87
(c) Aggregate amount of Impairment in the value of Investments	-	-

	As at 31/03/2018	As at 31/03/2017
5. LOANS (Unsecured, Considered Good)		
(a) Deposits	69.99	29.39
(b) Other Loans	5.75	5.27
Total	75.74	34.66
(i) Other Loans and Advances include non-current components of advances and deposits made.		
6. OTHER NON-CURRENT ASSETS		
(a) Capital Advances	16.67	17.06
(b) Other Advances	34.50	2.64
Total	51.17	19.70

			(Rupees in crore)
		As at 31/03/2018	As at 31/03/2017 (Restated)
7. INVENTORIES (At lower of Cost and Net Realisable Value)			
(a) Raw Materials (includes raw materials in transit: Rs. Nil; as at 31-03-2017: Rs. 7.81 crore)		538.13	394.94
(b) Work-in-Process		210.44	384.96
Add: Increase in stock pursuant to business combinations		-	1.90
(c) Finished Goods		631.09	620.16
Add: Increase in stock pursuant to business combinations		-	0.33
(d) Stock in Trade (includes goods in transit: Rs. Nil; as at 31-03-2017: Rs. 0.89 crore)		543.35	334.99
(e) Spares and Components for after-sales service		101.16	83.88
(f) Consumable Stores and Spares		52.36	26.11
(g) Loose Tools		18.05	2.18
(h) Construction Work-in-Progress [includes goods in transit Rs. 13.99 crore (as at 31-03-2017: Nil) (Property Development Activity and Projects for Industrial Products / Equipment (includes Rs. 45.30 crore of FSI purchased during the year 2016-17)]		239.84	277.78
Total		2,334.42	2,127.23
Break-up of Inventories			
(a) Raw Materials			
(i) Mild Steel		145.93	115.88
(ii) Others		392.20	279.06
		538.13	394.94
(b) Work-in-Process			
(i) Consumer Durables		94.81	126.00
(ii) Industrial Products		115.63	258.96
		210.44	384.96
(c) Finished Goods			
(i) Manufactured:			
(1) Consumer Durables	591.63		584.94
(2) Industrial Products	39.46		35.22
		631.09	620.16
(ii) Traded			
(1) Consumer Durables	418.57		319.97
(2) Industrial Products	121.49		14.78
(3) Others	3.29		0.24
		543.35	334.99
Total		1,174.44	955.15

The cost of inventories recognised as an expense includes Rs. 82.27 Crore (Rs. 81.57 Crore as at 31st March, 2017) in respect of write-downs of inventory to net realisable value.

	As at 31/03/2018	As at 31/03/2017 (Restated)
8. CURRENT INVESTMENTS		
(a) Quoted, Fully Paid-Up, at Fair Value through Profit or Loss (FVTPL)		
Investments in Mutual Funds		
(i) 5,00,000 units of DWS Hybrid Fixed Term Fund - Series 23	-	0.58
(ii) 3,859 units of Templeton India Short Term Income Fund -G	-	1.31
(iii) 5,00,000 units of ICICI Prudential Captial Protection Oriented	-	
Fund Series V Plan D(1100D)	-	0.66
(iv) 10,00,000 units of ICICI Prudential Captial Protection Oriented	-	
Fund Series VI (1100D)	-	1.20

(Rupees in crore)

			As at 31/03/2018	As at 31/03/2017 (Restated)
	(v) 10,00,000 units of Reliance Dual Advantage Fixed Tenure Fund V		-	1.15
	(vi) 15,00,000 units of Reliance Dual Advantage Fixed Tenure Fund VI		-	1.74
	Total		-	6.64
	(a) Aggregate amount of Quoted Investments and market value thereof		-	6.64
	(b) Aggregate amount of Unquoted Investments		-	-
9.	**TRADE RECEIVABLES**			
	Unsecured, Considered Good		2,352.95	2,024.17
	Unsecured and considered doubtful	165.62		139.25
	Less: Allowances for doubtful receivables	(165.62)		(139.25)
			-	-
	Total		2,352.95	2,024.17
	Note: For amounts due from related parties - Refer Note 47.			
10.	**CASH AND BANK BALANCES**			
	(A) Cash and Cash Equivalents			
	(i) Balances with Banks on Current Accounts		50.61	25.62
	(ii) Cash on Hand		1.40	1.40
	Total Cash and Cash Equivalents		52.01	27.02
	(B) Bank Balance other than above			
	(i) Deposit Accounts (Earmarked for Statutory Fixed Deposit Repayment Reserve Account net of amounts utilised for repayment of public deposits)		98.50	57.00
	(ii) Other earmarked Accounts		24.29	23.91
	Total Bank Balance		122.79	80.91
	Total		174.80	107.93
11.	**OTHER CURRENT FINANCIAL ASSETS (Unsecured, Considered Good)**			
	(a) Due from Godrej Vikhroli Properties LLP in respect of sale/assignment of immovable property		-	108.93
	(b) Deposits		33.30	31.42
	(c) Derivative Assets		0.39	10.80
	(d) Unbilled Revenue		348.36	595.23
	Total		382.05	746.38
12.	**OTHER CURRENT ASSETS (Unsecured, Considered Good)**			
	(a) Advances to Suppliers		207.08	68.72
	(b) Balances with Customs, Central Excise, Port Trust and other Authorities		211.85	87.85
	(c) Prepaid Expenses		11.21	17.32
	(d) Unamortised Guarantee Commission		1.89	1.76
	(e) Other Current Assets		82.11	152.09
	Total		514.14	327.74

(Rupees in crore)

13. EQUITY SHARE CAPITAL	As at 31/03/2018	As at 31/03/2017
(a) Authorised:		
(i) 1,100,000 Equity Shares of Rs. 100 each	11.00	11.00
(ii) 900,000 Cumulative Redeemable Preference Shares of Rs. 100 each	9.00	9.00
	20.00	20.00
(b) Issued, Subscribed and Paid Up:		
678,445 Equity Shares of Rs. 100 each fully paid up	6.78	6.78

(c) Reconciliation of shares outstanding at the beginning and at the end of the year:

	As at 31/03/2018		As at 31/03/2017	
Fully paid Equity Shares	No. of Shares	Rs. in crore	No. of Shares	Rs. in crore
At the beginning of the year	678,448	6.78	662,910	6.63
Add: Issued during the year [see note (4) below]	177,429	1.77	15,538	0.15
Less: Cancelled during the year [see note (4) below]	177,432	1.77	-	-
At the end of the year	678,445	6.78	678,448	6.78

(1) The Company does not have any holding company.

(2) Details of Equity Shareholders holding more than 5% shares in the Company are given below:

	As at 31/03/2018		As at 31/03/2017	
	Number	% holding	Number	% holding
(i) Trustees, Pirojsha Godrej Foundation - a public charitable trust	157,500	23.21%	157,500	23.22%
(ii) Partners of M/s. RKN Enterprises	104,185	15.36%	68,699	10.13%
(iii) Trustees of ABG Family Trust	41,095	6.06%	-	-
(iv) Trustees of SGC Family Trust	35,313	5.20%	-	-
(v) Godrej Investments Private Limited - an investing associate [See Note (4) below]	-	-	177,432	26.15%
(vi) Mr. N.B. Godrej	-	-	67,193	9.90%
(vii) Ms. S.V. Crishna	-	-	35,333	5.21%
(viii) Mr. A.B. Godrej	-	-	36,746	5.41%

(3) Terms/rights attached to Equity Shares: The Company has only one class of Equity Shares having a par value of Rs.100 per share. Each holder of Equity Shares is entitled to one vote per share. Accordingly, all Equity Shares rank equally with regard to dividends and share in the Company's residual assets. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of Equity Shares held.

(4) The National Company Law Tribunal, Mumbai Bench had by its Order dated 23rd August, 2017, approved the Scheme of Amalgamation of Godrej Investments Pvt. Ltd. (GIPL) with the Company. Accordingly, GIPL stood dissolved without being wound up and the Board of Directors, at their Meeting held on 6th November, 2017 issued 1,77,429 Equity Shares to the Shareholders of GIPL in lieu of 1,77,432 Equity Shares of Rs.100 each held by GIPL in the Company.

(Rupees in crore)

14. OTHER EQUITY	As at 31/03/2018	As at 31/03/2017
(a) Capital Reserve	52.75	52.94
(b) Securities Premium Reserve	20.08	20.08
(c) General Reserve	645.85	645.85
(d) Debenture Redemption Reserve	66.67	20.83
(e) Retained Earnings	2,880.50	2,567.01
(f) Items of Other Comprehensive Income	5,719.66	4,386.36
Total	9,385.51	7,693.07

(1) The Directors do not propose any Final Dividend for the year.

(2) Capital Reserve: During amalgamation, the excess of net assets taken, over the cost of consideration paid by the Company are treated as capital reserve.

(3) Securities Premium Reserve: The amount received in excess of the face value of equity shares, is recognised as Securities Premium Reserve. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(4) General Reserve: The Company transferred a portion of the net profits before declaring dividend, to general reserve, pursuant to the provisions of the Companies Act, 1956. Transfer to general reserve is not mandatory under the Companies Act, 2013.

(5) Debenture Redemption Reserve: Reserve has been created out of profits of the Company available for payment of dividend at 25% of the value of debentures, apportioned over the tenure of the debentures pursuant to the provisions of the Companies Act, 2013. The amounts credited to Debenture Redemption Reserve may not be utilised by the Company except to redeem debentures.

(6) Retained Earnings: Retained earnings are the profits earned till date, less transfers to general reserve, debenture redemption reserve and distribution of dividend and dividend distribution tax thereon.

(Rupees in crore)

	As at 31/03/2018		As at 31/03/2017	
	Non-current portion	Current maturities	Non-current portion	Current maturities
15. NON-CURRENT BORROWINGS				
(a) Secured Redeemable Non-Convertible Debentures (NCDs)				
(i) 8.90% (3 Years) 2019 Series I Debentures (alloted on 01/03/2016)	249.54	-	249.13	-
(ii) 9.00% (5 Years) 2021 Series II Debentures (alloted on 08/03/2016)	249.42	-	249.27	-
	498.96	-	498.40	-
(b) Secured Term Loans from Banks and Financial Institutions				
(i) Term Loan from The Zoroastrian Co-operative Bank Ltd.	-	2.55	2.50	2.52
	-	2.55	2.50	2.52
(c) Unsecured				
(i) Interest-free Loans under the Sales Tax Deferral Scheme of Maharashtra State Government	29.65	10.37	40.01	7.20
(ii) Fixed Deposits	265.58	416.18	587.39	155.89
	295.23	426.55	627.40	163.09
Total	794.19	429.10	1,128.30	165.61

(i) Privately-placed NCDs issued by the Company are secured by a first ranking charge by way of a registered mortgage on the specified immovable properties of the Company situated at Mumbai. These NCDs are redeemable at par on 22-04-2019 (series I) and 22-04-2021 (Series II). Interest on these NCDs is payable quarterly. As per the Companies (Share Capital and Debentures) Rules, 2014, para 18(7), the Company is required to create a Debenture Redemption Reserve of 25% of the value of debentures; it is also required to invest 15% of the amount of its debentures maturing during the next financial year. The Company has created a debenture redemption reserve of Rs. 66.67 crore.

(ii) Term Loan from The Zoroastrian Co-operative Bank Ltd. is secured by way of hypothecation of specified machinery and equipment. It carries a floating interest rate of 10.50% p.a. (10.50% p.a. as at 31-03-2017), which is 2% p.a. below Bank's Minimum Lending Rate of 12.50% p.a., subject to a minimum of 9.00% p.a. and a maximum of 12.50% p.a., and is repayable in 4 quarterly installments (3 installments of Rs. 0.63 crore each and last installment of Rs. 0.66 crore starting from 30-06-2018 and ending on 24-03-2019).

(iii) Interest-free Loans under the Sales Tax Deferral Schemes of Maharashtra State Government is payable in annual instalments as may be prescribed in the Schemes, beginning from 21-04-2018 and continuing upto '21-04-2023.

(iv) Fixed Deposits from employees and public carry interest rates ranging from 7.85% p.a. to 9.75% p.a. payable monthly or half-yearly, and have a maturity period of 3 years from the respective dates of deposit.

(v) Current maturities of Long-term Borrowings are disclosed under the head "Other Current Financial Liabilities" (Note 22)

(Rupees in crore)

	As at 31/03/2018	As at 31/03/2017
16. OTHER NON-CURRENT FINANCIAL LIABILITIES		
(a) Dealers’ Deposits	42.24	39.58
(b) Sundry Deposits and Advances	122.04	129.13
(c) Other Liabilities	9.45	59.36
Total	173.73	228.07

Sundry Deposits and Advances include: (a) Rs. 24.80 crore (as at 31-3-2017: Rs. 24.80) received towards hand-over of possession of land to a public utility, and (b) Rs. 0.75 crore (as at 31-3-2017: Rs. 0.75 crore) received towards Compensation against Land acquired. These amounts have not been adjusted in the accounts in view of pending suit/proceedings.

(Rupees in crore)

	Current Provisions		Non-current Provisions	
	As at 31/03/2018	As at 31/03/2017	As at 31/03/2018	As at 31/03/2017 (Restated)
17. NON-CURRENT PROVISIONS				
(a) Provision for Free Service under Product Warranties	25.05	24.10	40.14	29.12
(b) Provision for Employee Benefits	6.53	7.32	39.28	35.22
(c) Provision for Onerous Contracts	-	-	7.16	-
Total	31.58	31.42	86.58	64.34

(i) Current provisions are disclosed under the head "Current Provisions" (Note 24)

	As at 31/03/2018	As at 31/03/2017
(ii) Movement of Provisions during the year:		
Provision for Free Service under Product Warranties during the year:		
Opening Balance	53.22	44.39
Add: Provision during the year	42.37	44.76
	95.59	89.15
Less: Utilisation during the year	30.40	35.93
Closing Balance	65.19	53.22

18. DEFERRED TAX ASSETS / LIABILITIES AND TAX EXPENSE

(A) INCOME TAXES

(Rupees in crore)

(a) Amounts recognised in Profit and Loss

Particulars	Current Year	Previous Year
Current income tax	149.53	6.00
Prior years' tax adjustments	(4.62)	(4.43)
Deferred tax charged / (credit)	(20.06)	83.41
Tax expense for the year	124.85	84.98

(b) Amounts recognised in other comprehensive income

(Rupees in crore)

Particulars	For the year ended 31/03/2018			For the year ended 31/03/2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of defined benefit plans	(5.97)	2.07	(3.90)	(6.51)	1.95	(4.56)
Fair valuation of investments in equity shares	1,648.25	-	1,648.25	4,232.80	(3.95)	4,228.85
	1,642.28	2.07	1,644.35	4,226.29	(2.00)	4,224.29

(c) Reconciliation of effective tax rate

(Rupees in crore)

Particulars	Current Year	Previous Year (Restated)
Profit before tax	356.86	125.83
Effect of Restatement	-	(62.31)
Profit before tax (Restated)	356.86	63.52
Tax Rate	34.61%	34.61%
Tax using the Company's domestic tax rate	123.51	21.97
Tax effect of:		
Tax impact of income not subject to tax	(19.51)	(221.42)
Tax impact of expenses subject to tax	36.47	288.56
Impact of 80IC	(5.86)	(3.90)
Tax effects of amounts which are not deductible for taxable income	-	(1.75)
Realised loss on foreign currency transactions pertaining to import of fixed assets	-	(0.14)
Disallowance u/s 14A of expenses (not interest)	0.09	(0.07)
Adjustment for current tax of prior period	(7.89)	(0.03)
Others	(1.96)	1.76
Tax Expense Recognised	**124.85**	**84.98**

18. (B) DEFERRED TAX ASSETS / LIABILITIES (NET)

MOVEMENT IN DEFERRED TAX BALANCES

(Rupees in crore)

	Movement during the year			As at 31/03/2018		
Particulars	**Net balance 01/04/2017**	**Recognised in the Statement of profit and loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax assets / (liabilities)						
Property, plant and equipment	(155.00)	(8.89)	-	(163.89)	-	(163.89)
Provision for Doubtful Debts / Advances	70.00	(12.40)	-	57.60	57.60	-
Expenditure accrued but disallowed & to be claimed in future on payment basis (43B items) :						
Leave Encashment Provision	15.00	1.01	-	16.01	16.01	-
Kolkatta Branch Entry Tax	7.00	2.21	-	9.21	9.21	-
Others	(0.13)	2.83	-	2.69	2.69	-
Remeasurement of Defined Benefit Liability	3.57	-	2.07	5.64	5.64	-
Fair valuation of investments	0.06	(0.06)	-	-	-	-
Adjustments pursuant to business combinations	(4.36)	4.36		-	-	-
	(63.86)	(10.94)	2.07	(72.74)	91.15	(163.89)
MAT Credit Entitlement	79.18	31.00	-	110.18	110.18	-
Deferred Tax Assets / (Liabilities)	**15.32**	**20.06**	**2.07**	**37.44**	**201.33**	**(163.89)**

MOVEMENT IN DEFERRED TAX BALANCES

(Rupees in crore)

	Movement during the year			As at 31/03/2017		
Particulars	**Net balance 01/04/2016**	**Recognised in the Statement of profit and loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax assets /(liabilities)						
Property, plant and equipment	(124.00)	(31.00)	-	(155.00)	-	(155.00)
Provision for Doubtful Debts / Advances	41.00	29.00	-	70.00	70.00	-
Expenditure accrued but disallowed & to be claimed in future on payment basis (43B items) :						
Leave Encashment Provision	13.42	1.58	-	15.00	15.00	-
Excise duty	9.00	(9.00)	-	-	-	-
Kolkatta Branch Entry Tax	4.64	2.36	-	7.00	7.00	-
Debtors and cost of goods sold	27.25	(27.25)	-	-	-	-
Unbilled Revenue and work-in-process	(11.00)	11.00	-	-	-	-
Others	(18.40)	18.27	-	(0.13)	-	(0.13)
Remeasurement of Defined Benefit Liability	1.63	-	1.94	3.57	3.57	-
Fair valuation of investments	-	-	0.06	0.06	0.06	-
Adjustments pursuant to business combinations	(4.99)	0.63		(4.36)	-	(4.36)
	(61.45)	(4.41)	2.00	(63.86)	95.63	(159.49)
MAT Credit Entitlement	158.18	(79.00)	-	79.18	79.18	-
Deferred Tax Assets / (Liabilities)	**96.73**	**(83.41)**	**2.00**	**15.32**	**174.81**	**(159.49)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.
As on 31-03-2018, the tax liability with respect to the dividends proposed is Rs. Nil (as at 31-03-2017 : Rs. Nil)

(Rupees in crore)

	As at 31/03/2018	As at 31/03/2017
19. OTHER NON-CURRENT LIABILITIES		
Revenue received in advance	15.84	66.79
Total	15.84	66.79
20. CURRENT BORROWINGS		
(a) Secured		
(i) Working Capital Facilities from Banks (Net)	252.05	288.09
(ii) Export Credits from Export-Import Bank of India under a revolving credit limit	338.00	267.00
	590.05	555.09
(b) Unsecured		
(i) Deposits/Short-term Loans from Companies	0.25	104.50
(ii) Deposits from Shareholders	128.50	72.90
(iii) Short-term Loans from Banks	225.01	150.00
(iv) Other Borrowings	114.62	175.53
(v) Acceptances	134.87	124.82
	603.25	627.75
Total	1,193.30	1,182.84

(i) Working Capital Facilities from Banks are secured by a first pari passu charge by way of hypothecation of inventories and book debts. They carry interest rates ranging from 8.95% p.a. to 12.80% p.a. and are generally renewable each year.

(ii) Export Credits from Export-Import Bank of India are secured by first equitable mortgage of specified immovable properties situated at Mumbai. They carry an interest rate ranging from 8.00% to 8.75% p.a (excluding interest subvention of 3%) and are payable/ renewable after 180 days.

(iii) Deposits/Short-term Loans from Companies carry an interest rate of 8.00% p.a. payable quarterly, and have a maturity period of 6 months from the respective dates of deposit.

(iv) Deposits from Shareholders have a maturity period of 3 months from the respective dates of deposit, and carry an interest rate of 8.25% p.a. payable at the month-end and at maturity.

(v) In respect of Negotiable Commercial Paper, the maximum balance outstanding during the year was Rs. 600 crore (Previous Year: Rs. 600 crore).

(vi) Short-term Loans from Banks carry an interest rate of 8.50% to 9.35% p.a. and are payable/renewable after 29 days / 60 days /12 months.

(vii) Other Borrowings are Buyers Credit from Banks, due and payable in foreign currency, and carry interest rates ranging from 1.51% to 2.64% p.a.

	As at 31/03/2018	As at 31/03/2017
21. TRADE PAYABLES		
(a) Due to Micro and Small Enterprises (Refer note i below)	12.18	95.26
(b) Other Trade Payables	1,517.94	1,007.75
(c) Due to Related Parties (Refer note ii below)	6.77	9.13
Total	1,536.89	1,112.14

Notes:

(i) No interest during the year has been paid or payable under the terms of the MSMED Act. The above information has been compiled by the Company on the basis of information made available by vendors during the year.

(ii) For amounts due to related parties - Refer Note 47.

	(Rupees in crore)	
	As at 31/03/2018	As at 31/03/2017
22. OTHER CURRENT FINANCIAL LIABILITIES		
(a) Current maturities of long-term borrowings (Note 15]	429.10	165.61
(b) Interest accrued but not due on borrowings	14.06	2.46
(c) Employee benefits payable	222.60	214.43
(d) Unclaimed Fixed Deposits (matured deposits not claimed on due dates)	7.70	5.08
(e) Derivative Liability	0.55	11.36
(f) Other financial liabilities	487.96	348.88
Total	1,161.97	747.82

(i) There is no amount due and outstanding to be credited to the Investor Education and Protection Fund, in respect of matured but unclaimed Fixed Deposits and any unclaimed interest.

(ii) Other Payables include accrued expenses and creditors for capital procurement.

	As at 31/03/2018	As at 31/03/2017
23. OTHER CURRENT LIABILITIES		
(a) Advances from Customers	803.86	963.00
(b) Statutory dues including provident fund and tax deducted at source	95.23	153.96
(c) Deferred Revenue - (Services and Sales Incentive Scheme)	15.54	18.76
Total	914.63	1,135.72
24. CURRENT PROVISIONS		
(a) Provision for Free Service under Product Warranties	25.05	24.10
(b) Provision for Employee Benefits	6.53	7.32
Total	31.58	31.42

25. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Performance Guarantees given by the Company's Bankers against counter-guarantees given by the Company: Rs. 1412.04 crore (as at 31-03-2017: Rs. 1,253.65 crore).

(b) Guarantees given by the Company's Bankers on behalf of subsidiary/associate companies against counter-guarantees given by the Company: Rs. 0.22 crore (as at 31-03-2017: Rs. 12.45 crore).

(c) Corporate Guarantees given to Bankers to secure credit facilities extended by them to a subsidiary and an associate company: Rs. 148.31 crore (as at 31-03-2017: Rs. 103.74 crore)

(d) Guarantees given by Export-Import Bank of India, against the security of first equitable mortgage of specified immovable properties situated at Vikhroli, Mumbai: Rs. 213.16 crore (as at 31-03-2017: Rs. 210.70 crore).

(e) Excise Duty/Service Tax/Sales Tax/Property Tax demands/Income tax in dispute and pending at various stages of appeal: Rs. 93.40 crore (as at 31-3-2017: Rs. 77.11 crore).

(f) The State of Maharashtra has filed a suit against the Company, being Suit No. 679 of 1973, in the High Court of Judicature at Bombay, claiming ownership of part of the Company's lands at Vikhroli, Mumbai. In the said Suit, which is still pending, various claims have been raised, which are undetermined and not acknowledged as debts due by the Company. According to the Company's legal advisers, the Company has a complete defence against the plaintiff in the said Suit, and the said Suit is not sustainable.

(g) Claims against the Company under the Industrial Disputes Act, 1947 - amount indeterminate.

(h) Other Contingent Liabilities: Rs. 0.58 crore (as at 31-3-2017: Rs. 0.63 crore)

(i) Disputed Provident Fund liability for the period March 1996 to September 1997 arising on account of disapproval of infancy benefit: Rs. 0.50 crore (as at 31-3-2017: Rs. 0.46 crore). The Supreme Court of India has allowed the Company's appeal and set aside the judgment of the High Court of Punjab & Haryana; the matter has been remanded to the Regional Provident Fund Commissioner for a fresh decision: Regional Provident Fund Commissioner, again passed an order, raising a demand. An appeal was preferred against the above order with the EPF Appellate Tribunal, New Delhi. As the EPF Appellate Tribunal has been dissolved by the Government of India, the case has been transferred to the Central Government Industrial Tribunal at Chandigarh where it is under adjudication.

(j) Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 135.22 crore (as at 31-03-2017: Rs. 29.61 crore).

Note: Future cash outflows in respect of items (e) to (g) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(Rupees in crore)

		Current Year	Previous Year (Restated)
26. REVENUE FROM OPERATIONS			
(a) Sale of Products		8,728.15	8,861.64
(b) Sale of Services		886.00	816.89
Net Sales (Products and Services)		9,614.15	9,678.53
(c) Other Operating Revenue:			
(i) Scrap Sales	106.20		67.37
(ii) Leave and License Dues and Rent	27.26		24.48
(iii) Export Incentives	16.09		10.25
(iv) Sundry Receipts	33.06		29.73
		182.61	131.83
Revenue from Operations		9,796.76	9,810.36

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the year ended 31st March, 2018 are not strictly relatable to previous year. The following additional information is being provided to faciliate such understanding:

	Current Year	Previous Year (Restated)
Revenue from Operations (A)	9,796.76	9,810.36
Excise Duty on Sale (B)	152.86	668.12
Revenue from Operations excluding excise duty on sale (A-B)	9,643.90	9,142.24

(Rupees in crore)

	Current Year	Previous Year (Restated)
27. OTHER INCOME		
(a) Interest Income (on financial assets carried at amortised cost)	16.79	9.13
(b) Dividends from Subsidiary Companies	0.23	68.37
(c) Other Dividends	56.37	0.11
(d) Profit on Sale of Current Investments (Net)	10.84	3.06
(e) Share of Profit in a firm (LLP)	0.36	0.56
(f) Profit on Sale/Disposal of Fixed Assets (Net)	6.53	-
(g) Fair valuation of investments in mutual funds	-	1.14
(h) Net foreign exchange gains	16.28	5.59
Total	107.40	87.96
28. COST OF MATERIALS CONSUMED		
Stocks of Raw Materials at the beginning of the year	394.94	370.00
Add: Raw Materials acquired pursuant to business combinations	-	17.79
Add: Raw Materials purchased during the year	2,884.68	3,041.68
Less: Sale of Raw Materials	91.43	18.01
	3,188.19	3,411.46
Less: Stocks of Raw Materials at the close of the year	538.13	394.94
Total	2,650.06	3,016.52
29. PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)		
(a) Consumer Durables	2,141.75	1,681.84
(b) Industrial Products	373.92	342.13
(c) Others	70.20	160.28
Total	2,585.87	2,184.25
30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
(a) Stocks at the beginning of the year:		
(i) Finished Goods	1,039.36	862.40
Add: Increase in stock pursuant to business combinations	-	1.87
(ii) Work-in-Process	386.86	412.51
Add: Increase in stock pursuant to business combinations	-	4.29
	1,426.22	1,281.07
(b) Less: Stocks at the end of the year:		
(i) Finished Goods	1,275.60	1,038.29
Add: Increase in stock pursuant to business combinations	-	1.07
(ii) Work-in-Process	210.44	384.96
Add: Increase in stock pursuant to business combinations	-	1.90
	1,486.04	1,426.22
	(59.82)	(145.15)
(c) Less: Finished goods damaged/destroyed by fire	-	-
Net change in Excise Duty on Finished Goods	(3.95)	13.31
Total	(63.77)	(131.84)
31. PROPERTY DEVELOPMENT AND CONSTRUCTION EXPENSES (COMMERCIAL PROJECTS)		
(a) Construction Work-in-Progress at the beginning of the year	277.78	154.35
(b) Add: Project Expenses incurred during the year:		
(i) Development and Construction Expenses	690.31	526.71

	Current Year	Previous Year (Restated)
		(Rupees in crore)
(ii) Employee Remuneration and Benefits	44.96	11.23
(iii) Professional Charges	3.47	4.40
(iv) Purchase of TDR	-	45.21
(v) Others	77.39	43.23
	816.13	630.78
(c) Less: Construction Work-in-Progress at the end of the year	239.84	277.78
Total	854.07	507.35
32. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries, Wages and Bonus	1,012.10	1,028.30
(b) Company’s contribution to Employees’ Provident and other Funds	42.53	40.53
(c) Company’s contribution to Employees’ Gratuity Trust Fund	12.70	10.81
(d) Workmen and Staff Welfare Expenses	29.67	36.15
(e) Voluntary Retirement Compensation	0.17	0.25
Total	1,097.17	1,116.04
33. FINANCE COSTS		
(a) Interest on Term Loans and Debentures	46.66	51.57
(b) Interest on Fixed Deposits and other Unsecured Loans	66.66	78.94
(c) Other Interest costs	86.48	70.79
	199.80	201.30
(d) Less: Adjustments for Interest Capitalised	32.66	27.30
	167.14	174.00
(e) Finance Charges	5.87	8.95
(f) Net (gain)/loss on foreign currency transactions/translations (attributable to finance costs)	7.41	(6.57)
Total	180.42	176.38
34. OTHER EXPENSES		
(a) Stores, Spare Parts and Other Materials consumed	129.08	91.79
(b) Power and Fuel	138.44	134.11
(c) Rates and Taxes	46.52	39.56
(d) Insurance	14.52	14.65
(e) Repairs and Maintenance of Buildings	29.17	46.83
(f) Repairs and Maintenance of Machinery	11.21	17.75
(g) Technical Fees	4.06	2.50
(h) Royalty	1.46	16.62
(i) Rent [Note 49(a)]	110.98	97.34
(j) Establishment and Other Expenses [Notes 38 and 49(a)]	412.52	507.46
(k) Donations and Contributions	0.92	1.27
(l) Motor Car and Lorry Expenses [Note 49(a)]	15.98	21.58
(m) Freight, Transport and Delivery Charges	449.40	433.32
(n) Advertisement and Publicity	245.27	260.75
(o) Commission	34.77	47.81
(p) Professional Fees	117.74	138.14
(q) CSR Expenditure [Note 39]	4.62	5.07
(r) Bad Debts/Advances written off	61.95	20.97
(s) Provisions for Doubtful Debts	26.37	21.09
(t) Provision for Free Service under Product Warranties	11.52	5.60
(u) Loss on Sale/Disposal of Fixed Assets (Net)	-	1.43
Total	1,866.50	1,925.64

Note: Research and Development expenses for the year amounting to Rs. 53.72 crore (previous year: Rs. 39.06 crore), have been charged to the Statement of Profit and Loss under the various heads of account

(Rupees in crore)

	Current Year	Previous Year
35. EXCEPTIONAL ITEMS		
(a) Profit on Sale of TDR	2.66	-
(b) Diminution in the Value of investments in Subsidiaries	(38.54)	-
(c) Profit on Sale of Non-current Investments	-	114.73
(d) Transfer of investments in subsidiaries to promoter group companies (see Notes below)	-	(481.25)
(e) Adjustment to carrying value of investments upon receipt of shares in HCL Technologies Ltd. and 3DPLM Software Solutions Ltd., in exchange of investments in Geometric Ltd. [Refer Note 4(a)(iii) and 4(a)(2)].	-	124.14
Total	(35.88)	(242.38)

Notes:

Pursuant to a resolution passed at an extraordinary general meeting of the Company:

(i) the entire holding of 19,39,04,681 shares (book value Rs. 257.77 crores) in Godrej Industries Ltd., was transferred to Vora Soaps Ltd. - a promoter group company - without consideration; and

(ii) 9,35,00,000 shares (book value Rs. 223.48 crores) held by the Company in Godrej Consumer Products Ltd. were transferred to Godrej Seeds and Genetics Ltd. - a promoter group company - without consideration. The carrying value of the investments transferred to promoter group companies as aforesaid, has been charged to the Statement of Profit and Loss (Item V of the Statement of Profit and Loss).

	Current Year	Previous Year
36. DISCLOSURE IN RESPECT OF PROPERTY DEVELOPMENT PROJECTS AND CONSTRUCTION CONTRACTS		
(a) Contract revenue recognised and shown under Sales for the year	931.56	582.34
(b) For all contracts in progress at the year-end:		
(i) Aggregate amount of costs incurred and profits recognised (less recognised losses) upto the balance sheet date	1,969.58	1,577.32
(ii) Advances received from customers as at the balance sheet date	214.53	226.47
(iii) Work-in-Progress at the end of the year	239.84	277.78
(iv) Excess of revenue recognised over actual bills raised	346.52	126.85
(v) Gross amount due from customers as at the balance sheet date	376.34	21.92

(c) The Company follows the Percentage of Completion Method to determine the project revenue to be recognised for the year.

(d) The Company follows the Project Costs Incurred Method to determine the stage of completion of each project.

	Current Year	Previous Year
37. COMMON EXPENSES SHARED BY A SUBSIDIARY COMPANY		
Amounts recovered from a subsidiary company, Godrej Infotech Limited, towards its share of various common expenses incurred by the Company	3.00	2.91

	Current Year	Previous Year
38. AUDITORS' REMUNERATION AND COST AUDIT FEES		
Establishment & Other Expenses [Note 34 (j)] include:		
(a) Remuneration of Auditors (net of Service Tax / Goods and Service Tax):		
(i) For Statutory Audit	1.40	1.28
(ii) For Audit under other Statute	-	0.42
(iii) For Representation before Tax authorities	-	0.54
(iv) For Certification	0.07	0.35
(v) Reimbursement of Expenses	-	0.03
(b) Cost Audit Fees (including Reimbursement of Expenses) (net of Service Tax)	0.40	0.38

	Current Year	Previous Year (Restated)
	(Rupees in crore)	
39. EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES	4.62	5.07

As per Section 135 of the Companies Act 2013 (the Act), the Company was required to spend Rs. 4.40 crore (restated), being 2% of the average net profits for the three immediately preceding financial years (calculated in accordance with the provisions of Section 198 of the Act), in pursuance of its Corporate Social Responsibility Policy. The Company has, however, spent a sum of Rs. 4.62 crore [refer note 34(q)] during the year on the following corporate social responsibility activities: promoting education through employment enhancing vocational skills to rural and urban youth; promoting healthcare and community awareness campaigns about healthcare and sanitation in rural areas; and environmental sustainability projects for maintaining quality of soil, air and water.

Amount spent during the year on:	Already Paid	Yet to be Paid	Total
(i) Construction/Acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4.62	-	4.62
	4.62	-	4.62

40. EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS

	Current Year	Previous Year (Restated)
(a) Net exchange (gain)/loss arising on foreign currency transactions/translations dealt with in the Statement of Profit and Loss under the related heads of expenses/income	(17.65)	(22.38)
(b) Net exchange (gain) / loss on mark to market of outstanding foreign exchange contracts at the year end.	2.17	0.56

41. EARNINGS PER SHARE

	Current Year	Previous Year (Restated)
(a) Profit after Taxes for the Year attributable to Equity Shareholders	232.01	(21.46)
(b) Number of Equity Shares of Rs.100 each issued and outstanding:		
(i) At the end of the year	678,445	678,448
(ii) Weighted average number of Shares outstanding during the year	678,445	678,448
(c) Basic and Diluted Earnings per Share (a/b) (Statement of Profit and Loss, item XI)	Rs. 3,420	(Rs. 316)

42. DETAILS OF EMPLOYEE BENEFITS:

(Rupees in crore)

	Current Year	Previous Year
(a) DEFINED BENEFIT PLAN - PROVIDENT FUND:		
Amount contributed by the Company to the Employees' Provident and other Funds recognized as an expense and included under Employee Benefits Expense	42.53	40.53
(b) DEFINED BENEFIT PLAN – GRATUITY:		
(i) Change in Present Value of Obligation :		
Liability at the beginning of the year	171.89	155.35
Interest cost	12.32	12.51
Current service cost	11.45	10.06
Benefit paid	(22.66)	(13.62)
Actuarial (gain)/loss on obligations due to:		
Financial Assumptions	5.37	4.67
Experience Adjustments	1.58	2.92
Liability at the end of the year	179.95	171.89
(ii) Change in Plan Assets:		
Fair value of plan assets at the beginning of the year	153.93	140.26
Assets transferred in	0.35	-
Expected return on plan assets	11.06	11.31
Contributions by Employer	17.44	14.90
Benefit paid	(22.66)	(13.62)
Actuarial gain/(loss) on plan assets	0.98	1.08
Fair value of plan assets at the end of the year	161.10	153.93
Total actuarial gain/(loss) to be recognised	(5.97)	(6.51)
(iii) Amounts recognised in the Balance Sheet:		
Liability at the end of the year	179.95	171.89
Fair value of plan assets at the end of the year	161.10	153.93
Difference	(18.85)	(17.96)
Amount recognised in the Balance Sheet	(18.85)	(17.96)
(iv) Amounts recognised in the Statement of Profit and Loss:		
Current service cost	11.45	10.06
Interest cost	12.32	12.51
Interest Income	(11.06)	(11.31)
Total Expense recognised in the Statement of Profit and Loss	12.71	11.26
(v) Amounts recognised in the Other Comprehensive Income (OCI):		
Acturial Gains/(Losses) on Obligation for the period	6.95	7.59
Return on plan assets, excluding interest income	(0.98)	(1.08)
Net (Income)/Expense for the period recognised in OCI	5.97	6.51

	Current Year	Previous Year
(vi) Actuarial Assumptions:		
Discount rate	7.83%	7.20%
Rate of return on plan assets	7.83%	7.20%
Salary escalation	8.00%	7.00%
(vii) Estimated Contribution to be made in next financial year	23.64	22.47

(c) GENERAL DESCRIPTION OF DEFINED BENEFIT PLAN – GRATUITY:

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972, or as per the Company's Scheme, whichever is more beneficial.

(d) MAJOR CATEGORY OF PLAN ASSETS RELATING TO GRATUITY:

(as a percentage of total plan assets:)

	Current Year	Previous Year
Government Securities	40.92%	38.63%
Special Deposit Scheme	16.66%	17.47%
Corporate Bonds	36.79%	39.36%
Equity	2.72%	1.77%
Others	2.91%	2.77%
Total	100.00%	100.00%

(e) DEFINED BENEFIT OBLIGATIONS

Year ending 31-March	(Rupees in crore)
2019	26.26
2020	10.05
2021	14.77
2022	14.46
2023	13.45
Thereafter	69.58

(f) SENSITIVITY ANALYSIS

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Rupees in crore)

	Current Year		Previous Year	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	(13.77)	16.16	(11.96)	14.00
Future Salary Growth (1% movement)	15.97	(13.87)	13.89	(12.09)
Rate of Employee Turnover (1% movement)	(0.36)	0.39	0.06	(0.08)

(Rupees in crore)

	Current Year	Previous Year
(g) OTHER LONG-TERM BENEFITS:		
The defined benefit obligations in respect of Leave Encashment Benefit to employees, which are provided for but not funded	45.81	42.54

Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest rate risk:
A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk:
Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(I). A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Rupees in crore)

	Carrying Value				Fair value			
As at 31/03/2018	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current								
Investments in Subsidiaries, Associates and Joint Venture	-	-	95.04	95.04	-	-	-	-
Investments:								
Quoted Equity Shares	-	6,470.81	-	6,470.81	6,470.81	-	-	6,470.81
Unquoted Equity Shares *	-	4.70	-	4.70	-	-	4.70	4.70
Loans								
Deposits	-	-	69.99	69.99	-	-	-	-
Other Loans	-	-	5.75	5.75	-	-	-	-
Current								
Current Investments (Mutual Funds)	-	-	-	-	-	-	-	-
Trade Receivables	-	-	2,352.95	2,352.95	-	-	-	-
Cash and cash equivalents	-	-	52.01	52.01	-	-	-	-
Other Balances with Banks	-	-	122.79	122.79	-	-	-	-
Other Financial asset	-	-	381.66	381.66	-	-	-	-
Derivative asset	0.39	-	-	0.39	-	0.39	-	0.39
	0.39	6,475.51	3,080.19	9,556.09	6,470.81	0.39	4.70	6,475.90
Financial liabilities								
Non-current								
Borrowings								
Secured Redeemable Non-Convertible Debentures (NCDs)	-	-	498.96	498.96	-	-	-	-
Secured Term Loans from Banks and Financial Institutions	-	-	-	-	-	-	-	-
Unsecured Borrowings		-	295.23	295.23	-	-	-	-
Other financial liabilities	-	-	173.73	173.73	-	-	-	-
Current								
Borrowings	-	-	1,193.30	1,193.30	-	-	-	-
Trade and other payables	-	-	1,536.89	1,536.89	-	-	-	-
Other financial liabilities:								
Current maturities of long-term borrowings	-	-	429.10	429.10	-	-	-	-
Derivative Liability	0.55	-	-	0.55	-	0.55	-	0.55
Others	-	-	732.32	732.32	-	-	-	-
	0.55	-	4,859.53	4,860.08	-	0.55	-	0.55

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(Rupees in crore)

As at 31/03/2017	Carrying value FVTPL	Carrying value FVTOCI	Carrying value Amortised Cost	Carrying value Total Carrying Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets								
Non-current								
Investments in Subsidiaries, Associates and Joint Venture	-	-	129.97	129.97	-	-	-	-
Investments								
Quoted Equity Shares	-	5,230.85	-	5,230.85	5,230.85	-	-	5,230.85
Unquoted Equity Shares	-	9.02	-	9.02	-	-	9.02	9.02
Loans								
Deposits	-	-	29.39	29.39	-	-	-	-
Other Loans	-	-	5.27	5.27	-	-	-	-
Other Non-current financial assets	-	-	-	-	-	-	-	-
Current								
Current Investments (Mutual Funds)	-	6.64	-	6.64	6.64	-	-	6.64
Trade Receivables	-	-	2,024.17	2,024.17	-	-	-	-
Cash and Cash Equivalents	-	-	27.02	27.02	-	-	-	-
Other Balances with Banks	-	-	80.91	80.91	-	-	-	-
Other Financial Assets	-	-	735.58	735.58	-	-	-	-
Derivative asset	10.80	-	-	10.80	-	10.80	-	10.80
	10.80	5,246.51	3,032.31	8,289.62	5,237.49	10.80	9.02	5,257.31
Financial liabilities								
Non-current								
Borrowings								
Secured Redeemable Non-Convertible Debentures (NCDs)	-	-	498.40	498.40	-	-	-	-
Secured Term Loans from Banks and Financial Institutions	-	-	2.50	2.50	-	-	-	-
Unsecured Borrowings	-	-	627.40	627.40	-	-	-	-
Other Financial Liabilities	-	-	228.07	228.07	-	-	-	-
Current								
Borrowings	-	-	1,182.84	1,182.84	-	-	-	-
Trade payables	-	-	1,112.14	1,112.14	-	-	-	-
Other Financial Liabilities:								
Current maturities of long-term borrowings	-	-	165.61	165.61	-	-	-	-
Derivative Liability	11.36	-	-	11.36	-	11.36	-	11.36
Others	-	-	570.85	570.85	-	-	-	-
	11.36	-	4,387.81	4,399.17	-	11.36	-	11.36

B. Measurement of fair values

Valuation techniques and significant observable/unobservable inputs:

The following tables show the valuation techniques used in measuring Level 1, Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Non-Current Investments - quoted	The use of quoted market prices
Non-Current Investments - unquoted	Net book value based on the last available financial statements
Fixed rates long term borrowings	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Forward contracts	The fair value is determined using forward exchange rates at the reporting dates.

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

FVTPL - Fair Value Through Profit and Loss

FVTOCI - Fair Value Through Other Comprehensive Income

(1) The fair value in respect of the unquoted equity investments cannot be reliably estimated. The Company has currently valued them using the cost approach to arrive at their fair value and include in Level 3. The cost of unquoted investments approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

(2) Carrying amounts of cash and cash equivalents, trade receivables, unbilled revenues, loans and trade and other payables as at 31-03-2018, and 31-03-2017 approximate the fair values because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

(3) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) amounting to Rs. 565.31 crore as at 31-03-2018 and Rs. 347.44 crore as at 31-03-2017, respectively, are not included.

(4) Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) amounting to Rs. 930.47 crore as at 31-03-2018 and Rs. 1202.51 crore as at 31-03-2017, respectively, are not included.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Paticulars	(Rupees in crore)
Opening Balance(01-04-2017)	9.02
Net change in fair value (unrealised)	130.86
Purchases	-
Investments in shares of 3DPLM Software Solutions Ltd., are classified from unquoted to quoted, during the year 2017-18.	(135.18)
Closing Balance (31-03-2018)	4.70

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(II). Liquidity risk

Liquidity risk is the risk that the Company will encounter, in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

(Rupees in crore)

		Contractual cash flows					
As at 31/03/2018	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Non-Current							
Term loans from banks	-	-	-	-	-	-	-
Debentures	498.96	498.96	-	-	249.54	249.42	-
Interest-free Loans under the Sales Tax Deferral Scheme of Maharashtra State Government	29.65	29.65	-	-	9.79	19.86	-
Fixed Deposits	265.58	265.58	-	-	265.58	-	-
Other Non-current Financial Liabilities	173.73	173.73	-	-	173.73	-	-
Current							
Secured Borrowings	590.05	590.05	510.05	80.00	-	-	-
Unsecured Borrowings	243.37	243.37	240.07	3.30	-	-	-
Short term loans from banks	225.01	225.01	225.01	-	-	-	-
Trade Payables	1,536.89	1,536.89	1,536.89	-	-	-	-
Other Current Financial Liabilities	1,161.42	1,161.42	1,161.42	-	-	-	-
Derivative Liability	0.55	0.55	0.55				
Acceptances	134.87	134.87	134.87	-	-	-	-

		Contractual cash flows					
As at 31/03/2017	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Non-Current							
Term loans from banks	2.50	2.50	-	-	2.50		-
Debentures	498.40	498.40	-	-	-	498.40	-
Interest-free Loans under the Sales Tax Deferral Scheme of Maharashtra State Government	40.01	40.01	-	10.35	9.77	19.15	0.74
Fixed Deposits	587.39	587.39	-		384.65	202.74	-
Other Non-current Financial Liabilities	228.07	228.07	-	-	228.07	-	-
Current							
Secured Borrowings	555.09	555.09	555.09	-	-	-	-
Unsecured Borrowings	352.93	352.93	352.93	-	-	-	-
Short term loans from banks	150.00	150.00	150.00	-	-	-	-
Trade Payables	1,112.14	1,112.14	1,112.14	-	-	-	-
Other Current Financial Liabilities	736.46	736.46	736.46	-	-	-	-
Derivative Liability	11.36	11.36	11.36				
Acceptances	124.82	124.82	124.82	-	-	-	-

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(III). Market risk

The Company is exposed to market risks such as price, interest rate fluctuation and foreign currency rate fluctuation risks, capital structure and leverage risks.

A. Currency risk

The Company is exposed to currency risk on account of its borrowings and other payables/receivables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31st March, 2018 and 31st March, 2017 are as below:

	Currency	Amount in Foreign Currency		Equivalent amount (Rupees in crore)	
		As at 31/03/2018	As at 31/03/2017	As at 31/03/2018	As at 31/03/2017
Financial assets					
Trade and other receivables	USD	25,821,984	26,416,442	168.29	171.31
	EURO	613,329	945,630	4.96	6.55
	GBP	273,363	346,729	2.52	2.80
	OTHERS	1,481,199	976,339	8.18	19.59
				183.95	200.25
Hedged Exposures	USD	4,672,818	10,643,134	(30.46)	(69.02)
				153.49	131.23
Financial liabilities					
Trade and other payables (includes foreign currency borrowings)	USD	81,114,269	58,656,522	528.66	380.39
	EURO	7,356,128	1,715,989	59.44	11.90
	GBP	722,332	93,125	6.67	0.75
	OTHERS	76,675,566	1,762,505	8.26	0.33
				603.03	393.37
Hedged Exposures	USD	39,668,871	50,689,608	(258.54)	(328.72)
	EURO	515,753		(4.17)	-
				340.32	64.65

The following significant exchange rates have been applied during the year.

	Year-end spot rate	
(Rupees)	31/03/2018	31/03/2017
USD 1	65.18	64.85
EUR1	80.81	69.29
GBP1	92.28	80.90

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at 31st March would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	As at 31/03/2018 Profit or (loss)		As at 31/03/2017 Profit or (loss)	
Effect in Rs. Crore	Strengthening	Weakening	Strengthening	Weakening
USD - 3% movement	460.13	452.19	517.88	520.91
EUR - 3% movement	9.85	6.83	0.16	(0.16)
GBP - 3% movement	0.12	(0.12)	(0.06)	0.06

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

B. Interest rate risk

The Company's exposure to market risk for changes in interest rates relates to fixed deposits and borrowings from financial institutions. It is the Company's policy to obtain the most favourable interest rate available, and to retain flexibility of fund-raising options in future between fixed and floating rates of interest, across maturity profiles and currencies.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at floating rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Rupees in Crore

Nominal amount	As at 31/03/2018	As at 31/03/2017
Fixed-rate instruments		
Financial liabilities: Long-term	794.19	1,125.80
Financial liabilities: Short-term	1,190.75	1,180.32
	1,984.94	2,306.12
Variable-rate instruments		
Financial liabilities: Long-term	-	2.50
Financial liabilities: Short-term	2.55	2.52
	2.55	5.02
Total	1,987.49	2,311.14

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
(Rupees in crores)	**100 bp increase**	**100 bp decrease**
As at 31/03/2018		
Variable-rate instruments	(0.03)	0.03
Cash flow sensitivity (net)	(0.03)	0.03
As at 31/03/2017		
Variable-rate instruments	(0.05)	0.05
Cash flow sensitivity (net)	(0.05)	0.05

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

C. CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this, the businesses periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable.

The Company establishes an allowance for doubtful receivables that represents its estimate of expected losses in respect of trade and other receivables.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as at 31st March, 2018 and 31st March, 2017.

Impairment

The ageing of trade and other receivables that were not impaired was as follows:

(Rupees in crore)

	As at 31/03/2018	As at 31/03/2017
Neither past due nor impaired	1,385.88	1,239.46
More than 6 months and less than 1 year	229.75	208.28
More than 1 year and less than 3 years	448.45	396.51
More than 3 years	288.87	179.92
	2,352.95	2,024.17

Management believes that the unimpaired amounts that are past due by more than 6 months are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, on a case to case basis, with reference to the customer's credit quality and prevailing market conditions. Based on past experience, the Company does not expect any material loss on these receivables and hence no allowance is deemed necessary on account of Expected Credit Loss (ECL).

The movement in the allowance for doubtful receivables during the year was as follows:

(Rupees in crore)

	Collective impairments
Balance as at 31/03/2017	139.25
Allowance for doubtful receivables recognised during the year ended 31st March, 2018.	26.37
Balance as at 31/03/2018	165.62
Bad debts written off during the year ended 31st March, 2018.	61.95

Loans and advances are monitored by the Company on a regular basis and these are niether past due nor impaired.

Cash and cash equivalents

The Company maintains its cash and cash equivalents with credit worthy banks and financial institutsions and reviews it on ongoing basis. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

44. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. The Company's adjusted net debt to equity ratio for two years is given below:

(Rupees in crore)

	As at 31/03/2018	As at 31/03/2017
Non-Current Borrowings	794.19	1,128.30
Current Borrowings	1,193.30	1,182.84
Current Maturity of long-term borrowings	429.10	165.61
Gross Debt	**2,416.59**	**2,476.75**
Less : Cash and cash equivalent	52.01	27.02
Less : Other balances with banks	122.79	80.91
Less : Current Investments	-	6.64
Adjusted net debt	2,241.79	2,362.18
Total equity	9,392.29	7,699.85
Adjusted net debt to equity ratio	0.24	0.31

45. ADDITIONAL INFORMATION ABOUT BUSINESS SEGMENTS

(Rupees in crore)

	Current Year					Previous Year				
	Consumer Durables	Industrial Products	Others	Corporate/ Unallocated	Total Company	Consumer Durables	Industrial Products	Others	Corporate/ Unallocated	Total Company
REVENUE										
Domestic Sales	6,161.87	2,257.80	537.75	-	8,957.42	6,715.77	2,030.40	378.16	-	9,124.33
Export Sales	177.24	479.30	0.19	-	656.73	117.64	436.56	-	-	554.20
SALE OF PRODUCTS AND SERVICES (Gross)	6,339.11	2,737.10	537.94	-	9,614.15	6,833.41	2,466.96	378.16	-	9,678.53
Inter-Segment Transfers	58.17	69.38	2.22	-	129.77	20.46	75.13	-	-	95.59
Other Operating Revenue/Other Income	98.14	110.22	25.05	-	233.41	67.34	72.63	11.34	-	151.31
SEGMENT REVENUE	6,495.42	2,916.70	565.21	-	9,977.33	6,921.21	2,614.72	389.50	-	9,925.43
Less: Inter-Segment Revenue					(129.77)					(95.59)
					9,847.56					9,829.84
Add: Income from Dividends					56.60					68.48
TOTAL REVENUE					9,904.16					9,898.32
RESULTS FROM OPERATIONS										
Profit before Corporate / Common Expenses, Interest, Depreciation and Amortization	674.56	195.57	221.25	-	1,091.38	674.03	91.56	218.49	-	984.08
Less: Non Cash Expenses:										
Depreciation	104.87	66.28	30.28	-	201.43	95.02	55.54	28.09	-	178.65
SEGMENT RESULTS (Profit before Corporate / Common Expenses and Interest)	569.69	129.29	190.97	-	889.95	579.01	36.02	190.40	-	805.43
Add: Income from Dividends					56.60					68.48
Total Profit/(Loss) on Sale of Fixed Assets (Net)					9.19					(1.43)
Total Profit on Sale of Investments (Net)					10.84					117.79
					966.58					990.27
Add/(Less): Interest (Net of Interest Income)					(163.63)					(167.25)
Loss on transfer of investments without consideration					-					(481.25)
Adjustment to carrying value of investments upon receipt of shares in HCL Technologies Ltd. and 3DPLM Software Solutions Ltd., in exchange of investments in Geometric Ltd.					-					124.14
Diminution in value of Investments					(38.54)					
Other Unallocated Corporate / Common Expenses					(407.55)					(402.39)
PROFIT BEFORE TAX					356.86					63.52
Provision for Taxes					124.85					84.98
PROFIT / (LOSS) FOR THE YEAR					232.01					(21.46)
CAPITAL EMPLOYED (at the end of the year)										
Segment Assets	3,570.62	2,342.66	121.00	2,708.69	8,742.97	2,741.96	2,391.64	90.87	2,802.98	8,027.45
Segment Liabilities	1,318.28	870.85	49.44	1,078.28	3,316.85	557.80	859.39	20.40	1,552.57	2,990.16
SEGMENT CAPITAL EMPLOYED (Segment Assets - Segment Liabilities)	2,252.34	1,471.81	71.56	1,630.41	5,426.12	2,184.16	1,532.25	70.47	1,250.41	5,037.29
Investments					6,570.55					5,369.84
Borrowings					(2,430.65)					(2,479.21)
Other Financial Liabilities (Non-current)					(173.73)					(228.07)
TOTAL CAPITAL EMPLOYED (NET ASSETS) (as per Balance Sheet)					9,392.29					7,699.85
CAPITAL EXPENDITURE										
TOTAL CAPITAL EXPENDITURE (as per Balance Sheet)	152.15	95.77	4.94	214.30	467.16	154.54	185.39	13.99	208.65	562.57

(a) Identification of Business Segments

The Indian Accounting Standard 108 (Ind AS-108) on "Segment Reporting" requires disclosure of segment information to facilitate better understanding of the performance of an enterprise's business operations. The Company has identified Business Segments to comply with the operating segment disclosures as per Ind AS-108, considering the organization structure, internal financial reporting system, and the risk-return profiles of the businesses. The Company's organisation structure and management processes are designated to support effective management of multiple businesses while retaining focus on each one of them.

The Consumer Durables segment includes Furniture and Interiors, Office Equipment, Home Appliances, Locks and Security Equipment.

The Industrial Products segment includes Process Plant and Equipment, Toolings, Special Purpose Machines, Precision Components/Engineering, Electricals and Electronics, Electric Motors, Storage Solutions and Material Handling Equipment. Estate leasing, Property Development and Ready-mix Concrete operations are included under the Others segment.

The Company's exports constitute less than 10% of its total revenue. All of the Company's manufacturing operations are conducted in India. The commercial risks and returns involved on the basis of geographic segmentation are relatively insignificant. Accordingly, segment disclosures based on geographic segments are not considered relevant.

(b) Segment Revenue, Results, Assets and Liabilities

Segment revenue and results are arrived at based on amounts identifiable to each of the segments. Inter-segment transfers are valued at cost or market-based prices, as may be negotiated between the segments with an overall optimization objective for the Company. Other unallocated expenses include corporate expenses, as well as expenses incurred on common shared-services provided to the segments. Segment assets include all operating assets used by the business segment and consist mainly of net fixed assets, debtors and inventories. Segment liabilities primarily include creditors and advances from customers. Unallocated assets mainly relate to the factory, administrative, employee welfare, and marketing infrastructure at Vikhroli, Mumbai and at up-country establishments, not directly identifiable to any business segment. Liabilities which have not been identified between the segments are shown as unallocated liabilities.

46. SCHEMES OF AMALGAMATION

Amalgamation of wholly-owned subsidiary India Circus Retail Private Ltd. with the Company:

(a) A Scheme of Amalgamation ("the Scheme") of India Circus Retail Private Ltd. 'ICRPL' with the Company with effect from 1st April 2017, 'appointed date' was sanctioned by the National Company Law Tribunal ("NCLT"), Mumbai Bench, on 30th, August, 2018 and certified copies of the Order of the NCLT sanctioning the Scheme were received.
The entire undertaking of erstwhile ICRPL stands transferred to and vested in the Company as a going concern and ICRPL, without any further act, stands dissolved without winding up. ICRPL was mainly engaged in e-commerce and offline retail business of home décor and life style products . The amalgamation was accounted for as specified in the Scheme. The asset, liabilities and reserves of ICRPL have been taken over at their carrying values and adjusted in the financial statements on 1st April, 2016, since the entities are under common control.

(b) The details of adjustments made in the accounts pursuant to the Scheme are set out below:

Value of Net Assets of India Circus Retail Private Ltd. taken over as at 1st April, 2017 (See Notes below):

		Rupees in crore
Total Value of Net Assets taken over [(A) – (B)]		(13.99)
Adjusted against: Retained Earnings		22.17
		8.18
Less: Book Value of equity shares held by the Company in ICRPL written off		(0.20)
Less: Book Value of preference shares held by the Company in ICRPL written off	(23.00)	
As reduced by the amount considered as long term borrowings above	15.21	(7.79)
Adjusted as Capital Reserve under Business Combination		0.19

(c) All assets and liabilities, have been recorded in the books of the Company at the values appearing in the books of ICRPL as at the closing balance sheet as at 31st March, 2017.

(d) With effect from 1st April, 2017, all debts, liabilities, duties and obligations of ICRPL as at the close of business on the date preceding the aforesaid date, whether or not provided in the books of ICRPL, and all liabilities which arise or accrue on or after 1st April, 2017 shall be deemed to be the debts, liabilities, duties and obligations of the Company.

(e) Pending completion of the relevant formalities for transfer of some of the assets and liabilities, acquired pursuant to the Scheme, in the name of the Company, such asset and liabilities continue to be in the name of ICRPL.

(f) The amalgamation of the wholly-owned subsidiary does not entail issue of shares.

47. RELATED PARTY DISCLOSURES

(a) NAMES OF RELATED PARTIES AND NATURE OF RELATIONSHIPS:

(i) Subsidiaries (including step-down subsidiaries):

A. Subsidiaries (with the Company's direct equity holdings in excess of 50%):

1. Godrej Infotech Limited
2. Godrej (Singapore) Pte. Limited (a wholly-owned subsidiary incorporated in Singapore)
3. Veromatic International BV (a wholly-owned subsidiary incorporated in the Netherlands)
4. Godrej Americas Inc. (a wholly-owned subsidiary incorporated in the USA)
5. Sheetak Inc. (incorporated in USA)
6. India Circus Retail Pvt. Limited [(refer Note 46 (a)]
7. Busbar Systems (India) Limited (a wholly-owned subsidiary) (amalgamated with the Company with effect from 1st April, 2016.)
8. Mercury Manufacturing Company Limited (a wholly-owned subsidiary) (amalgamated with the Company with effect from 1st April, 2016.)
9. Godrej Industries Limited and subsidiaries, associates and joint ventures (ceased to be a subsidiary with effect from 29th March, 2017)
10. Godrej Consumer Products Limited and subsidiaries, associates and joint ventures (ceased to be a jointly held subsidiary with effect from 29th March, 2017)

The following companies are step-down subsidiaries (where the Company's subsidiaries listed in A and B above, directly and/or indirectly through one or more subsidiaries, hold more than one-half of equity share capital):

B. Subsidiaries of Godrej Infotech Limited:

1. Godrej Infotech Americas Inc. (a wholly-owned subsidiary incorporated in North Carolina, USA)
2. Godrej Infotech (Singapore) Pte. Ltd. (a wholly-owned subsidiary incorporated in Singapore)
3. LVD Godrej Infotech NV (incorporated in Belgium)

C. Subsidiaries of Godrej (Singapore) Pte. Ltd.:

1. JT Dragon Pte. Ltd. (Incorporated in Singapore)
2. Godrej (Vietnam) Co. Ltd. (Incorporated in Vietnam) (a wholly owned subsidiary of JT Dragon Pte. Ltd.)

D. Joint Ventures:

1. Godrej Consoveyo Logistics Automation Ltd. (formerly Godrej Efacec Automation & Robotics Ltd.)
2. Godrej & Khimji (Middle East) LLC (incorporated in Sultanate of Oman) [a Joint Venture of Godrej (Singapore) Pte. Ltd.]
3. Godrej UEP (Singapore) Pte. Ltd. (incorporated in Singapore, a Joint venture between Godrej (Singapore) Pte. Ltd. and Urban Electric Power Inc.)
4. Godrej UEP Pvt. Ltd. [a wholly-owned subsidiary of Godrej UEP (Singapore) Pte. Ltd.]

(ii) Other Associates and Limited Liability Partnerships:

1. Godrej & Boyce Enterprises LLP
2. Godrej Property Developers LLP
3. Future Factory LLP
4. Urban Electric Power Inc.

(iii) Key Managerial Personnel:

(a) Whole-time Directors:

1. Mr. J. N. Godrej, Chairman & Managing Director
2. Mr. V. M. Crishna, Executive Director
3. Mr. A. G. Verma, Executive Director & President
4. Mrs. N. Y. Holkar Executive Director - Corporate Affairs

(b) Non-Executive Directors:

1. Mr. A. B. Godrej
2. Mr. N. B. Godrej
3. Mr. N. J. Godrej
4. Mr. K. N. Petigara
5. Mr. P. P. Shah
6. Ms. A. Ramchandran
7. Mr. K. M. Elavia

(c) Others:

1. Mr. P. E. Fouzdar, Executive Vice President and Company Secretary
2. Mr. P. K. Gandhi, Chief Financial Officer

(d) Close members of the family of Key Management Personnel:

1. Mrs. P. J. Godrej (spouse of Mr. J. N. Godrej)
2. Mr. N. J. Godrej (son of Mr. J. N. Godrej)
3. Ms. R. J. Godrej (daughter of Mr. J. N. Godrej)
4. Mrs. S. G. Crishna (spouse of Mr. V. M. Crishna)
5. Mrs. F. C. Bieri (daughter of Mr. V. M. Crishna)
6. Mrs. N. Y. Holkar (daughter of Mr. V. M. Crishna)

(iv) Post Employment Benefit Trust with whom the Company has transactions:
1. Godrej and Boyce Manufacturing Co. Ltd. Employees' Provident Fund
2. Godrej and Boyce Manufacturing Co. Ltd. Employees' Gratuity Fund
3. Godrej and Boyce Manufacturing Co. Ltd. Managerial Superannuation Fund

(b) PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES: (Rupees in crore)

	Current Year		Previous Year	
	Subsidiaries [Item (a)(i)]	Associates / Common Ownership [Items (a)(ii), (iii), (iv) and (v)]	Subsidiaries [Item (a)(i)]	Associates / Common Ownership [Items (a)(ii), (iii), (iv) and (v)]
(i) Transactions carried out with the related parties, referred to in Items (a) above:				
(a) Purchase of Materials/Finished Goods/Services	50.26	14.74	46.44	11.03
(b) Purchase of Fixed Assets	-	-	1.64	-
(c) Sales, Services Rendered and Other Income	5.48	40.41	45.86	38.52
(d) Dividends Received	0.23	45.01	68.38	-
(e) Common Expenses shared with Subsidiaries	3.00	-	3.20	-
(f) Investments purchased	-	3.25	5.00	-
(g) Trade and other Receivables	1.23	12.90	1.25	11.13
(h) Trade and other Payables	2.92	3.85	9.11	0.02
(i) Bank Guarantees given against counter-guarantees given by the Company, outstanding at year-end	0.22	-	12.45	-
(j) Corporate Guarantees given to bankers, outstanding at year-end	86.39	61.92	68.13	35.61

(Rupees in crore)

	Current Year	Previous Year
(ii) Transactions carried out with Mr. J. N. Godrej, Chairman & Managing Director		
(a) Dividends paid	7.36	2.29
(b) Unsecured Deposits outstanding	17.00	15.00
(c) Interest paid on Deposits taken	1.30	1.37
(iii) Transactions carried out with Mr. V. M. Crishna, Executive Director:		
(a) Dividends paid *	0.00	0.00
(b) Unsecured Deposits outstanding	7.00	7.00
(c) Interest paid on Deposits taken	0.49	0.64
(iv) Transactions carried out with Ms. N. Y. Holkar, Executive Director:		
(a) Dividends paid	7.74	1.17
(b) Unsecured Deposits outstanding	1.50	-
(c) Interest paid on Deposits taken	0.02	-

(Rupees in crore)

	Current Year	Previous Year
(v) (a) Remuneration paid/payable to Key Managerial Personnel:		
(i) Whole-time Directors	15.66	20.40
(ii) Other Key Managerial Personnel	3.59	3.11
(v) (b) Retiral benefits paid/payable to Key Managerial Personnel:		
(i) Whole-time Directors	0.91	1.41
(ii) Other Key Managerial Personnel	0.13	0.15
(vi) Transactions carried out with the relatives of Whole-time Directors:		
(a) Mrs. P. J. Godrej:		
Remuneration	0.27	0.27
Dividend paid	0.00	0.00
Unsecured Deposits outstanding	3.00	-
Interest paid on Deposits taken	0.14	-
(b) Ms. R. J. Godrej (beneficiary of The Raika Godrej Family Trust):		
Dividend paid to Mr. J. N. Godrej and others as Trustees of The Raika Godrej Family Trust	8.03	1.25
Unsecured Deposits outstanding	23.50	14.00
(c) Mrs. S. G. Crishna:		
Remuneration	0.27	0.27
Dividend paid	7.95	2.47
(d) Mrs. F. C. Bieri:		
Dividend paid	7.74	1.17
(e) Mr. N. J. Godrej:		
Dividend paid	8.04	1.15
(vii) Transactions with Non-Executive Directors:		
Commission	0.53	0.42
Sitting Fees	0.50	0.66
Others	-	-
(viii) Contribution to post-employment benefit plans:		
(a) Advance received and repaid to the Company by:		
1. Godrej and Boyce Manufacturing Co. Ltd. Employees' Provident Fund	13.13	23.36
2. Godrej and Boyce Manufacturing Co. Ltd. Employees' Gratuity Fund	-	0.57
3. Godrej and Boyce Manufacturing Co. Ltd. Managerial Superannuation Fund	0.71	0.74
(b) Towards Employer's contribution:		
1. Godrej and Boyce Manufacturing Co. Ltd. Employees' Provident Fund	16.95	15.63
2. Godrej and Boyce Manufacturing Co. Ltd. Employees' Gratuity Fund	16.99	14.77
3. Godrej and Boyce Manufacturing Co. Ltd. Managerial Superannuation Fund	7.49	7.00
(c) Balance payable by the Company to:		
1. Godrej and Boyce Manufacturing Co. Ltd. Employees' Provident Fund	1.53	1.39
2. Godrej and Boyce Manufacturing Co. Ltd. Employees' Gratuity Fund	19.09	16.99
3. Godrej and Boyce Manufacturing Co. Ltd. Managerial Superannuation Fund	7.64	7.25

**(Amount less than Rs.50,000)*

48. DISCLOSURE IN RESPECT OF JOINT VENTURES

Pursuant to the Indian Accounting Standard (Ind AS 28) – Investments in Associates and Joint Ventures, the disclosures relating to the Company's Indian Joint Venture (JV) Godrej Consoveyo Logistics Automation Limited, (formerly, Godrej Efacec Automation and Robotics Limited) are as follows:

(a) The financial interest of the Company in the JV is by way of equity participation with Consoveyo S.A. (formerly, Efacec Handling Solutions S.A.) in the ratio of 49:51

(b) The aggregate amounts of assets, liabilities, income and expenses related to the Company's share in the JV.

(Rupees in crore)

	Current Year	Previous Year
(i) Assets at close	37.12	34.22
(ii) Liabilities at close	29.65	23.88
(iii) Income	50.26	48.74
(iv) Expenses	53.52	46.26

(c) The JV does not have any contracts remaining to be executed on Capital Account or any contingent liabilities at close.

49. DISCLOSURE IN RESPECT OF LEASES

(a) The Company's significant leasing arrangements, where the Company is a lessee, are in respect of operating leases for motor cars, laptop computers and premises (office, godown, show-room, retail store, residential, etc.) occupied by the Company. The aggregate lease rentals payable by the Company are charged to the Statement of Profit and Loss as Rent [Note 34(i)], Establishment and Other Expenses [Note 34(j)] and Motor Car and Lorry Expenses [Note 34(l)].

The total charge to the Statement of Profit and Loss is Rs. 25.86 crore (Previous Year: Rs. 27.05 crore).

The future minimum lease payments under non-cancellable operating leases in respect of premises, motor cars and laptop computers, due within a period of one year are estimated at Rs. 16.53 crore (as at 31-3-2017: Rs. 17.79 crore), those due later than one year but not later than five years at Rs. 9.01 crore (as at 31-3-2017: Rs. 14.96 crore), and those due later than five years at Nil (as at 31-3-2017: Nil).

(b) Lease income from operating leases where the Company is a lessor, is recognised in the Statement of Profit and Loss. Initial direct costs incurred specifically to earn revenues from operating leases of fixed assets are charged to the Statement of Profit and Loss as incurred. These assets pertain to land, commercial/residential premises, forklifts and vending machines given on lease on varying tenure and other terms.

In respect of assets given on operating leases, the gross book value and the accumulated depreciation at the end of the year, aggregate to Rs. 399.05 crore and Rs. 27.58 crore, respectively (as at 31-3-2017: Rs. 399.91 crore and Rs. 19.12 crore, respectively); and the depreciation charge for the year corresponding to the period of lease rentals, is estimated at Rs. 9.19 crore (previous year: Rs. 11.77 crore).

The future minimum lease rentals receivable under non-cancellable operating leases within a period of one year are estimated at Rs. 78.36 crore (as at 31-3-2017: Rs. 83.25 crore), those due later than one year but not later than five years at Rs.73.13 crore (as at 31-3-2017: Rs. 72.54 crore), and those due later than five years at Rs. Nil (as at 31-3-2017: Rs. Nil).

50. DISCLOSURE IN RESPECT OF FRAUD

During the previous year, the Company identified a fraud amounting to about Rs. 32.00 crore, committed by employees of a line of business in collusion with third parties. The Company initiated an internal investigation in the matter.

The Company has filed a criminal complaint with appropriate authorities against the individuals involved, and will pursue the matter further. The Company has taken appropriate measures and has further strengthened internal processes and controls to prevent such cases.

51. PREVIOUS YEAR'S RESTATEMENT

During the year, the Company has restated the financial results for the year ended 31st March 2017, in accordance with the requirements of the Ind AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors' on account of derecognition of revenues/receivables of Rs. 97.48 crore and related costs/inventories of Rs. 32.58 crore pursuant to revenue recognition on percentage of completion basis and provision for product warranties of Rs. 2.59 crore, which has resulted in reduction in profit after tax for the year ended 31st March 2017 of Rs. 40.31 crore (tax of Rs. 22.00 crore).

52. INTERNAL CONTROLS

A material weakness was identified related to the inadequacy of manual monitoring controls over the overhead absorption on inventory (not fully stabilised in the Information Technology environment as at the year-end), which could have potentially resulted in the Company mis-stating its inventory balances with a corresponding effect on profits, changes in inventories of Finished Goods, Work-in-process and Stock-in-trade in its financial statements. However, there was timely detection and correction by the management of certain errors that occurred in the valuation of inventory as at 31st March, 2018 whilst preparing the financial statements under review. The Management has since strengthened its manual control processes to prevent recurrence of such misstatements in inventory valuation.