## 1. CORPORATE INFORMATION

Godrej Consumer Products Limited (the Company) was incorporated on November 29, 2000, to take over the consumer products business of Godrej Soaps Limited (subsequently renamed as Godrej Industries Limited), pursuant to a Scheme of Arrangement as approved by the High Court, Mumbai.

The Company is a fast moving consumer goods company, manufacturing and marketing Household and Personal Care products. The Company is a public company limited by shares, incorporated and domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company's registered office is at 4th Floor, Godrej One, Pirojshanagar, Eastern Express Highway, Vikhroli (east), Mumbai – 400 079.

## 2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation and measurement

### a) Basis of Preparation

The Standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

**Current versus non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

The financial statements of the Company for the year ended March 31, 2018 were approved for issue in accordance with the resolution of the Board of Directors on May 8, 2018.

### b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities (including derivative instruments) measured at fair value (refer accounting policy regarding financial instruments -2.5.f),
- Defined benefit plans – plan assets/(liability) and share-based payments measured at fair value (Note 44 & 45)
- Assets held for sale – measured at lower of carrying value or fair value less cost to sell

### 2.2 Key judgements, estimates and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates:

The areas involving critical estimates or judgements are:

i. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized; (Note 2.5 (a))
ii. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life; (Note 2.5 (b))
iii. Recognition and measurement of defined benefit obligations, key actuarial assumptions; (Note 44)
iv. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources; (Note 2.5 (j))
v. Fair valuation of employee share options, Key assumptions made with respect to expected volatility; (Note 2.5 (l)(ii))
vi. Fair value of financial instruments; (Note 2.3)
vii. Impairment of financial and Non-Financial assets; (Note 2.5.(d) and (f))
viii. Recognition of deferred tax assets – availability of future taxable profits against which deferred tax assets; (e.g. MAT) can be used (Note 22)

### 2.3 Measurement of fair values

The Company's accounting

policies and disclosures require financial instruments to be measured at fair values.

The Company has an established control framework with respect to the measurement of fair values.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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.

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:* 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).

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. Further information about the assumptions made in measuring fair value is included in the Note 2.5.(f).

### 2.4 Standards issued but not yet effective

**IND AS 115: Revenue from Contracts with Customers**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Company with effect from 1st April, 2018.

This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supercede the current revenue recognition standards Ind AS 18 Revenue and Ind AS 11 Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its preliminary evaluation of the possible impact of Ind AS 115 based on which no significant impact is expected, other than additional disclosures as required by the new standard.

### 2.5 Significant Accounting Policies

**a) Property, Plant and Equipment**

*Recognition and measurement*

Items of property, plant and equipment, other than Freehold Land, are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is carried at cost and is not depreciated.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the asset to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the item and restoring the site on which it is located.

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.

Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

*Subsequent expenditure*

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

*Depreciation*

Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful lives specified in Schedule II to the Companies Act, 2013 except for the following items where useful lives estimated by the management based on internal technical assessment, past trends and expected operational lives differ from those provided in Schedule II of the Companies Act 2013:

- Leasehold land is amortised equally over the lease period.
- Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.
- Office Equipments are depreciated over 5 to 10 years.
- Tools are depreciated over a period of 9 years, and dies and moulds over 3 years.
- Vehicles are depreciated over a period ranging from 5 years to 8 years depending on the use of vehicles.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**b) Goodwill and other Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any amortisation and accumulated impairment losses. Internally generated intangibles, excluding eligible development costs are not capitalized and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

*Goodwill*

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*Other intangible assets*

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and period are reviewed at least at the end of each reporting period. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the assets are considered to modify amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

*Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in Statement of profit or loss.

The estimated useful lives for current and comparative periods are as follows:

| | |
|---|---|
| Software licences | 6 years |
| Trademarks | 10 years |
| Technical knowhow | 10 years |

Goodknight and Hit (Brands) are assessed as intangibles having indefinite useful life and are not amortised in the financial statements.

Residual value, is estimated to be immaterial by management and hence has been considered at ₹ 1.

**c) Borrowing Costs**

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

**d) Impairment of non-financial assets**

An impairment loss is recognised whenever the carrying value of an asset or a cash-generating unit exceeds its recoverable amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. An impairment loss, if any, is recognised in the Statement of Profit and Loss in the period in which the impairment takes place. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events and changes in circumstances indicate the carrying amount may not be recoverable.

**e) Assets held for sale**

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' if it is highly probable that they will be recovered primarily through sales rather than through continuing use.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at lower of its carrying value and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit and loss. Non-current assets held for sale are not depreciated or amortised.

**f) 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. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, futures and currency options.

**i) Financial assets**

*Initial recognition and measurement*

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, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost,
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Financial assets at amortised cost**

A financial asset is measured at the amortised cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 48 (B).

**Financial assets at fair value through profit and loss (FVTPL)**

Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company

may, at initial recognition, irrevocably designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial asset included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Equity investments**

All equity investments within the scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

**Investments in Subsidiaries and Associates:**

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its financial assets that are debt instruments and are carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the

Company applies a simplified approach. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security deposit collected etc. and expectations about future cash flows.

**ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. A financial liability is classified at FVTPL if it is classified as held for trading or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value and net gains and losses including any interest expenses are recognised in profit or loss.

In the case of loans and borrowings and payables, these are measured at amortised cost and recorded, net of directly attributable and incremental transaction cost. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on 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 in the respective carrying amounts is recognised in the statement of profit or loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require specified payments to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

Where guarantees to subsidiaries in relation to loans or other payables are provided for, at no compensation, the fair values are accounted for as contributions and recognised as fees receivable under "other financial assets" or as a part of the cost of the investment, depending on the contractual terms.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**g) Derivative financial instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks respectively. 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. Any changes therein are generally recognised in the profit or loss account. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking the hedge, the hedging economic relationship between the hedged item or transaction and the nature of the risk being hedged, hedge rationale and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for a cash flow hedge is discontinued, the amount that has been accumulated in other equity remains there until it is reclassified to profit and loss account in the same period or periods as the hedged expected future cash flows affect profit or loss.

**h) Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are computed on the weighted average basis and are net of recoverable tax credits.

Raw materials, packing materials and stores: Costs includes cost of purchase and other costs incurred in bringing each product to its present location and condition.

Finish goods and work in progress: In the case of manufactured inventories and work in progress, cost includes all costs of purchases, an appropriate share of production overheads based on normal operating capacity and other costs incurred in bringing each product to its present location and condition.

Finished goods valuation also includes excise duty (to the extent applicable). Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

If payment for inventory is deferred beyond normal credit terms, then the cost is determined by discounting the future cash flows at an interest rate determined with reference to market rates. The difference between the total cost and the deemed cost is recognised as interest expense over the period of financing under the effective interest method.

**i) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet includes cash at bank and on hand, deposits held at call with financial institutions, other short term highly liquid investments, with original maturities less than three months which are readily convertible into cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents as defined above is net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**j) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognised till the realization of the income is virtually certain. However the same are disclosed in the financial statements where an inflow of economic benefit is probable.

**k) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

*Sale of goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer. The Company recognizes revenues on the sale of products, net of returns, discounts, sales incentives/rebate, amounts collected on behalf of third parties (such as sales tax) and payments or other consideration given to the customer that has impacted the pricing of the transaction. Accumulated experience is used to estimate and provide for the discounts and returns. No element of financing is deemed present as the sales are made with normal credit days consistent with market practice.

*Customer Loyalty Programme*

Sales consideration is allocated between the loyalty programme and the other components of the transaction. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Company has fulfilled its obligations to supply the products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

*Royalty & Technical Fees*

Royalty is recognised on accrual basis in accordance with the substance of the relevant agreement.

*Interest income*

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the EIR the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions, call and similar options). The expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.

*Dividend income*

Dividends are recognised in profit or loss on the date on which the Company's right to receive payment is established.

**l) Employee Benefits**

**i) Short-term Employee benefits**

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are classified as short term employee benefits and are recognised as an expense in the Statement of Profit and Loss as the related service is provided. A liability is recognised for the 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.

**ii) Share-based payments**

The cost of equity settled transactions is determined by the fair value at the grant date and the fair value of the employee share options is based on the Black Scholes model.

The grant-date fair value of equity-settled share-based payment granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**iii) Post-Employment Benefits**

*Defined Contribution Plans*

Payments made to a defined contribution plan such as Provident Fund maintained with Regional Provident Fund Office and Superannuation Fund are charged as an expense in the Statement of Profit and Loss as they fall due.

*Defined Benefit Plans*

**Gratuity Fund**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the payment of the Gratuity (Amendment) Act, 1997 or as per the Company's scheme whichever is more beneficial to the employees.

**Provident Fund**

Provident Fund Contributions which are made to a Trust administered by the Company are considered as Defined Benefit Plans. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The Company's liability towards interest shortfall, if any, is actuarially determined at the year end.

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 at each reporting period by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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 the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 profit or 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.

**iv) Other Long Term Employee Benefits**

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by the employees upto the end of the reporting period using the projected unit credit method based on actuarial valuation.

Re-measurements are recognised in profit or loss in the period in which they arise including actuarial gains and losses.

**m) Leases**

**Lease payments**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

*As a lessee*

Leases of assets where the company has substantially all the risks and rewards of ownership are classified as finance leases. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Leases of assets under which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

*As a lessor*

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

**Income Tax**

Income tax expense/ income comprises current tax expense / income and deferred tax/ expense income. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other comprehensive income. In which case, the tax is also recognised directly in equity or other comprehensive income, respectively.

*Current Tax*

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations and establishes provisions where appropriate.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Deferred Tax*

Deferred Income tax is recognised in respect of temporary difference between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

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 utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

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 recovered.

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 by the end of the reporting period.

The measurement of deferred tax assets and liabilities 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:

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

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is a convincing evidence that the Company will pay normal tax during specified period.

**n) Foreign Currency Transactions**

i) Functional and Presentation currency

    The Company's financial statements are prepared in Indian Rupees (INR "₹") which is also the Company's functional currency.

ii) Transactions and balances

    Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at 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 items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss in the year in which they arise except for the qualifying cash flow hedge, which are recognised in OCI to the extent that the hedges are effective.

**o) Government grants**

Government grants, including non-monetary grants at fair value are recognised when there is reasonable assurance that the grants will be received and the Company will comply with all the attached conditions.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the profit and loss on a straight line basis over the expected lives of the related assets.

**p) Dividend**

The Company recognises a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorised and the distribution is no longer at the discretion of the Company on or before the end of the reporting period. As per Corporate laws in India, a distribution in the nature of final dividend is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**q) Earnings Per Share**

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**r) Segment Reporting**

As per Ind AS-108 'Operating Segments', if a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS-108 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 Operating Segments has been given in the consolidated financial statements.

## NOTE 3 : PROPERTY, PLANT & EQUIPMENT

₹ Crore

| Particulars | Owned Assets | | | | | | | | | Assets given on lease | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold Land | Leasehold Land | Buildings | Leasehold Improvements | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Computers | Building | |
| **Year ended March 31, 2018** | | | | | | | | | | | |
| **Gross Carrying Amount** | | | | | | | | | | | |
| Opening Gross Carrying Amount | 0.51 | 14.41 | 124.81 | 26.40 | 231.86 | 10.38 | 10.33 | 10.03 | 22.84 | 90.26 | 541.83 |
| Additions | - | - | 15.48 | 4.13 | 57.76 | 2.45 | 8.05 | 2.52 | 5.28 | - | 95.67 |
| Disposals / Adjustments | - | - | - | - | (0.17) | - | (7.13) | - | (0.08) | - | (7.38) |
| **Closing Gross Carrying Amount** | **0.51** | **14.41** | **140.29** | **30.53** | **289.45** | **12.83** | **11.25** | **12.55** | **28.04** | **90.26** | **630.12** |
| **Accumulated Depreciation** | | | | | | | | | | | |
| Opening Accumulated Depreciation | - | 1.49 | 5.99 | 5.19 | 53.34 | 1.99 | 3.26 | 2.20 | 8.12 | 2.82 | 84.40 |
| Depreciation charge during the year | - | 1.14 | 2.58 | 3.58 | 33.04 | 1.13 | 2.09 | 1.60 | 6.03 | 2.86 | 54.05 |
| Disposals / Adjustments | - | - | - | - | 3.20 | - | (1.13) | - | (0.08) | - | 1.99 |
| **Closing Accumulated Depreciation** | **-** | **2.63** | **8.57** | **8.77** | **89.58** | **3.12** | **4.22** | **3.80** | **14.07** | **5.68** | **140.44** |
| **Net Carrying Amount** | **0.51** | **11.78** | **131.72** | **21.76** | **199.87** | **9.71** | **7.03** | **8.75** | **13.97** | **84.58** | **489.68** |
| **Year ended March 31, 2017** | | | | | | | | | | | |
| Opening Gross Carrying Amount | 0.51 | 14.21 | 122.11 | 24.43 | 203.43 | 9.34 | 10.15 | 7.30 | 15.07 | 90.26 | 496.81 |
| Additions | - | 0.20 | 3.08 | 2.00 | 28.93 | 1.17 | 3.20 | 2.75 | 7.78 | - | 49.11 |
| Assets classified as held for sale | - | - | - | - | - | - | (1.78) | - | - | - | (1.78) |
| Disposals | - | - | (0.38) | (0.03) | (0.50) | (0.13) | (1.24) | (0.02) | (0.01) | - | (2.31) |
| **Closing Gross Carrying Amount** | **0.51** | **14.41** | **124.81** | **26.40** | **231.86** | **10.38** | **10.33** | **10.03** | **22.84** | **90.26** | **541.83** |
| **Accumulated Depreciation** | | | | | | | | | | | |
| Opening Accumulated Depreciation | - | 0.41 | 2.66 | 2.10 | 24.71 | 0.80 | 2.13 | 0.78 | 2.89 | 1.32 | 37.80 |
| Depreciation charge during the year | - | 1.08 | 3.60 | 3.10 | 28.69 | 1.23 | 2.42 | 1.43 | 5.24 | 1.50 | 48.29 |
| Assets classified as held for sale | - | - | - | - | - | - | (0.76) | - | - | - | (0.76) |
| Disposals | - | - | (0.27) | (0.01) | (0.06) | (0.04) | (0.53) | (0.01) | (0.01) | - | (0.93) |
| **Closing Accumulated Depreciation** | **-** | **1.49** | **5.99** | **5.19** | **53.34** | **1.99** | **3.26** | **2.20** | **8.12** | **2.82** | **84.40** |
| **Net Carrying Amount** | **0.51** | **12.92** | **118.82** | **21.21** | **178.52** | **8.39** | **7.07** | **7.83** | **14.72** | **87.44** | **457.43** |

## NOTE 4 : INTANGIBLE ASSETS

₹ Crore

| Particulars | Goodwill | Other Intangible assets: Trademarks and Brands* | Other Intangible assets: Computer Software | Other Intangible assets: Technical Knowhow | Total Other Intangible assets |
|---|---|---|---|---|---|
| **Year ended March 31, 2018** | | | | | |
| **Gross Carrying Amount** | | | | | |
| Opening Gross Carrying Amount | 2.48 | 791.56 | 44.52 | 1.85 | 837.93 |
| Additions | - | - | 7.56 | - | 7.56 |
| Disposals | - | - | - | - | - |
| **Closing Gross Carrying Amount** | **2.48** | **791.56** | **52.08** | **1.85** | **845.49** |
| **Accumulated Amortisation** | | | | | |
| Opening Accumulated Amortisation | - | 0.14 | 13.65 | 0.55 | 14.34 |
| Amortisation recognised for the year | - | 0.07 | 8.92 | 0.26 | 9.25 |
| Disposals | - | - | - | - | - |
| **Closing Accumulated Amortisation** | **-** | **0.21** | **22.57** | **0.81** | **23.59** |
| **Closing Net Carrying Amount** | **2.48** | **791.35** | **29.51** | **1.04** | **821.90** |
| **Year ended March 31, 2017** | | | | | |
| **Gross Carrying Amount** | | | | | |
| Opening Gross Carrying Amount | 2.48 | 791.56 | 35.14 | 1.85 | 828.55 |
| Additions | - | - | 9.38 | - | 9.38 |
| Disposals | - | - | - | - | - |
| **Closing Gross Carrying Amount** | **2.48** | **791.56** | **44.52** | **1.85** | **837.93** |
| **Accumulated Amortisation** | | | | | |
| Opening Accumulated Amortisation | - | 0.07 | 5.61 | 0.27 | 5.95 |
| Amortisation recognised for the year | - | 0.07 | 8.04 | 0.28 | 8.39 |
| Disposals | - | - | - | - | - |
| **Closing Accumulated Amortisation** | **-** | **0.14** | **13.65** | **0.55** | **14.34** |
| **Closing Net Carrying Amount** | **2.48** | **791.42** | **30.87** | **1.30** | **823.59** |

**NOTE :**

* Includes trademarks / brands amounting to ₹ 791.25 crore *(31-Mar-17 ₹ 791.25 crore)* that have an indefinite life and are tested for impairment at every year end. Based on analysis of all relevant factors (brand establishment, stability, types of obsolescence etc.), there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Company.

## NOTE 5 : INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

₹ Crore

| | Face Value | Numbers: As at March 31, 2018 | Numbers: As at March 31, 2017 | Amounts: As at March 31, 2018 | Amounts: As at March 31, 2017 |
|---|---|---|---|---|---|
| **Unquoted, fully paid up:** | | | | | |
| **Carried at cost** | | | | | |
| **(a) Investments in Equity Instruments** | | | | | |
| **(i) Subsidiary Companies** | | | | | |
| Godrej Netherlands B.V. | EUR 100 | 200 | 200 | 140.93 | 107.23 |
| Godrej South Africa (Pty) Ltd. | ZAR 1 | 18,050,000 | 18,050,000 | 12.67 | 12.67 |
| Godrej Consumer Products Holding (Mauritius) Ltd. | USD 1 | 185,944,409 | 179,944,409 | 982.02 | 943.14 |
| Godrej Household Products Lanka (Pvt) Ltd. | LKR 10 | 21,501,045 | 21,501,045 | 37.33 | 37.33 |
| Godrej Consumer Products (Bangladesh) Ltd. | BDT 100 | 4,999 | 4,999 | 0.04 | 0.04 |
| Godrej Mauritius Africa Holdings Ltd. | USD 1 | 136,240,553 | 136,240,553 | 865.49 | 861.02 |
| Godrej East Africa Holdings Ltd. | USD 1 | 35,450,001 | 28,950,001 | 250.80 | 208.96 |
| Godrej Tanzania Holdings Ltd. | USD 1 | 17,850,001 | 11,350,001 | 121.29 | 76.10 |
| Godrej SON Holdings INC. | USD 1 | 77,600,000 | 77,600,000 | 504.72 | 504.73 |
| **(ii) Associate Company** | | | | | |
| Bhabhani Blunt Hairdressing Pvt. Ltd. | ₹ 10 | 5,546 | 5,546 | 22.32 | 22.32 |
| | | | | **2,937.61** | **2,773.54** |

₹ Crore

| | Face Value | Numbers | | Amounts | |
|---|---|---|---|---|---|
| | | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **(b) Investments in Compulsorily Convertible Debentures of Associate Company** | | | | | |
| Bhabhani Blunt Hairdressing Pvt. Ltd. | ₹ 10 | 3,060 | 3,060 | **12.00** | 12.00 |
| | | | | **2,949.61** | 2,785.54 |
| Less : Provision for Diminution in the Value of Investments | | | | **-** | - |
| **TOTAL** | | | | **2,949.61** | 2,785.54 |
| | | | | | |
| Aggregate Amount of Unquoted Investments | | | | **2,949.61** | 2,785.54 |
| Aggregate Amount of Quoted Investments | | | | **-** | - |
| Aggregate Market Value of Quoted Investments | | | | **-** | - |
| Aggregate Provision for Impairment in the Value of Investments | | | | **-** | - |

**NOTE:**

As per the Company's policy, investments include the fair value of financial guarantees issued as security for loans taken by subsidiaries. The details of such fair values included in the investments above is as shown below:

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Godrej Netherlands B.V. | **4.52** | 4.52 |
| Godrej Consumer Products Holding (Mauritius) Ltd. | **11.83** | 11.83 |
| Godrej Mauritius Africa Holdings Ltd. | **29.01** | 24.54 |
| Godrej East Africa Holdings Ltd. | **19.62** | 19.62 |
| Godrej Tanzania Holdings Ltd. | **3.07** | - |
| **TOTAL** | **68.05** | 60.51 |

## NOTE 6 : OTHER INVESTMENTS (NON-CURRENT)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unquoted, fully paid up:** | | |
| **At amortised cost** | | |
| Investments in Deposits with Non-Banking Financial Companies | **20.54** | 62.85 |
| **At Fair Value through Profit or Loss** | | |
| Investment in Equity Instruments* | **-** | - |
| **Quoted, fully paid up:** | | |
| **At amortised cost** | | |
| Investments in Non-convertible Debentures with Non-Banking Financial Companies | **84.66** | 153.66 |
| **TOTAL** | **105.20** | 216.51 |
| | | |
| Aggregate Amount of Unquoted Investments | **20.54** | 62.85 |
| Aggregate Amount of Quoted Investments | **84.66** | 153.66 |
| Aggregate Market Value of Quoted Investments | **84.79** | 153.89 |
| Aggregate Provision for Impairment in the Value of Investments | **-** | - |

** amounts less than ₹ 0.01 crore*

## NOTE 7 : LOANS (NON-CURRENT)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Unsecured, Considered Good, Unless Otherwise Stated | | |
| Loans to Employees | **0.03** | 0.04 |
| Security Deposits | **16.29** | 15.29 |
| **TOTAL** | **16.32** | 15.33 |

## NOTE 8 : OTHER NON-CURRENT FINANCIAL ASSETS

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Fixed Deposits with remaining maturity of more than 12 months (under lien against Bank Guarantees) | **0.07** | 0.06 |
| Financial Guarantee Fee Receivables | **4.20** | 12.02 |
| **TOTAL** | **4.27** | 12.08 |

## NOTE 9 : OTHER NON-CURRENT ASSETS

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Capital Advances *(Refer Note below)* | **27.39** | 18.89 |
| Balances with Government Authorities | **17.56** | 16.03 |
| Other non-current assets (includes prepaid expenses, vendor advances) | | |
| Considered Good | **1.06** | 1.00 |
| Considered Doubtful | **-** | 1.22 |
| Less: Provision for Doubtful Advances | **-** | (1.22) |
| | **1.06** | 1.00 |
| **TOTAL** | **46.01** | 35.92 |

**NOTE:**

Capital Advances include ₹ 13.96 crore *(31-Mar-17 ₹ 6.34 crore)* paid to Related Parties.

## NOTE 10 : NON-CURRENT TAX ASSETS (NET)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Advance Tax | **19.66** | 20.67 |
| [Net of Provision for taxation - ₹1422.53 crore *(31-Mar-17 ₹ 1301.09)*] | | |
| **TOTAL** | **19.66** | 20.67 |

*(Refer Note 22 for tax reconciliations)*

## NOTE 11 : INVENTORIES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| *(Valued at lower of cost and net realizable value)* | | |
| Raw Materials (Including Packing Materials) | **251.89** | 186.52 |
| Goods-in Transit | **2.05** | 7.80 |
| | **253.94** | 194.32 |
| Work-in-Progress | **36.86** | 30.81 |
| Finished Goods | **250.25** | 299.18 |
| Stock-in-Trade | **26.17** | 29.53 |
| Stores and Spares | **9.03** | 8.08 |
| **TOTAL** | **576.25** | 561.92 |

## NOTE 12 : INVESTMENTS (CURRENT)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unquoted, fully paid up:** | | |
| **At Fair Value through Profit or Loss** | | |
| Investments in Mutual Funds | **107.63** | 425.56 |
| **At amortised cost** | | |
| Investments in Deposits with Non-Banking Financial Companies | **306.97** | 174.52 |
| Investments in Commercial Papers | **97.04** | - |
| **Quoted, fully paid up:** | | |
| **At amortised cost** | | |
| Investments in Non-convertible Debentures with Non-Banking Financial Companies | **336.01** | 52.78 |
| **TOTAL** | **847.65** | 652.86 |
| | | |
| Aggregate Amount of Unquoted Investments | **511.64** | 600.08 |
| Aggregate Amount of Quoted Investments | **336.01** | 52.78 |
| Aggregate Market Value of Quoted Investments | **339.38** | 52.89 |
| Aggregate Amount of Provision for Impairment in the Value of Investments | **-** | - |

## NOTE 13 : TRADE RECEIVABLES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Secured | | |
| Considered Good | **2.81** | 5.37 |
| Unsecured | | |
| Considered Good | **245.77** | 203.96 |
| Considered Doubtful | **5.62** | 5.07 |
| Less: Provision for Doubtful Debts | **(5.62)** | (5.07) |
| | **245.77** | 203.96 |
| **TOTAL** | **248.58** | 209.33 |

*Refer Note 48 (B)*

## NOTE 14 A : CASH AND CASH EQUIVALENTS

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Balances with Banks | | |
| - In Current Accounts | **71.91** | 57.81 |
| - Deposits with less than 3 months original maturity | **14.00** | 30.00 |
| | **85.91** | 87.81 |
| Cash on Hand | **0.20** | 0.19 |
| **TOTAL** | **86.11** | 88.00 |

## NOTE 14 B : OTHER BANK BALANCES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Deposits with maturities more than 3 months but less than 12 months *(Refer Note below)* | **2.92** | 2.93 |
| In Unpaid Dividend Accounts | **9.08** | 7.52 |
| **TOTAL** | **12.00** | 10.45 |

**NOTE:**

The fixed deposits include deposits under lien against bank guarantees ₹ 2.82 crore *(31-Mar-17 ₹ 2.93 crore)*

## NOTE 15 : LOANS (CURRENT)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Unsecured, Considered Good, Unless Otherwise Stated | | |
| Loans to Employees | **0.07** | 0.07 |
| Security Deposits | **0.18** | 0.04 |
| **TOTAL** | **0.25** | 0.11 |

## NOTE 16 : OTHER CURRENT FINANCIAL ASSETS

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Financial guarantee fee receivable | **7.89** | 3.71 |
| Refunds/Incentives receivables from Govt. Authorities | | |
| Considered Good | **173.66** | 167.35 |
| Considered Doubtful | **14.62** | 13.62 |
| Less: Provision for Doubtful Advances | **(14.62)** | (13.62) |
| | **173.66** | 167.35 |
| Others (includes receivables of insurance claims, exports incentives, Derivative instruments) | **11.69** | 5.29 |
| **TOTAL** | **193.24** | 176.35 |

## NOTE 17 : OTHER CURRENT ASSETS

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Balances with Government Authorities | **111.53** | 22.19 |
| Right to receive inventory | **2.34** | 3.80 |
| Other Advances (includes prepaid expenses, vendor advances) *(Refer Note below)* | | |
| Considered Good | **38.62** | 21.71 |
| Considered Doubtful | **0.78** | 1.02 |
| Less: Provision for Doubtful Advances | **(0.78)** | (1.02) |
| **TOTAL** | **152.49** | 47.70 |

**NOTE:**

Includes NIL crore *(31-Mar-17 ₹ 0.12 crore)* paid to Related Parties.

## NOTE 18 : NON-CURRENT ASSETS HELD FOR SALE

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| | | |
| Vehicles held for sale | **-** | 6.49 |
| **TOTAL** | **-** | 6.49 |

**NOTE:**

In March 2017, the Management decided to dispose off vehicles which were no longer in use. The sale has been completed during the year.

## NOTE 19 : EQUITY SHARE CAPITAL

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Authorised** | | |
| 690,000,000 Equity Shares *(31-Mar-17: 410,000,000)* of ₹ 1 each | **69.00** | 41.00 |
| 10,000,000 Preference Shares *(31-Mar-17: 10,000,000)* of ₹ 1 each | **1.00** | 1.00 |
| **Issued** | | |
| 681,360,642 Equity Shares *(31-Mar-17: 340,631,940)* of ₹ 1 each | **68.14** | 34.06 |
| **Subscribed and Fully Paid up** | | |
| 681,329,518 Equity Shares *(31-Mar-17: 340,600,816)* of ₹ 1 each fully paid up | **68.13** | 34.06 |
| **TOTAL** | **68.13** | 34.06 |

**NOTES:**

a) During the year, the Company has issued 127,886 equity shares *(31-Mar-2017 66,993)* under the Employee Stock Grant Scheme.

b) 31,124 Right Issue equity shares (31-Mar-2017 year 31,124 equity shares) are kept in abeyance due to various suits filed in courts / forums by third parties for which final order is awaited.

c) The reconciliation of number of equity shares outstanding and the amount of share capital at the beginning and at the end of the reporting period:

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | **No. of Shares** | **₹ Crore** | **No. of Shares** | **₹ Crore** |
| Shares outstanding at the beginning of the year | 340,600,816 | 34.06 | 340,533,823 | 34.05 |
| Add : Shares Issued during the year (Bonus Shares) | 340,600,816 | 34.06 | | - |
| Add : Shares Issued on exercise of employee stock grant scheme | 127,886 | 0.01 | 66,993 | 0.01 |
| **Shares outstanding at the end of the year** | **681,329,518** | **68.13** | **340,600,816** | **34.06** |

d) **Terms / rights attached to equity shares**

The Company has issued only one class of equity shares having a par value of ₹ 1 each. Each equity shareholder is entitled to one vote per share.

During the year ended March 31, 2018 the amount of per share dividend recognised as distribution to equity shareholders was ₹ 15 *(31-Mar-2017 ₹ 5.75).*

e) Pursuant to the approval of the shareholders on May 9, 2017, record date for ascertaining the eligibility of the shareholders for receiving the bonus shares was fixed on June 24, 2017. Accordingly, the Company has allotted 340,600,816 number of fully paid Bonus shares on June 27, 2017 in the ratio of one equity share of ₹1 each fully paid up for every one existing equity shares of ₹1 each fully paid up.

f) Shares held by Holding Company and Subsidiary of Holding Company and details of shareholders holding more than 5% shares in the Company:

| **Name of the Shareholder** | **As at March 31, 2018** | | **As at March 31, 2017** | |
|---|---|---|---|---|
| | **No. of Shares** | **% held** | **No. of Shares** | **% held** |
| Godrej & Boyce Manufacturing Co Ltd* | 50,007,630 | 7.34 | 25,003,815 | 7.34 |
| Godrej Industries Limited | 161,875,240 | 23.76 | 80,937,620 | 23.76 |
| Godrej Seeds & Genetics Limited | 187,000,000 | 27.45 | 93,500,000 | 27.45 |

** Godrej & Boyce Manufacturing Co Ltd has ceased to be the holding company with effect from March 30, 2017 owing to reorganisation of shareholding within promoter group*

g) **Shares Reserved for issue under options**

The Company has 224,011 *(31-Mar-2017 year 128,895)* equity shares reserved for issue under Employee Stock Grant Scheme as at March 31, 2018. *(As detailed in Note 45)*

h) Information regarding aggregate number of equity shares during the five years immediately preceding the date of Balance Sheet:

Pursuant to the approval of Shareholders, company has allotted 340,600,816 *(31-Mar-2017 year - Nil)* number of fully paid Bonus shares on June 27, 2017 in the ratio of one equity share of ₹1 each fully paid up for every one existing equity shares of ₹1 each fully paid up.

The Company has not issued shares for consideration other than cash and has not bought back any shares during the past five years.

The Company has not allotted any shares pursuant to contract without payment being received in cash.

i) There are no calls unpaid on equity shares, other than shares kept in abeyance as mentioned in Note (b) above.

j) No equity shares have been forfeited.

k) **Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios to support its business and maximize shareholder value. The Company makes adjustments to its capital structure based on economic conditions or its business requirements. To maintain / adjust the capital structure the Company may make adjustments to dividend paid to its shareholders or issue new shares.

The Company monitors capital using the metric of Net Debt to Equity. Net Debt is defined as borrowings less cash and cash equivalents, fixed deposits and readily redeemable investments.

## NOTE 20 : OTHER EQUITY

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Securities Premium Account | **1424.51** | 1452.31 |
| General Reserve | **154.05** | 154.05 |
| Other Reserves | | |
| Capital Investment Subsidy Reserve | **0.15** | 0.15 |
| Capital Redemption Reserve | **1.46** | 1.46 |
| Employee Stock Options Outstanding | **11.58** | 9.83 |
| | **13.19** | 11.44 |
| Retained Earnings | **2982.46** | 2722.50 |
| Other Comprehensive Income (Effective portion of cash flow hedges) | **(0.75)** | (0.75) |
| **TOTAL** | **4573.46** | 4339.55 |

## OTHER RESERVES MOVEMENT

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Capital Investment Subsidy Reserve** | | |
| Balance as per last financial statements | **0.15** | 0.15 |
| Closing Balance | **0.15** | 0.15 |
| **Capital Redemption Reserve** | | |
| Balance as per last financial statements | **1.46** | 1.46 |
| Closing Balance | **1.46** | 1.46 |
| **Employee Stock Options Outstanding** | | |
| Gross Employee Compensation for Options granted | **9.83** | 8.28 |
| (-) Exercise of Share options | **(6.97)** | (6.04) |
| (+) Deferred Employee Compensation Expense *(Refer Note 33)* | **8.72** | 7.59 |
| Closing Balance | **11.58** | 9.83 |
| **TOTAL** | **13.19** | 11.44 |

### Nature and purpose of reserves

**1) Securities Premium Reserve**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**2) General Reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

3) **Capital Investment Subsidy Reserve**

Capital Investment Subsidy Reserve represents subsidy received from the government for commissioning of Malanpur plant in the nature of capital investment.

4) **Capital Redemption Reserve**

Capital Redemption reserve represents amount set aside by the company for future redemption of capital.

5) **Employee Stock Options Outstanding**

The shares option outstanding account is used to recognise the grands date fair value of options issued to employees under the Employee Stock Grands Scheme which are unvested as on the reporting date and is net of the deferred employee compensation expense.

Refer Note 45 for details on ESGS Plans.

6) **Effective Portion of Cash Flow Hedges**

The cash flow hedging reserve represents the cumulative portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accummulated under the heading of cash flow reserve will be reclassified to Statement of Profit and Loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non financial hedged item.

## NOTE 21 : PROVISIONS (NON-CURRENT)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Gratuity *(Refer Note 44)* | **47.35** | *37.18* |
| Compensated Absences | **4.31** | 3.77 |
| **TOTAL** | **51.66** | 40.95 |

## NOTE 22 : TAX RECONCILIATIONS

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Tax expense recognised in the Statement of Profit and Loss** | | |
| **Current Tax:** | | |
| Current tax on profits for the year | **283.28** | 235.40 |
| Deferred tax (Net) | **5.86** | 24.05 |
| **Total income tax expense** | **289.14** | 259.45 |

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Current tax and Deferred Tax related to items recognised in Other Comprehensive Income during the year:** | | |
| On remeasurements of defined benefit plans | **(2.63)** | (6.59) |
| On revaluation of cash flow hedges | **-** | (0.41) |
| **TOTAL** | **(2.63)** | (7.00) |

**Reconciliation of tax expense and the accounting profit**

The reconciliation between estimated income tax expense at statutory income tax rate into income tax expense reported in Statement of Profit & Loss is given below:

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Profit before income taxes | **1,289.01** | 1,107.17 |
| Indian statutory income tax rate | **34.61%** | 34.61% |
| Expected income tax expense | **446.10** | 383.28 |
| **Tax effect of adjustments to reconcile expected Income Tax Expense to reported Income Tax Expense:** | | |
| Deduction under Sec 80IC and 80IE | **(223.05)** | (213.22) |
| Incremental deduction allowed for research and development costs | **(0.03)** | (0.03) |
| Tax impact of income not subject to tax | **1.35** | (0.05) |
| Tax effects of amounts which are not deductible for taxable income | **8.82** | 11.49 |
| Additional tax paid on book profits | **58.31** | 77.98 |
| Others | **(2.36)** | - |
| **Total income tax expense** | **289.14** | 259.45 |

The Company benefits from the tax holiday available to units set up under section 80-IC and 80-IE of Income Tax Act, 1961. These tax holidays are available for a period of ten years from the date of commencement of operations.

**Deferred Tax (Liabilities):** ₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Property, Plant and Equipment | **(32.90)** | (30.04) |
| Intangible assets | **(239.59)** | (225.10) |
| Others | **(1.95)** | (5.40) |
| **Total deferred tax liabilities** | **(274.44)** | (260.54) |

**Deferred Tax Assets:** ₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Defined benefit obligations | **2.52** | 2.28 |
| Provisions | **36.97** | 27.39 |
| Others | **6.49** | 6.63 |
| **Total deferred tax assets** | **45.98** | 36.30 |
| | | |
| **Net Deferred tax (Liabilities) / Assets** | **(228.46)** | (224.24) |

**Movement in Deferred tax Liabilities / Asset** ₹ Crore

| | Property, plant and equipment | Intangible assets | Other Deferred Tax Liability | Defined benefit obligations | Provisions | Other Deferred Tax Asset | Deferred Tax Liabilities / Asset (net) |
|---|---|---|---|---|---|---|---|
| **As at 31st March 2016** | **(24.27)** | **(208.85)** | **(1.26)** | **1.84** | **22.46** | **5.41** | **(204.67)** |
| (Charged)/Credited : | | | | | | | |
| - to profit or loss | (5.77) | (16.25) | (4.14) | 0.44 | 0.86 | 0.81 | (24.05) |
| - to other comprehensive income | - | - | - | - | 4.07 | 0.41 | 4.48 |
| **At 1st April 2017** | **(30.04)** | **(225.10)** | **(5.40)** | **2.28** | **27.39** | **6.63** | **(224.24)** |
| (Charged)/Credited : | | | | | | | |
| - to profit or loss | (2.86) | (14.49) | 3.45 | 0.24 | 7.93 | (0.14) | (5.86) |
| - to other comprehensive income | | | | | 1.64 | | 1.64 |
| **As at 31st March 2018** | **(32.90)** | **(239.59)** | **(1.95)** | **2.52** | **36.96** | **6.49** | **(228.46)** |

The company offsets deferred 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 and the period over which deferred income tax assets will be recovered.

As on March 31, 2018 the tax liability with respect to the dividends proposed is ₹ 98.03 crores *(31-Mar-17 : ₹ 83.21 crores)* During the year, the Company has not accounted for tax credits in respect of Minimum Alternative Tax (MAT credit) of ₹ 58.31 crores *(31-Mar-17 : ₹ 71.75 crores)*. The Company is not reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years and accordingly has not recognised a deferred tax asset for the same.

₹ Crore

| Tax Credits carried forward | As at March 31, 2018 | Expiry Date | As at March 31, 2017 | Expiry Date |
|---|---|---|---|---|
| 2007-08 | 12.02 | March 31, 2023 | 12.02 | March 31, 2018 |
| 2008-09 | 8.30 | March 31, 2024 | 8.30 | March 31, 2019 |
| 2009-10 | 29.72 | March 31, 2025 | 29.72 | March 31, 2020 |
| 2010-11 | 100.08 | March 31, 2026 | 100.08 | March 31, 2021 |
| 2011-12 | 40.09 | March 31, 2027 | 40.09 | March 31, 2022 |
| 2012-13 | 60.60 | March 31, 2028 | 60.60 | March 31, 2023 |
| 2013-14 | 84.35 | March 31, 2029 | 84.35 | March 31, 2024 |
| 2014-15 | 95.63 | March 31, 2030 | 95.63 | March 31, 2025 |
| 2015-16 | 83.65 | March 31, 2031 | 83.65 | March 31, 2026 |
| 2016-17 | 71.75 | March 31, 2032 | 71.75 | March 31, 2027 |
| 2017-18 | 58.31 | March 31, 2033 | - | |

## NOTE 23 : OTHER NON-CURRENT LIABILITIES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Unearned premium on guarantees given to subsidiaries | **15.38** | 26.27 |
| Others (includes deferred grants, sundry deposits) | **2.37** | 1.05 |
| **TOTAL** | **17.75** | 27.32 |

## NOTE 24 : BORROWINGS

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Unsecured, Other Loans | | |
| Commercial Papers *(Refer Note (a) below)* | **-** | 148.97 |
| **TOTAL** | **-** | 148.97 |

**NOTES:**

a) Commercial Papers in previous year carried an average interest rate of 6.49% and were repaid at maturity dates in May 2017.

b) The Company does not have any default as on the Balance Sheet date in the repayment of any loan or interest.

## NOTE 25 : TRADE PAYABLES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Dues to Micro, Small and Medium Enterprises | **-** | - |
| Others* | **1,452.92** | 1,120.36 |
| **TOTAL** | **1,452.92** | 1,120.36 |

* Trade Payables includes invoices discounted by Vendors with banks

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues (principal and/or interest), which are outstanding for more than 45 days as at the balance sheet date. During the year, there have been no payments made to Micro, Small and Medium Enterprises beyond 45 days. There were no amounts on account of interest due that were payable for the period where the principal has been paid but interest under the MSMED Act, 2006 not paid. Further, there were no amounts towards interest accrued that were remaining unpaid at the end of accounting year. Accordingly, there were no amounts due to further interest due and payable in the succeeding years. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

## NOTE 26 : OTHER CURRENT FINANCIAL LIABILITIES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Security Deposit Received | **3.91** | 4.19 |
| Unclaimed Dividends *(Refer Note (a) below)* | **9.08** | 7.52 |
| Capital creditors and other payables | **26.01** | 22.47 |
| **TOTAL** | **39.00** | 34.18 |

**NOTE:**

a) There are no amounts due to be credited to Investor Education and Protection Fund in accordance with Section 125 of the Companies Act, 2013 as at the year end.

## NOTE 27 : OTHER CURRENT LIABILITIES

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Statutory Dues (VAT, Excise, Service Tax, Octroi, TDS etc) | **7.54** | 38.89 |
| Advance received from Customers | **23.83** | 7.45 |
| Employee Benefits Payable | **101.31** | 85.94 |
| Unearned premium on guarantees given to subsidiaries | **17.35** | 19.15 |
| Others (includes PF, deferred revenue) | **4.78** | 4.12 |
| **TOTAL** | **154.81** | 155.55 |

## NOTE 28 : PROVISIONS (CURRENT)

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Gratuity *(Refer Note 44)* | **7.82** | 6.98 |
| Compensated Absences | **2.90** | 2.81 |
| **Other provisions** | | |
| Provision for Sales Returns | **13.50** | 14.03 |
| Provision towards Litigations | **12.71** | 11.90 |
| **TOTAL** | **36.93** | 35.72 |

**Movements in each of the class of other provision during the financial year are set out below:**

₹ Crore

| | Sales Return | Provision towards Litigation |
|---|---|---|
| **As at April 1, 2017** | **14.03** | 11.90 |
| Additional provisions recognised | **-** | 0.81 |
| Amount Utilised /Unused amounts reversed | **(0.53)** | - |
| **As at March 31, 2018** | **13.50** | 12.71 |

### Sales Returns:

When a customer has a right to return the product within a given period, the Company recognises a provision for sales return. This is measured on the basis of average past trend of sales return as a percentage of sales. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

### Legal Claims:

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. A provision is recognised for legal cases if the company assesses that it is probable that an outflow of economic resources will be required. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

## NOTE 29 : REVENUE FROM OPERATIONS

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of Products (including excise duty) | **5256.36** | 5013.69 |
| Other Operating Revenues | | |
| a) Royalty & Technical Fees | **17.63** | 54.60 |
| b) Miscellaneous Income | **80.75** | 20.70 |
| **TOTAL** | **5354.74** | 5088.99 |

**NOTE :**

Sales from July 1, 2017 is net of Goods and Service Tax (GST). However, sales till period ended June 30, 2017 and for the previous year ended on March 31, 2017 is gross of Excise Duty.

## NOTE 30 : OTHER INCOME

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest Income on: | | |
| Non-convertible debentures and fixed deposits with Non-Banking Financial Companies at amortised cost | **39.06** | 18.74 |
| Deposits with banks | **1.52** | 1.99 |
| On Income-tax Refund | **0.84** | - |
| On Others | **1.19** | 0.17 |
| Net Gain on Sale of Investments ( Mutual Funds) | **18.54** | 6.23 |
| Fair Value Gain/(Loss) on financial assets measured at fair value through profit or loss | **(8.14)** | 11.60 |
| Reversal of provision for diminution in investments | **-** | 2.84 |
| Other Non-Operating Income | | |
| Profit on Sale of Fixed Assets (Net) | **-** | 0.13 |
| Guarantee Commission income | **20.24** | 20.99 |
| Miscellaneous Non-operating Income *(Refer Note below)* | **0.64** | 0.91 |
| **TOTAL** | **73.89** | 63.60 |

**NOTE :**

Miscellaneous non-operating income includes Nil crore *(Previous Year ₹ 0.61 crore)*, recovered from the GCPL ESOP Trust towards loan repayment, which was earlier written off against reserves under a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay.

## NOTE 31 : COST OF MATERIALS CONSUMED

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Raw material and packing material** | | |
| Opening Inventory | **194.32** | 193.11 |
| Add : Purchases (Net) | **1944.57** | 1835.98 |
| | **2138.89** | 2029.09 |
| Less: Closing Inventory | **(253.94)** | (194.32) |
| **Cost of Materials Consumed** | **1884.95** | 1834.77 |

## NOTE 32 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN- TRADE AND WORK-IN-PROGRESS

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening Inventory | | |
| Finished Goods | **299.18** | 295.44 |
| Stock-in-Trade | **29.53** | 24.31 |
| Work-in-Progress | **30.81** | 35.98 |
| | **359.52** | 355.73 |
| Less: Closing Inventory | | |
| Finished Goods | **250.25** | 299.18 |
| Stock-in-Trade | **26.17** | 29.53 |
| Work-in-Progress | **36.86** | 30.81 |
| | **313.28** | 359.52 |
| **(Increase)/Decrease in Inventories** | **46.24** | (3.79) |

## NOTE 33 : EMPLOYEE BENEFITS EXPENSE

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Salaries and Wages | **322.45** | 270.87 |
| Contribution to Provident and Other Funds | **18.20** | 14.94 |
| Share based payments to Employees (Employee Stock Grant Scheme) *(Refer Note 45)* | **8.72** | 7.59 |
| Staff Welfare Expenses | **6.14** | 5.61 |
| **TOTAL** | **355.51** | 299.01 |

## NOTE 34 : FINANCE COSTS

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest Expense | | |
| Unwinding of interest on liabilities | **1.70** | 2.79 |
| Others | **15.51** | 5.20 |
| Bill discounting Charges | **34.68** | 28.07 |
| **TOTAL** | **51.89** | 36.06 |

## NOTE 35 : DEPRECIATION AND AMORTISATION EXPENSES

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation on property, plant and equipment | **54.05** | 48.29 |
| Amortisation on intangible assets | **9.25** | 8.39 |
| **TOTAL** | **63.30** | 56.68 |

## NOTE 36 : OTHER EXPENSES

₹ Crore

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Consumption of Stores and Spare Parts | **15.18** | 12.50 |
| Power and Fuel | **80.12** | 68.89 |
| Rent (Net) *(Refer Note 42)* | **41.53** | 40.30 |
| Repairs and Maintenance | | |
| Plant and Equipment | **4.47** | 4.20 |
| Buildings | **5.22** | 5.13 |
| Others (Net) | **25.21** | 23.15 |
| | **34.90** | 32.48 |
| Insurance | **4.31** | 4.39 |
| Rates and Taxes | **6.38** | 3.08 |
| Processing and Other Manufacturing Charges | **149.33** | 149.12 |
| Travelling and Conveyance | **36.61** | 31.85 |
| Auditors' Remuneration (includes amount paid to previous auditors) | | |
| As Statutory Auditor | **1.48** | 1.44 |
| For Taxation Matters | **-** | 0.40 |
| For Other Services | **-** | 0.48 |
| Reimbursement of Expenses | **0.08** | 0.05 |
| Service Tax | **-** | 0.09 |
| | **1.56** | 2.46 |
| Legal and Professional Charges | **19.28** | 19.17 |
| Donations | **2.18** | 1.36 |
| Sales Promotion | **45.55** | 35.45 |
| Advertising and Publicity | **613.07** | 528.22 |
| Selling and Distribution Expenses | **71.36** | 78.20 |
| Freight | **188.92** | 178.38 |
| Net Loss on Sale/ write off of Fixed Assets | **4.14** | - |
| Net Loss on Foreign Currency Transactions and Translations | **1.08** | 0.95 |
| Bad Debts Written Off | **0.30** | 0.29 |
| Provision for Doubtful Debts / Advances | **0.31** | 2.43 |
| Miscellaneous Expenses (Net) *(Refer Note (a) below)* | **80.48** | 76.02 |
| **TOTAL** | **1396.59** | 1265.54 |

**NOTE :**

a) Miscellaneous Expenses include the Company's share of various expenses incurred by group companies for sharing of services and use of common facilities.

## NOTE 37 : EARNINGS PER SHARE

₹ Crore

| | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|
| **Net Profit After Tax (₹ Crore)** | **999.87** | 847.72 |
| Number of Shares outstanding at the beginning of the year *(Refer Note below)* | **681,201,632** | 681,067,646 |
| Add : Shares Issued during the year | **127,886** | 133,986 |
| Number of Shares outstanding at the end of the year | **681,329,518** | 681,201,632 |
| **Weighted Average Number of Equity Shares** | | |
| For calculating Basic EPS | **681,285,371** | 681,157,948 |
| **Effect of dilution:** | | |
| Shared based payments | **154,769** | 171,848 |
| For calculating Diluted EPS | **681,440,140** | 681,329,796 |
| **Earnings Per Share Before and After Extraordinary Items *(Face Value ₹ 1)*** | | |
| Basic (₹) | **14.68** | 12.45 |
| Diluted (₹) | **14.67** | 12.44 |

**NOTE:**

Number of shares for the year ended 31 March 2017 have been adjusted for the bonus shares issued during the current year.

## NOTE 38 : COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for : ₹ 29.60 crore *(31-Mar-17 ₹ 46.72 crore)*, net of advances there against of ₹ 27.39 crore *(31-Mar-17 ₹ 15.80 crore)*.

## NOTE 39 : DIVIDEND

During the year 2017-18,the Board has paid four interim dividends. The first dividend was declared on May 9, 2017 at the rate of ₹ 12 per equity share (1200% of the face value of ₹ 1 each) on the pre-bonus paid up capital of the Company. The Company made a bonus issue in the ratio of 1:1 on June 27, 2017. Subsequent to the bonus issue, the Board paid three more interim dividends aggregating to ₹ 3 per share (300% of the face value ₹ 1 each). The total dividend rate for all the four interim dividends during the year after adjusting for the pre-bonus interim dividend rate aggregates to ₹ 9 per equity share (900% of the face value ₹ 1 each) and amounts to ₹ 613.12 crore. The dividend distribution tax on the said dividends is ₹ 124.82 crore.

Subsequent to the close of the financial year, the Board has declared an interim dividend of ₹ 7.00 per equity share (700% of the face value ₹ 1 each) aggregating to ₹ 476.93 crore. The dividend distribution tax on the said dividend is ₹ 98.03 crore.

## NOTE 40 : CONTINGENT LIABILITIES

₹ Crore

| | | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|---|
| a) | **CLAIMS FOR EXCISE DUTIES, TAXES AND OTHER MATTERS** | | | |
| | i) | Excise duty and service tax matters | **65.14** | 64.20 |
| | ii) | Sales tax and VAT matters | **48.43** | 51.53 |
| | iii) | Income-tax matters | **14.33** | 12.61 |
| | iv) | Other matters | **3.00** | 3.00 |
| b) | **GUARANTEES GIVEN ON BEHALF OF SUBSIDIARIES** | | | |
| | i) | Guarantee amounting to USD 29 million (31-Mar-17 USD 43 million) given by the Company to DBS Bank Limited, Singapore against loan provided to Godrej Mauritius Africa Holdings Ltd. | **186.40** | 278.21 |
| | ii) | Guarantee amounting to GBP 18 million (31-Mar-17 GBP 30 million) given by the Company to Hongkong and Shanghai Banking Corporation Limited, Hongkong against loan provided to Godrej Netherlands BV. | **163.79** | 242.71 |
| | iii) | Guarantee amounting to USD 51 million (31-Mar-17 USD 67 million) given by the Company to Hongkong and Shanghai Banking Corporation Limited, Hongkong against loan provided to Godrej East Africa Holdings Limited. | **329.52** | 436.31 |
| | iv) | Guarantee amounting to USD 87 million (31-Mar-17 USD 145 million) to given by the Company to Hongkong and Shanghai Banking Corporation Limited (Hongkong), DBS Bank (Singapore) and Standard Chartered Bank Mauritius Limited against loan provided to Godrej Mauritius Africa Holdings Ltd. | **567.80** | 941.62 |
| | v) | Guarantee amounting to USD 23 million (31-Mar-17 USD 34 million) given by the Company to Barclays Bank PLC, London towards loan against provided to Godrej Mauritius Africa Holdings Ltd. | **149.12** | 222.57 |
| | vi) | Guarantee amounting to USD 57 million (31-Mar-17 USD 57 million) given by the Company to Hongkong and Shanghai Banking Corporation Limited & Standard Chartered Bank Mauritius Limited against loan provided to Godrej East Africa Holdings Limited. | **372.80** | 370.94 |
| | vii) | Guarantee amounting to USD 88 million (31-Mar-17 USD 88 million) given by the Company to DBS Bank Ltd (Singapore) & Sumitomo Mitsui Banking Corporation (Singapore) against loan provided to Godrej Consumer Products Holdings Mauritius Ltd. | **573.54** | 570.68 |
| | viii) | Guarantee amounting to USD 121 million (31-Mar-17 USD 121 million) given by the Company to Bank of Tokyo Mitsubishi UFJ Ltd (London) against loan provided to Godrej SON Holdings, Inc. | **788.62** | 784.69 |
| | ix) | Guaranteeamounting to USD 1 million (31-Mar-17 USD 1 million) given by the Company to Sumitomo Mitsui Banking Corporation (Singapore) towards IRS taken by Godrej Consumer Products Holdings Mauritius Ltd. | **7.82** | 7.78 |
| | x) | Guarantee amounting to USD 28 million (31-Mar-17 USD 28 million) given by the Company to Hongkong and Shanghai Banking Corporation Limited, Mauritius, against loan provided to Godrej East Africa Holdings Ltd. | **179.23** | 178.34 |

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| xi) | Guarantee amounting to Nil (31-Mar-17 USD 10 million) given by the Company to The Hongkong and Shanghai Banking Corporation Limited, Mauritius against SBLC facility provided to Godrej Consumer Products Mauritius Ltd | **-** | 64.85 |
| xii) | Guarantee amounting to USD 1 million (31-Mar-17 USD 1 million) given by the Company to DBS Bank Ltd (Singapore) towards IRS taken by Godrej Consumer Products Mauritius Ltd. | **7.82** | 7.78 |
| xiii) | Guarantee amounting to USD 2 million (31-Mar-17 USD 2 million) given by the Company to JP Morgan Chase towards IRS taken by Godrej East Africa Holdings Ltd | **10.43** | 10.38 |
| xiv) | Guarantee amounting to USD 1 million (31-Mar-17 Nil) given by the Company to Hongkong and Shanghai Banking Corporation Limited Mauritius towards SBLC line given to Godrej Tanzania Holdings Limited | **65.18** | - |
| xv) | Guarantee amounting to USD 28 million (31-Mar-17 Nil) given by the Company to Standard Chartered Bank Mauritius towards SBLC line given to Godrej Tanzania Holdings Limited | **179.23** | - |
| xvi) | Guarantee amounting to USD 44 million (31-Mar-17 Nil) given by the Company to CITI US towards loan provided to Godrej Mauritius Africa Holdings Ltd. | **286.77** | - |
| xvii) | Guarantee amounting to USD 2 million (31-Mar-17 Nil) given by the Company to DBS Bank Limited towards IRS taken by Godrej Mauritius Africa Holdings Ltd. | **13.04** | - |
| | **TOTAL** | **3881.11** | 4116.85 |
| | | | |
| **c)** | **OTHER GUARANTEES** | | |
| i) | Guarantees issued by banks [secured by bank deposits under lien with the bank ₹ 2.99 crore | **12.17** | 11.81 |
| ii) | Guarantee given by the Company to Yes Bank for credit facilities extended to M/s. Broadcast Audience Research Council | **0.80** | 0.80 |
| | **TOTAL** | **12.97** | 12.61 |
| | | | |
| **d)** | **CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT:** | | |
| i) | Claims by various parties on account of unauthorized, illegal and fraudulent acts by an employee. | **32.22** | 32.22 |
| ii) | Others | **0.18** | 0.23 |

₹ Crore

## NOTE 41 : RELATED PARTY DISCLOSURES

### A) Related Parties and their Relationship

#### a) Holding Company:

Godrej & Boyce Mfg. Co. Limited *(upto March 29, 2017)*

#### b) Subsidiaries:

| Name of the Subsidiary | Country | % Holding as at March 31, 2018 | % Holding as at March 31, 2017 |
|---|---|---|---|
| Godrej Netherland B.V. | Netherlands | **100%** | 100% |
| Godrej (UK) Ltd | UK | **100%** | 100% |
| Godrej Consumer Products (UK) Limited | UK | **100%** | 100% |
| Godrej Consumer Investments (Chile) Spa | Chile | **100%** | 100% |
| Godrej Holdings (Chile) Limitada | Chile | **100%** | 100% |
| Cosmetica National | Chile | **100%** | 100% |
| Godrej South Africa Proprietary Limited | South Africa | **100%** | 100% |
| Godrej Consumer Products Holding (Mauritius) Limited | Mauritius | **100%** | 100% |
| Indovest Capital | Labuan | **100%** | 100% |
| Godrej Global Mideast FZE | Sharjah | **100%** | 100% |
| Godrej Indonesia IP Holdings Ltd | Mauritius | **100%** | 100% |
| Godrej Mid East Holding Limited | Dubai | **100%** | 100% |
| Godrej Consumer Products Dutch Cooperatief UA | Netherlands | **100%** | 100% |
| Godrej Consumer Products (Netherlands) B.V. | Netherlands | **100%** | 100% |
| Godrej Consumer Holdings (Netherlands) B.V. | Netherlands | **100%** | 100% |
| PT Indomas Susemi Jaya | Indonesia | **100%** | 100% |

| Name of the Subsidiary | Country | % Holding as at March 31, 2018 | % Holding as at March 31, 2017 |
|---|---|---|---|
| PT Intrasari Raya | Indonesia | **100%** | 100% |
| PT Megasari Makmur | Indonesia | **100%** | 100% |
| PT Ekamas Sarijaya | Indonesia | **100%** | 100% |
| PT Sarico Indah | Indonesia | **100%** | 100% |
| Laboratoria Cuenca | Argentina | **100%** | 100% |
| Consell | Argentina | **100%** | 100% |
| Godrej Peru SAC | Peru | **100%** | 100% |
| Deciral S.A. | Uruguay | **100%** | 100% |
| Issue Brazil Limited | Brazil | **100%** | 100% |
| Panamar Producciones SA | Argentina | **100%** | 100% |
| Argencos SA | Argentina | **100%** | 100% |
| Godrej SON Holdings Inc. | USA | **100%** | 100% |
| Strength of Nature LLC | USA | **100%** | 100% |
| Strength of Nature South Africa Proprietary Limited | South Africa | **100%** | 100% |
| Old Pro International, Inc. | USA | **100%** | 100% |
| Godrej Household Products Bangladesh Pvt. Ltd. | Bangladesh | **100%** | 100% |
| Godrej Household Products Lanka Pvt. Ltd. | Sri Lanka | **100%** | 100% |
| Godrej Consumer Products Bangladesh Limited | Bangladesh | **100%** | 100% |
| Godrej Mauritius Africa Holdings Limited | Mauritius | **100%** | 100% |
| Darling Trading Company Mauritius Limited | Mauritius | **90%** | 90% |
| Godrej Consumer Products International FZCO | Dubai | **90%** | 90% |
| Godrej Africa Holdings Limited | Mauritius | **100%** | 100% |
| Frika Weave (Pty) Ltd | South Africa | **100%** | 100% |
| Kinky Group (Proprietary) Limited | South Africa | **100%** | 100% |
| Lorna Nigeria Limited | Nigeria | **100%** | 100% |
| Weave Ghana | Ghana | **100%** | 100% |
| Weave Trading Mauritius Pvt. Ltd. | Mauritius | **51%** | 51% |
| Hair Trading (Offshore) S.A.L. | Lebanon | **51%** | 51% |
| Godrej International Trading Company | Sharjah | **51%** | 51% |
| Godrej West Africa Holdings Limited | Mauritius | **90%** | 90% |
| Subinite (Pty) Ltd | South Africa | **90%** | 90% |
| Weave IP Holdings Mauritius Pvt. Ltd. | Mauritius | **90%** | 90% |
| Weave Mozambique Limitada | Mozambique | **90%** | 90% |
| Godrej Nigeria Limited | Nigeria | **100%** | 100% |
| Godrej Hair Care Nigeria Limited | Nigeria | **100%** | 100% |
| Godrej Household Insecticide Nigeria Ltd | Nigeria | **100%** | 100% |
| Godrej Hair Weave Nigeria Ltd | Nigeria | **100%** | 100% |
| Godrej East Africa Holdings Limited | Mauritius | **100%** | 100% |
| DGH Phase Two Mauritius | Mauritius | **90%** | 90% |
| Style Industries Pvt Ltd | Kenya | **90%** | 90% |
| Charm Industries Limited | Kenya | **100%** | 100% |
| Canon Chemicals Limited | Kenya | **75%** | 75% |
| Godrej Tanzania Holdings Limited | Mauritius | **100%** | 100% |
| DGH Tanzania Limited | Mauritius | **100%** | 100% |
| Sigma Hair Industries Ltd. | Tanzania | **100%** | 100% |
| Belaza Mozambique LDA | Mozambique | **100%** | 100% |
| Hair Credentials Zambia Limited | Zambia | **100%** | 100% |
| DGH Uganda | Mauritius | **51%** | 51% |
| Style Industries Uganda Limited | Uganda | **51%** | 51% |
| Weave Senegal | Senegal | **100%** | 100% |

**Notes:**

Pursuant to a Scheme of amalgamation (the Scheme) sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench on 8th March, 2018, Godrej Consumer Products Mauritius Ltd. (GCPML) and Godrej Consumer Products US Holdings Ltd, (GCP USHL) have merged with Godrej Consumer Products Ltd. The appointed date for the Scheme is October 1, 2016. The Scheme has become effective post filing of e-Form INC–28, on 26th March, 2018 with the Registrar of Companies / Ministry of Corporate Affairs.

Consequently, following 'pooling of interest' method as specified under IND AS 103 'Business combinations' for entities under common control , with effect from October 1, 2016, the entire business and whole of the undertaking of GCPML and GCP USHL including all their assets and liabilities are transferred and vested in the Company on a going concern basis so as to become the assets and liabilities of the Company as reflected below:

| **In respect of GCPML** | **₹ Crore** |
|---|---|
| - Investment | 588.87 |
| - Cash & Cash Equivalents | 1.45 |
| - Retained Earnings | (23.97) |
| - Advances | 0.50 |

| **In repsect of GCP USHL** | **₹ Crore** |
|---|---|
| - Investment | 504.06 |
| - Cash & Cash Equivalents | 0.01 |
| - Retained Earnings | (0.04) |

Further as specified in IND AS 103, the previous year figures have been restated to the extent of above amounts as if the business combination had occurred in the previous period.

**c) Fellow Subsidiaries with whom transactions have taken place during the year (upto March 29, 2017):**

i) Godrej Industries Limited
ii) Godrej Agrovet Limited
iii) Godrej Tyson Foods Limited
iv) Godrej Properties Limited
v) Natures Basket Limited
vi) Godrej Vikhroli Properties LLP
vii) Godrej Infotech Limited
viii) Godrej Projects Development Private Limited
ix) Godrej Anandan
x) Godrej One Premises Management Private Limited
xi) Godrej Seeds & Genetics Limited
xii) Godrej Seaview Properties Private Limited

**d) Joint Venture:**

| Name of the Joint Venture | Country | % Holding as at March 31, 2018 | % Holding as at March 31, 2017 |
|---|---|---|---|
| Godrej Easy IP Holdings (FZC) (Dubai) | Dubai | 50% | 50% |

**e) Associate Company:**

| Name of the Associate Company | Country | % Holding as at March 31, 2018 | % Holding as at March 31, 2017 |
|---|---|---|---|
| Bhabhani Blunt Hairdressing Pvt Limited | India | 30% | 30% |

**f) Investing Entity in which the reporting entity is an Associate *(w.e.f. March 30, 2017)***

i) Godrej Industries Limited
ii) Godrej Seeds & Genetics Limited

**g) Companies under common Control with whom transactions have taken place during the year *(w.e.f March 30, 2017)***

i) Godrej & Boyce Mfg. Co. Limited
ii) Godrej Agrovet Limited
iii) Godrej Tyson Foods Limited
iv) Godrej Properties Limited
v) Natures Basket Limited
vi) Godrej Vikhroli Properties LLP
vii) Godrej Infotech Limited
viii) Godrej Projects Development Private Limited
ix) Godrej Anandan
x) Godrej One Premises Management Private Limited
xi) Godrej Seaview Properties Private Limited

**h) Key Management Personnel and Relatives**

| | | |
|---|---|---|
| i) | Mr. Adi Godrej | Chairman Emeritius |
| ii) | Ms. Nisaba Godrej | Executive Chairperson / Daughter of Mr. Adi Godrej |
| iii) | Mr. Vivek Gambhir | Managing Director & CEO |
| iv) | Mr. V. Srinivasan | Chief Financial Officer and Company Secretary |
| v) | Ms. Parmeshwar Godrej | Wife of Mr. Adi Godrej *(Deceased on October 10, 2016)* |
| vi) | Mr. Pirojsha Godrej | Non-Executive Director / Son of Mr. Adi Godrej |
| vii) | Mr. Nadir Godrej | Non-Executive Director/ Brother of Mr. Adi Godrej |
| viii) | Ms. Tanya Dubash | Non-Executive Director/ Daughter of Mr. Adi Godrej |
| ix) | Mr. Jamshyd Godrej | Non Executive Director |
| x) | Mr. D Shivakumar | Independent Director *(till November 1, 2017)* |
| xi) | Mr. Aman Mehta | Independent Director |
| xii) | Mr. Omkar Goswami | Independent Director |
| xiii) | Ms. Ireena Vittal | Independent Director |
| xiv) | Mr. Bharat Doshi | Independent Director |
| xv) | Mr. Narendra Ambwani | Independent Director |
| xvi) | Ms. Ndidi Nwuneli | Independent Director *(from April 1, 2017)* |
| xvii) | Ms. Pippa Armerding | Independent Director *(from January 30, 2018)* |
| xviii) | Mr. Burjis Godrej | Son of Mr. Nadir Godrej |
| xix) | Ms. Rati Godrej | Wife of Mr. Nadir Godrej |
| xx) | Mr. Sohrab Godrej | Son of Mr. Nadir Godrej |
| xxi) | Mr. Hormazd Godrej | Son of Mr. Nadir Godrej |
| xxii) | Mr. Navroze Godrej | Son of Mr. Jamshyd Godrej |
| xxiii) | Mr. Arvind Dubash | Husband of Ms. Tanya Dubash |

**i) Post employment Benefit Trust where the reporting entity exercises significant influence**

i) Godrej Consumer Products Employees' Provident Fund

**B) The Related Party Transactions are as under :**

₹ Crore

| | Holding Company | | Subsidiary Companies | | Fellow Subsidiaries | | Associate Company | | Investing Entity in which the reporting entity is an associate | | Companies Under Common Control | | Key Management Personnel and Relatives | | Controlled Trust | | Post employment benefit trust | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Sale of Goods | - | 0.53 | 40.21 | 36.11 | - | 11.87 | 0.57 | 0.54 | 18.86 | 0.16 | 1.71 | - | - | - | - | - | - | - | 61.35 | 49.21 |
| Sale of Capital Asset | - | 0.04 | - | - | - | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | 0.02 | 0.04 |
| Purchase of Materials and Spares | - | 0.03 | 4.26 | 3.30 | - | 33.71 | - | - | 40.16 | 0.22 | 0.13 | - | - | - | - | - | - | - | 44.55 | 37.26 |
| Purchase of Fixed Asset including Assets under Construction | - | 1.59 | - | - | - | 3.82 | - | - | - | - | 10.74 | - | - | - | - | - | - | - | 10.74 | 5.41 |
| Advance Paid | - | 0.37 | - | - | - | - | - | - | 1.51 | - | 0.25 | - | - | - | - | - | - | - | 1.76 | 0.37 |
| Royalty and Technical Fees Received | - | - | 13.24 | 54.60 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 13.24 | 54.60 |
| Royalty and Technical Fees Paid | - | - | 0.12 | - | - | - | 0.87 | 0.62 | - | - | - | - | - | - | - | - | - | - | 0.99 | 0.62 |
| Business Development Expenses | - | - | - | 1.81 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.81 |
| Establishment & Other Expenses Paid (Including provision for doubtful debts if any) | - | 0.23 | 0.35 | 4.73 | - | 39.97 | 1.19 | 0.24 | 33.50 | 5.14 | 6.92 | 0.02 | - | - | - | - | - | - | 41.96 | 50.33 |
| Expenses Recovered | - | - | 16.36 | 13.94 | - | 1.69 | 0.01 | - | 0.23 | - | 0.35 | - | - | - | - | 0.61 | - | - | 16.95 | 16.24 |
| Investments Made | - | - | 156.52 | 359.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 156.52 | 359.04 |
| Investments Sold / Redeemed | - | - | - | 32.29 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 32.29 |
| Fair Value of Financial Guarantees included in Investments | - | - | 7.54 | 16.27 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7.54 | 16.27 |
| Guarantees Given / (Cancelled) | - | - | 544.21 | 1657.14 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 544.21 | 1657.14 |
| Guarantees / Surety Bonds Obtained / (Cancelled) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Financial Guarantee Fee Receivable | - | - | 4.01 | 3.79 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.01 | 3.79 |
| Guarantee Commission Income | - | - | 20.24 | 20.99 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20.24 | 20.99 |
| Income from Business Support Services | - | - | 15.96 | 11.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 15.96 | 11.06 |
| Dividend Paid | - | 68.14 | - | - | - | 46.54 | - | - | 313.99 | - | 45.01 | - | 17.69 | 5.65 | - | - | - | - | 376.69 | 120.33 |
| Commission on Profits and Sitting Fees | - | - | - | - | - | - | - | - | - | - | - | - | 2.64 | 1.83 | - | - | - | - | 2.64 | 1.83 |
| Lease Rentals Received | - | - | - | - | - | 9.20 | - | - | 10.87 | - | - | - | - | - | - | - | - | - | 10.87 | 9.20 |
| Lease Rentals Paid | - | - | - | - | - | 12.71 | - | - | 15.49 | - | - | - | 0.26 | 2.46 | - | - | - | - | 15.75 | 15.17 |
| Contribution during the year (Including Employees' Share) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.11 | 15.34 | 13.73 | 15.34 | 13.84 |
| Short Term Employment Benefits | - | - | - | - | - | - | - | - | - | - | - | - | 33.40 | 34.44 | - | - | - | - | 33.40 | 34.44 |
| Post Employment Benefits | - | - | - | - | - | - | - | - | - | - | - | - | 0.42 | 1.82 | - | - | - | - | 0.42 | 1.82 |
| Other Long Term Benefits | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.27 | - | - | - | - | - | 0.27 |
| Share Based Payment | - | - | - | - | - | - | - | - | - | - | - | - | 3.80 | 3.06 | - | - | - | - | 3.80 | 3.06 |
| **TOTAL** | **-** | **70.93** | **823.02** | **2215.07** | **-** | **159.51** | **2.64** | **1.40** | **434.63** | **5.52** | **65.11** | **0.02** | **58.21** | **49.53** | **-** | **0.72** | **15.34** | **13.73** | **1398.95** | **2516.43** |

**Outstanding Balances**

₹ Crore

| | Receivables | | Payables | | Guarantees Outstanding | | Commitments | |
|---|---|---|---|---|---|---|---|---|
| | **As at March 31, 2018** | **As at March 31, 2017** | **As at March 31, 2018** | **As at March 31, 2017** | **As at March 31, 2018** | **As at March 31, 2017** | **As at March 31, 2018** | **As at March 31, 2017** |
| Subsidiary Companies | 46.39 | 58.62 | 0.88 | 0.45 | 3,881.11 | 4,116.85 | - | - |
| Associate Company | 0.07 | 0.08 | - | - | - | - | 0.01 | 0.01 |
| Enterprise Over Which KMP Exercise Significant Influence | - | - | - | - | - | - | - | - |
| Companies with Common Directors | - | - | - | - | - | - | - | - |
| Investing Entity in which the reporting entity is an associate | 0.97 | 2.45 | - | 1.12 | (26.88) | (26.88) | 2.61 | 0.50 |
| Common Control | 0.34 | 0.32 | 0.02 | - | (1.21) | (1.21) | 0.99 | 12.08 |
| Key Management Personnel and Relatives | - | - | 16.22 | 22.81 | - | - | - | - |
| Directors and their relatives | - | - | - | - | - | - | - | - |
| Controlled Trust | - | - | - | - | - | - | - | - |
| Post employment benefit trust | - | - | - | 1.14 | - | - | - | - |
| **TOTAL** | **47.77** | **61.47** | **17.12** | **25.52** | **3,853.02** | **4,088.76** | **3.61** | **12.59** |

**NOTE** : Refer note 5 for investments in subsidiaries and associates.

## NOTE 42 : LEASES

The Company's significant leasing agreements are in respect of operating lease for Computers and Premises (office, godown, etc.) and the aggregate lease rentals payable are charged as rent. The Total lease payments accounted for the year ended March 31, 2018 is ₹ 41.53 crore *(previous year ₹ 40.3 crore)*.

The future minimum lease payments outstanding under non-cancellable operating leases are as follows:

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Not later than one year | **12.63** | 11.02 |
| Later than one year and not later than five years | **36.27** | 19.89 |
| Later than five years | **10.59** | - |
| **TOTAL** | **59.49** | 30.91 |

**NOTE:** The Company has entered into an agreement to give one of its office building on operating lease effective May 2015. Total lease rentals earned during the year ended March 31, 2018 amounting to ₹ 9.13 crore have been netted off against rent expense of ₹ 9.13 crore in Note 36 for similar premises in the same building.

The future minimum lease rental receivable under the non-cancellable operating lease is as follows:

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Not later than one year | **9.13** | 9.12 |
| Later than one year and not later than five years | **10.20** | 19.39 |
| Later than five years | **-** | - |
| **TOTAL** | **19.33** | 28.51 |

## NOTE 43 : HEDGING CONTRACTS

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitments in accordance with its forex policy as determined by its Forex Committee. The Company does not use foreign exchange forward contracts for trading or speculation purposes.

Forward / Spot Contracts outstanding are as follows:

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | **In million** | | In million | |
| Forward Contracts to Purchase (USD) | **US $** | **20.53** | US $ | 4.53 |
| [31 contracts (31-Mar-17: 12 contracts)] | | | | |
| Forward Contracts to Sell (EUR) | **€** | **-** | € | 1.05 |
| [2 contracts (31-Mar-17: 2 contracts)] | | | | |

## NOTE 44 : EMPLOYEE BENEFITS

### a) DEFINED CONTRIBUTION PLAN

**Provident Fund:**

The contributions to the Provident Fund of certain employees (including some employees of the erstwhile Godrej Household Products Ltd) are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company contributes to an Insurance Company and has no further obligation beyond making payment to the insurance company.

**b) DEFINED BENEFIT PLAN**

**Gratuity:**

The Company participates in the Employees' Group Gratuity-cum-Life Assurance Scheme of HDFC Standard Life Insurance Co. Ltd., a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation / termination in terms of the provisions of the Payment of Gratuity (Amendment) Act, 1997, or as per the Company's scheme whichever is more beneficial to the employees.

The Gratuity scheme of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, is funded through Unit Linked Gratuity Plan with HDFC Standard Life Insurance Company Limited.

The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

The Company has a gratuity trust. However, the Company funds its gratuity payouts from its cash flows. Accordingly, the Company creates adequate provision in its books every year based on actuarial valuation.

These benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and investment risk.

**Provident Fund:**

The Company manages the Provident Fund plan through a Provident Fund Trust for its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and is actuarially valued. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier.

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2018.

₹ Crore

| | **As at March 31, 2018** |
|---|---|
| Plan assets at period end, at fair value | 129.57 |
| Provident Fund Corpus | 128.51 |
| Valuation assumptions under Deterministic Approach: | |
| Weighted Average Yield | 8.75% |
| Weighted Average Yield to Maturity | 8.95% |
| Guaranteed Rate of Interest | 8.65% |

**c) Amounts Recognised as Expense:**

**i) Defined Contribution Plan**

Employer's Contribution to Provident Fund including contribution to Family Pension Fund amounting to ₹ 11.03 crore *(previous year ₹ 9.93 crore)* has been included in Note 33 under Contribution to Provident and Other Funds.

**ii) Defined Benefit Plan**

Gratuity cost amounting to ₹ 6.41 crore *(previous year ₹ 4.62 crore)* has been included in Note 33 under Contribution to Provident and Other Funds.

**d) The amounts recognised in the Company's financial statements as at year end are as under:**

₹ Crore

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **i)** | **Change in Present Value of Obligation** | | |
| | Present value of the obligation at the beginning of the year | **48.07** | 33.29 |
| | Current Service Cost | **3.40** | 2.40 |
| | Interest Cost | **3.28** | 2.66 |
| | Actuarial (Gain) / Loss on Obligation- Due to Change in Demographic Assumptions | **(0.13)** | 3.77 |
| | Actuarial (Gain) / Loss on Obligation- Due to Change in Financial Assumptions | **2.82** | 6.28 |
| | Actuarial (Gain) / Loss on Obligation- Due to Experience | **1.79** | 1.85 |
| | Benefits Paid | **(2.85)** | (2.18) |
| | Present value of the obligation at the end of the year | **56.38** | 48.07 |
| **ii)** | **Change in Plan Assets** | | |
| | Fair value of Plan Assets at the beginning of the year | **3.91** | 5.53 |
| | Interest Income | **0.27** | 0.44 |
| | Return on plan assets excluding interest income | **(0.13)** | 0.12 |
| | Benefits Paid | **(2.85)** | (2.18) |
| | Fair value of Plan Assets at the end of the year | **1.20** | 3.91 |
| **iii)** | **Amounts Recognised in the Balance Sheet:** | | |
| | Present value of Obligation at the end of the year | **56.38** | 48.07 |
| | Fair value of Plan Assets at the end of the year | **1.20** | 3.91 |
| | Funded status - Deficit | **55.18** | 44.16 |
| | Net Liability recognised in the Balance Sheet | **55.18** | 44.16 |
| **iv)** | **Amounts Recognised in the Statement of Profit and Loss:** | | |
| | Current Service Cost | **3.40** | 2.40 |
| | Interest Cost/Income on Obligation/ Plan assets (Net) | **3.01** | 2.22 |
| | Net Cost Included in Personnel Expenses | **6.41** | 4.62 |
| **v)** | **Recognised in other comprehensive income for the year** | | |
| | Actuarial (Gain) / Loss on Obligation | **4.47** | 11.90 |
| | Return on plan assets excluding interest income | **0.13** | (0.12) |
| | Recognised in other comprehensive income | **4.60** | 11.78 |
| **vi)** | **Weighted average duration of Present Benefit Obligation** | **6 years** | 6 years |
| **vii)** | **Estimated contribution to be made in next financial year** | **7.82** | 6.98 |
| **viii)** | **Major categories of Plan Assets as a % of total Plan Assets** | | |
| | Insurer Managed Funds | **100%** | 100% |
| **ix)** | **Actuarial Assumptions** | | |
| | i) Discount Rate | **7.80% P.A.** | 6.82% P.A. |
| | ii) Salary Escalation Rate | **9.00% P.A.** | 7.00% P.A. |
| | iii) Mortality | **Indian Assured Lives Mortality (2006-08) Ultimate** | |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **x)** | **Maturity Analysis of Projected Benefit Obligation: From the Fund** | | |
| | **Projected Benefits Payable in Future Years From the Date of Reporting** | | |
| | Within the next 12 months | **12.41** | 10.34 |
| | 2nd Following Year | **4.99** | 4.11 |
| | 3rd Following Year | **5.41** | 4.00 |
| | 4th Following Year | **5.02** | 4.21 |
| | 5th Following Year | **4.85** | 3.82 |
| | Sum of Years 6 To 10 | **23.89** | 19.14 |

**xi) Sensitivity analysis**

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate (1% movement) | (2.77) | 3.11 | (2.53) | 2.85 |
| Future salary growth (1% movement) | 3.04 | (2.77) | 2.82 | (2.55) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Other details**

| | |
|---|---|
| Methodology Adopted for ALM | Projected Unit Credit Method |
| Usefulness and Methodology adopted for Sensitivity analysis | Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the difference between assumed and the actual is not following the parameters of the sensitivity analysis. |
| Comment on Quality of Assets | Since investment is with insurance company, Assets are considered to be secured. |

## NOTE 45 : EMPLOYEE STOCK BENEFIT PLANS

### I. EMPLOYEE STOCK GRANT SCHEME

a) The Company set up the Employees Stock Grant Scheme 2011 (ESGS) pursuant to the approval by the Shareholders on March 18, 2011.

b) The ESGS Scheme is effective from April 1, 2011, (the “Effective Date”) and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.

c) The Scheme applies to the Eligible Employees of the Company or its Subsidiaries. The entitlement of each employee will be decided by the Compensation Committee of the Company based on the employee’s performance, level, grade, etc.

d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 2,500,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 500,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.

e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year or as may be decided by the Compensation Committee from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.

f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee.

g) The Exercise Price of the shares has been fixed at ₹ 1 per share. The fair value is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.

h) The details of the scheme are as below:

| Scheme | Grant Date | No. of Options | Vesting Condition | Exercise Price (₹) per share | Weighted average Exercise Price (₹) per share | Exercise period |
|---|---|---|---|---|---|---|
| Employees Stock Grant Scheme 2011 | From 2011 to 2017 | 635,424 | Vested in the proportion of 1/3rd at the end of each year | 1.00 | 1.00 | within 1 month from the date of vesting |

Movement in the number of share options during the year:

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Outstanding at the beginning of the year** | **128,895** | 141,096 |
| Add: Bonus issue during the year | **122,214** | - |
| Add: Granted during the year | **111,829** | 58,376 |
| Less: Exercised during the year | **127,886** | 66,993 |
| Less: Forfeited/ lapsed during the year | **11,041** | 3,584 |
| **Outstanding at the end of the year** | **224,011** | 128,895 |

Weighted average remaining contractual life of options as at 31st March, 2018 was 1.24 years *(31-Mar-17: 1.56 years).*

Weighted average equity share price at the date of exercise of options during the year was ₹ 1297.64 *(previous year ₹ 1,558.62).*

The fair value of the employee share options has been measured using the Black-Scholes formula. The following assumptions were used for calculation of fair value of grants:

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Risk-free interest rate (%) | **6.46%** | 7.04% |
| Expected life of options (years) | **2.00** | 2.00 |
| Expected volatility (%) | **32.21%** | 32.21% |
| Dividend yield | **0.31%** | 0.39% |
| The price of the underlying share in market at the time of option grant (₹)* | **1868.75** | 1481.60 |

* Price is before issue of Bonus shares

**II.** Pursuant to SEBI notification dated January 17, 2013, no further securities of the Company will be purchased from the open market.

## NOTE 46 : CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

Expenditure related to CSR as per section 135 of the Companies Act, 2013 read with Schedule VII thereof, against the mandatory spend of ₹ 18.83 crore *(previous year ₹ 16.38 crore):*

₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Revenue Expenditure in cash on CSR activities | **18.88** | 16.52 |
| **TOTAL** | **18.88** | 16.52 |

## NOTE 47 : FINANCIAL INSTRUMENTS

### A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the 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.

₹ Crore

| As at March 31, 2018 | Carrying amount / Fair Value | | | | Fair value Hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| **Non-Current** | | | | | | | | |
| Investments | | | | | | | | |
| Non-convertible Debentures with Non-Banking Financial Companies | - | - | 84.66 | 84.66 | - | 84.79 | - | 84.79 |
| Deposits with Non-Banking Financial Companies | - | - | 20.54 | 20.54 | - | 20.54 | - | 20.54 |
| Loans | - | - | 16.32 | 16.32 | - | - | - | - |
| Other Non-Current Financial Assets | - | - | 4.27 | 4.27 | - | - | - | - |
| **Current** | | | | | | | | |
| Investments | | | | | | | | |
| Non-convertible Debentures with Non-Banking Financial Companies | - | - | 336.01 | 336.01 | - | 339.38 | - | 339.38 |
| Mutual Funds | 107.63 | - | - | 107.63 | - | 107.63 | - | 107.63 |
| Commercial papers | - | - | 97.04 | 97.04 | - | 97.04 | - | 97.04 |
| Deposits with Non-Banking Financial Companies | | | 306.97 | 306.97 | | 306.97 | | |
| Trade receivables | - | - | 248.58 | 248.58 | - | - | - | - |
| Cash and cash equivalents | - | - | 86.11 | 86.11 | - | - | - | - |
| Other Bank balances | - | - | 12.00 | 12.00 | - | - | - | - |
| Loans | - | - | 0.25 | 0.25 | - | - | - | - |
| Refunds/Incentives receivables from Govt. Authorities | - | - | 173.66 | 173.66 | - | - | - | - |
| Other Current Financial Assets | 0.61 | - | 18.97 | 19.58 | - | - | - | - |
| **TOTAL** | **108.24** | **-** | **1,405.38** | **1,513.62** | **-** | **956.34** | **-** | **649.38** |
| **Financial liabilities** | | | | | | | | |
| **Current** | | | | | | | | |
| Borrowings (Commercial Paper) | - | - | - | - | - | - | - | - |
| Trade and other payables | - | - | 1,452.92 | 1,452.92 | - | - | - | - |
| Other Current Financial Liabilities | - | - | 39.00 | 39.00 | - | - | - | - |
| **TOTAL** | **-** | **-** | **1,491.92** | **1,491.92** | **-** | **-** | **-** | **-** |

There are no transfer between levels 1 and 2 during the year.

₹ Crore

| As at March 31, 2017 | Carrying amount / Fair Value | | | | Fair value Hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| **Non-Current** | | | | | | | | - |
| Investments | | | | | | | | |
| Non-convertible Debentures with Non-Banking Financial Companies | - | - | 153.66 | 153.66 | - | 153.89 | - | 153.89 |
| Deposits with Non-Banking Financial Companies | - | - | 62.85 | 62.85 | - | 62.85 | - | 62.85 |
| Loans | - | - | 15.33 | 15.33 | - | - | - | - |
| Other Non-Current Financial Assets | - | - | 12.08 | 12.08 | - | - | - | - |
| **Current** | | | | - | | | | |
| Investments | | | | - | | | | |
| Non-convertible Debentures with Non-Banking Financial Companies | - | - | 52.78 | 52.78 | - | 52.89 | - | 52.89 |
| Mutual Funds | 425.56 | - | - | 425.56 | - | 425.56 | - | 425.56 |
| Deposits with Non-Banking Financial Companies | - | - | 174.52 | 174.52 | - | 174.52 | - | 174.52 |
| Trade receivables | - | - | 209.33 | 209.33 | - | - | - | - |
| Cash and cash equivalents | - | - | 88.00 | 88.00 | - | - | - | - |
| Other Bank balances | - | - | 10.45 | 10.45 | - | - | - | - |
| Loans | - | - | 0.11 | 0.11 | - | - | - | - |
| Refunds/Incentives receivables from Govt. Authorities | - | - | 167.35 | 167.35 | - | - | - | - |
| Other Current Financial Assets | - | - | 9.00 | 9.00 | - | - | - | - |
| **TOTAL** | **425.56** | **-** | **955.46** | **1,381.02** | **-** | **869.71** | **-** | **869.71** |
| **Financial liabilities** | | | | | | | | |
| **Current** | | | | | | | | |
| Borrowings (Commercial Paper) | - | - | 148.97 | 148.97 | - | 148.97 | - | 148.97 |
| Trade and other payables | - | - | 1,120.36 | 1,120.36 | - | - | - | - |
| Other Current Financial Liabilities | 0.34 | - | 33.84 | 34.18 | - | 0.34 | - | 0.34 |
| **TOTAL** | **0.34** | **-** | **1,303.17** | **1,303.51** | **-** | **149.31** | **-** | **149.31** |

There are no transfer between levels 1 and 2 during the year.

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

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

**Financial instruments measured at fair value**

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Mutual Fund Investments | NAV quoted by the Mutual Fund | NA | NA |
| Investments in NonConvertible Debenture/Commercial papers with Non-Banking Financial Companies | Broker Quote | NA | NA |
| Deposits with Non-Banking Financial Companies | Present Value of expected cashflows using an appropriate discounting rate | NA | NA |
| Commercial Paper issued by the Company | Present Value of expected cashflows using an appropriate discounting rate | NA | NA |
| Derivative Financial Instruments | MTM from Banks | NA | NA |

## NOTE 48 : FINANCIAL RISK MANAGEMENT

The activities of the Company exposes it to a number of financial risks namely market risk, credit risk and liquidity risk. The Company seeks to minimize the potential impact of unpredictability of the financial markets on its financial performance. The Company has constituted a Risk Management Committee and risk management policies which are approved by the Board to identify and analyze the risks faced by the Company and to set and monitor appropriate risk limits and controls for mitigation of the risks.

### A. MANAGEMENT OF MARKET RISK:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, price risk and currency rate risk. Financial instruments affected by market risk includes borrowings, foregin currency receivables/payables, EEFC bank account balances, investments and derivative financial instruments. The Company has international trade operations and is exposed to a variety of market risks, including currency and interest rate risks.

**(i) Management of interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to interest rate risks since its borrowings and investments are all in fixed rate instruments.

**(ii) Management of price risk:**

The Company invests its surplus funds in various debt instruments including liquid and short term schemes of debt mutual funds, deposits with banks and financial institutions and non-convertible debentures (NCD's). Investments in mutual funds, deposits and NCD's are susceptible to market price risk, arising from changes in interest rates or market yields which may impact the return and value of the investments. This risk is mitigated by the Company by investing the funds in various tenors depending on the liquidity needs of the Company.

**(iii) Management of currency risk:**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Company mitigates the foreign exchange risk by setting appropriate exposure limits, periodic monitoring of the exposures and hedging exposures using derivative financial instruments like foreign exchange forward contracts. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies.

**Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)**

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

₹ Crore

| | March 31, 2018 GBP | March 31, 2018 USD | March 31, 2018 EURO | March 31, 2018 ZAR | March 31, 2018 AED | March 31, 2018 Others |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | 6.11 | - | - | - | - |
| Trade and other receivables | 1.19 | 47.05 | 36.10 | - | 2.32 | - |
| Less: Forward contracts for trade receivables | - | - | - | - | - | - |
| Other Non-Current Financial Assets | - | 4.20 | - | - | - | - |
| Other Current Financial Assets | - | 7.89 | - | - | - | - |
| | **1.19** | **65.25** | **36.10** | **-** | **2.32** | **-** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 1.95 | 198.64 | 5.05 | - | - | - |
| Less: Forward contracts for trade payables | - | (133.80) | - | - | - | - |
| Other Current Financial Liabilities | - | 0.21 | - | - | - | - |
| | **1.95** | **65.05** | **5.05** | **-** | **-** | **-** |
| **Net exposure** | **(0.76)** | **0.20** | **31.05** | **-** | **2.32** | **-** |

**Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)**

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

₹ Crore

| | March 31, 2017 | March 31, 2017 | March 31, 2017 | March 31, 2017 | March 31, 2017 | March 31, 2017 |
|---|---|---|---|---|---|---|
| | **GBP** | **USD** | **EURO** | **ZAR** | **AED** | **Others** |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | 27.96 | 0.27 | - | - | - |
| Trade and other receivables | 1.29 | 60.55 | 28.56 | - | 1.11 | - |
| Less: Forward contracts for trade receivables | - | - | (7.28) | - | - | - |
| Other Non-Current Financial Assets | - | 12.02 | - | - | - | - |
| Other Current Financial Assets | - | 3.94 | - | - | - | - |
| | **1.29** | **104.47** | **21.55** | **-** | **1.11** | **-** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 0.44 | 109.63 | 5.93 | - | - | - |
| Less: Forward contracts for trade payables | - | (29.35) | - | - | - | - |
| Other Current Financial Liabilities | - | 0.12 | - | - | - | - |
| | **0.44** | **80.40** | **5.93** | **-** | **-** | **-** |
| **Net exposure** | **0.85** | **24.07** | **15.62** | **-** | **1.11** | **-** |

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

| INR | Year-end spot rate as at | |
|---|---|---|
| | **March 31, 2018** | **March 31, 2017** |
| GBP INR | **91.76** | 80.90 |
| USD INR | **65.18** | 64.85 |
| EUR INR | **80.45** | 69.29 |
| ZAR INR | **5.53** | 4.85 |
| AED INR | **17.74** | 18.49 |

**Sensitivity analysis**

A reasonably possible 5% strengthening (weakening) of GBP/USD/EURO/AED against the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in GBP/USD/EURO/AED and affected 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.

| | Profit or loss | |
|---|---|---|
| **Effect in INR** | **Strengthening** | **Weakening** |
| **March 31, 2018** | | |
| **5% movement** | | |
| GBP | **(0.04)** | 0.04 |
| USD | **0.01** | (0.01) |
| EUR | **1.55** | (1.55) |
| AED | **0.12** | (0.12) |
| | **1.64** | (1.64) |

₹ Crore

| Effect in INR | Profit or loss | |
|---|---|---|
| | Strengthening | Weakening |
| **March 31, 2017** | | |
| **5% movement** | | |
| GBP | **0.04** | (0.04) |
| USD | **1.20** | (1.20) |
| EUR | **0.78** | (0.78) |
| AED | **0.06** | (0.06) |
| | **2.08** | (2.08) |

### B. MANAGEMENT OF CREDIT RISK:

Credit risk refers to the risk of default on its obligations by a counterparty to the Company resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities (trade receivables) and from its investing activities including investments in mutual funds, deposits with banks and financial institutions and NCD's, foreign exchange transactions and financial instruments.

Credit risk from trade receivables is managed through the Company's policies, procedures and controls relating to customer credit risk management by establishing credit limits, credit approvals and monitoring creditworthiness of the customers to which the Company extends credit in the normal course of business. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed.

Credit risk from investments of surplus funds is managed by the Company's treasury in accordance with the Board approved policy and limits. Investments of surplus funds are made only with those counterparties who meet the minimum threshold requirements prescribed by the Board. The Company monitors the credit ratings and financial strength of its counter parties and adjusts its exposure accordingly.

At March 31, 2018, the ageing for the financial assets as mentioned in the note below & that were not impaired (not provided for) was as follows:

**Trade receivables** ₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Neither past due nor impaired | **171.78** | 144.97 |
| Past due 1–90 days | **54.11** | 48.24 |
| Past due 91–120 days | **0.93** | 2.23 |
| Past due 120 days | **21.76** | 13.89 |
| | **248.58** | 209.33 |

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available:

**The movement in the allowance for impairment in respect of trade receivables is as follows:** ₹ Crore

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Opening balance | **5.07** | 3.00 |
| Impairment loss recognised during the year | **0.55** | 2.07 |
| **Closing balance** | **5.62** | 5.07 |

### C. MANAGEMENT OF LIQUIDITY RISK:

Liquidity risk is the risk that the Company may not be able to meet its present and future cash obligations without incurring unacceptable losses. The Company's objective is to maintain at all times, optimum levels of liquidity to meet its obligations. The Company closely monitors its liquidity position and has a robust cash management system. The Company maintains adequate sources of financing including debt and overdraft from domestic and international banks and financial markets at optimized cost.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

₹ Crore

| March 31, 2018 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Less than 1 Year | 1-2 years | 2-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | |
| Commercial papers | - | | | - | - | - |
| Trade payables | 1,452.92 | 1,452.92 | 1,452.92 | - | - | - |
| Other Financial Liabilities | 39.00 | 39.00 | 39.00 | - | - | - |
| **Derivative financial liabilities** | | | | | | |
| Forward exchange contracts used for hedging | | | | | | |
| - Outflow | 134.37 | 134.37 | 134.37 | - | - | - |
| - Inflow | - | - | - | - | - | - |

₹ Crore

| March 31, 2017 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Less than 1 Year | 1-2 years | 2-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | |
| Commercial papers | 148.97 | 148.97 | 148.97 | - | - | - |
| Trade payables | 1,120.36 | 1,120.36 | 1,120.36 | - | - | - |
| Other Financial Liabilities | 34.18 | 34.18 | 34.18 | - | - | - |
| **Derivative financial liabilities** | | | | | | |
| Forward exchange contracts used for hedging | | | | | | |
| - Outflow | 37.43 | 37.43 | 37.43 | - | - | - |
| - Inflow | 7.37 | 7.37 | 7.37 | - | - | - |

## NOTE 49 : HEDGE ACCOUNTING

The objective of hedge accounting is to represent, in the Company's financial statements, the effect of the Company's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Company makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its highly probable forecast investment.

For derivative contracts designated as hedge, the Company documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency risk on highly probable forecast investment. The tenor of hedging instrument may be less than or equal to the tenor of underlying highly probable forecast investment.

Financial contracts designated as hedges are accounted for in accordance with the requirements of Ind AS 109 depending upon the type of hedge. The Company applies cash flow hedge accounting to hedge the variability in the future cash flows on the overseas remittance to its subsidiaries, subject to foreign exchange risk.

The Company has a Board approved policy on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Company assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

Hedge effectiveness is assessed through the application of critical terms match method & dollar off-set method. Any ineffectiveness in a hedging relationship is accounted for in the statement of profit and loss.

The table below enumerates the Company's hedging strategy, typical composition of the Company's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship:

| Sr No. | Type of risk/ hedge position | Hedged item | Description of hedging strategy | Hedging instrument | Description of hedging instrument | Type of hedging relationship |
|---|---|---|---|---|---|---|
| 1 | Currency risk hedge | Highly Probable Foreign currency (FCY) denominated investment in Overseas Subsidiary | FCY denominated highly probable forecast investment is converted into functional currency using a plain vanila foreign currency forward contract. | Foreign Exchange forward contracts | Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customized contracts transacted in the over–the–counter market. | Cash flow hedge |

The table below provide details of the derivatives that have been designated as cash flow hedges for the year presented:

**For the year ended March 31, 2018**

| Hedging Instrument | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments – Liabilities | Gain/ (Loss) dues | Change in fair value for the year recognised in Other Comprehensive Income (OCI) | Ineffectiveness recognised in profit or loss | Line item in profit or loss that includes hedge ineffectiveness | Amount reclassified from the hedge reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | - | - | - | - | - | - | NA | NA | NA |

**For the year ended March 31, 2017**

| Hedging Instrument | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments – Liabilities | Gain/ (Loss) due to change in fair value | Change in fair value for the year recognised in Other Comprehensive Income (OCI) | Ineffectiveness recognised in profit or loss | Line item in profit or loss that includes hedge ineffectiveness | Amount reclassified from the hedge reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | - | - | - | (1.16) | (1.16) | - | NA | NA | NA |

The following table provides a reconciliation by risk category of the components of equity and analysis of Other Comprehensive Income (OCI) items resulting from hedge accounting:

| | Movement in Cash flow hedge | |
|---|---|---|
| | As at 31 March, 2018 | As at 31 March, 2017 |
| **Opening balance** | **(0.75)** | - |
| Gain / (Loss) on the Effective portion of changes in fair value: | | |
| Currency risk | - | (1.16) |
| Net amount reclassified to profit or loss: | - | - |
| Currency risk | - | - |
| Tax on movements on reserves during the year | - | 0.41 |
| **Closing balance** | **(0.75)** | (0.75) |

Disclosure of effects of hedge accounting on financial performance for the year ended March 31, 2018:

| Type of hedge | Gain/(Loss) due to change in the value of the hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge** | | | | |
| Currency risk | - | - | - | NA |

Disclosure of effects of hedge accounting on financial performance for the year ended March 31, 2017:

| Type of hedge | Gain/(Loss) due to change in the value of the hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge** | | | | |
| Currency risk | (1.16) | - | - | NA |

## NOTE 50 : DISCLOSURE U/S 186 (4) OF THE COMPANIES ACT, 2013

Details of Investments made are disclosed under Note 5 and details of corporate guarantees given to banks on behalf of other body corporates are disclosed under Note 40.

## NOTE 51 : SUBSEQUENT EVENTS

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

## NOTE 52 : GENERAL

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirements of Schedule III, unless otherwise stated.

As per our report attached
**For B S R & Co. LLP**
Chartered Accountants
Firm Regn No. 101248W/W-100022

For and on behalf of the Board

**Nisaba Godrej**
Executive Chairperson
DIN: 00591503

**Vijay Mathur**
Partner
M. No. 046476

**V Srinivasan**
Chief Financial Officer
& Company Secretary

**Vivek Gambhir**
Managing Director & CEO
DIN: 6527810

Mumbai: May 8, 2018